



CREATING A BETTER WAY TO LIVE
**FOR PEOPLE, PLACES
AND THE PLANET.**

2021 Environmental, Social and Governance Report



AT AVALONBAY, WE ARE FOCUSED ON INTEGRATING ESG PRACTICES INTO EVERYTHING WE DO, INNOVATING WITH PURPOSE AND PASSION, AND VALUING THE IMPACT BOTH BIG AND SMALL ACTIONS CAN HAVE. IT ALL ADDS UP TO CREATING A BETTER WAY TO LIVE — FOR ALL PEOPLE, THE PLACES WE LIVE AND WORK AND THE PLANET AT LARGE.

Featured on cover:
Kanso Twinbrook, Rockville, MD
James, Manager – Inclusion & Diversity
Melissa, Furnished Housing Coordinator
Sydney, Community Manager
Cyril, Software Engineering Manager
Avalon Foundry Row, Owings Mills, MD

This report contains forward-looking statements. Please see page 77 for more information.

Our core purpose is *creating a better way to live*. Achieving this purpose means being aware of the full impact of our activities and managing our business with an eye on the future. It means ensuring we prioritize the well-being of all of our stakeholders.

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

REALIZING THIS PURPOSE IS AN ONGOING JOURNEY AND IS NOT ALWAYS EASY. BUT FOR US, IT'S ALWAYS RIGHT.





FROM THE CEO

With a focus on people, places and the planet, we are grateful for the collective commitment of our valued stakeholders — including our associates, residents, partners, lenders and shareholders — to creating a better way to live.

In 2021, we were once again named a Residential Sector Leader by the Global Real Estate Sustainability Benchmark (GRESB). We also made the CDP “A List” for the first time for our carbon emission disclosure and reduction practices, making us one of four REITs, and the only apartment company, to receive an A grade on their rating scale. And AvalonBay was once again the proud recipient of the Nareit Residential *Leader in the Light Award*. This award is the highest level of ESG achievement for all REITs and real-estate companies, acknowledging accomplishments in the areas of social and environmental sustainability.

We were proud to be named, for the third year in a row, to *Newsweek’s* list of America’s Most Responsible Companies, rising to #90 out of 499. For the fifth consecutive year, we were honored to be named to 3BL Media’s 100 Best Corporate Citizens List, placing #92 overall and #8 in the “Employees” pillar. In addition, many ESG rating organizations continue to rank us as a leader in ESG as compared to other US corporations and REITs. These include Euronext, VigeoEIRIS, ISS-oekom and FTSE4Good. Finally, *Engineering News Record* (ENR) ranked us as 38th on their Top 100 Green Building Contractors.

For 2021, we achieved or exceeded essentially all the objectives outlined in our previous ESG report. Some highlights include the following:

SOCIAL Residents

We continued to provide quality service to our residents, as we navigated the global pandemic and changing environment together. Our efforts in this area were reflected both in our Net Promoter Score, measuring resident satisfaction and loyalty, which rebounded to a pre-pandemic level of 31 for stabilized communities and in the strength of customer sentiment as measured by online ratings and reviews.

Inclusion & Diversity

We remained focused on our Inclusion & Diversity strategy and programming. We made progress with our *Diversity in Leadership* vision, increasing representation of both women and people of color within AvalonBay’s leadership team. We celebrated the first year of our partnership with the National Urban League, launched the first two cohorts of AvalonBay’s Mentoring Program and formed two new associate resource groups.

Building Strong Communities

We provided over \$2.5 million in cash and in-kind donations and our associates volunteered 3,600 hours with philanthropy partners and charitable organizations across the country. 2021 also marked the 10th anniversary of our *Spirit of Caring Season*, which we celebrated with virtual and in-person volunteer events and donation drives across AvalonBay.

American Red Cross Partnership

In the seventh year of our national partnership, our in-person activities continued to be limited due to the pandemic, however we supported our partnership in several ways through our virtual “Sleeves Up” blood donation campaign, our annual *Community Preparedness Week* and an online fundraiser that provided more than \$45,000 to the Red Cross to help those impacted by Hurricane Ida.

National Urban League Partnership

We launched our National Urban League (NUL) partnership, led by our Black Associate Coalition (BAC) associate resource group. In the first year we donated \$150,000 to support NUL’s work, established regional liaisons to lead the partnership and engaged associates with several virtual events and memberships for select BAC members with NUL Young Professionals.

Associate Relief Fund

The Associate Relief Fund, established to provide financial support to associates facing immediate needs following a natural disaster or personal hardship, supported 27 associates with a total of \$75,000. As an extension of the fund, we also launched a Vacation Donation Program, which allows eligible associates to donate time to help fellow associates experiencing hardship related to a medical emergency.

“We understand and are driven by a strong belief that our actions, both big and small, contribute to creating a better way to live — for all people, the places where we live and work and the planet at large.”

Benjamin W. Schall
CEO and President



ENVIRONMENTAL

Science Based Targets

We achieved a 31.7% reduction in our Scope 1 and 2 emissions¹ target and a 23.4% reduction in our Scope 3 emissions² reduction target (since our baseline year of 2017). We strive to continue these reductions through activities such as our onsite solar and energy efficiency programs, increasingly sourcing green electricity for our communities and assessing opportunities to reduce embodied carbon in our new development communities.

Climate

To effectively address climate risk across our portfolio, we implemented a process that provides continual feedback from our Climate and Emissions Risk Dashboard, generating a portfolio, neighborhood and building-level perspective of climate risks, which we factor into our portfolio management and capital allocation decision making frameworks.

Demand Response and Smart Buildings

We expanded our demand response and smart building data program. Our continuous demand management efforts generated over \$225,000 in annual savings in 2021 from demand response payments and capacity cost reductions. Our interval smart metering platform measured and verified an additional \$633,000 of savings in 2021 associated with the implementation of various energy efficiency measures.

Environmental Certifications

We have 61 communities that have received one or more environmental certifications to date — while an additional 21 are currently pursuing certification. This includes one Fitwel certification received in 2021 at Avalon First and M in Washington, DC (1 star) in addition to one received at our Corporate Headquarters in Arlington, VA (2 stars). We are also currently engaged in a multifamily scorecard pilot program with Fitwel.

Renewable Energy and Battery Storage

We expanded our renewable energy strategy with an additional 23 solar panel systems activated representing 3.06 MW along with our efforts to source green electricity in support of our science-based targets. We successfully commissioned a battery storage system in New York using automation to respond during peak usage periods and reduce energy costs and carbon emissions.

Water

Our Water Task Force identified a series of activities designed to reduce water cost and consumption. We completed the installation of 31 weather-based irrigation systems and 132 water audits at 114 communities. And having achieved a notable 10% reduction in whole building water-use-intensity through 2021 (from our 2013 baseline), we created a new suite of water goals focused on addressing water stress, water management and water consumption reductions.

Green Bond

In 2021, AvalonBay issued our inaugural green bond offerings, the first for \$700M and the second for \$400M, for a combined issuance of \$1.1B. Our Green Bond Framework serves to govern the use of this funding to ensure alignment with the Green Bond Principles.

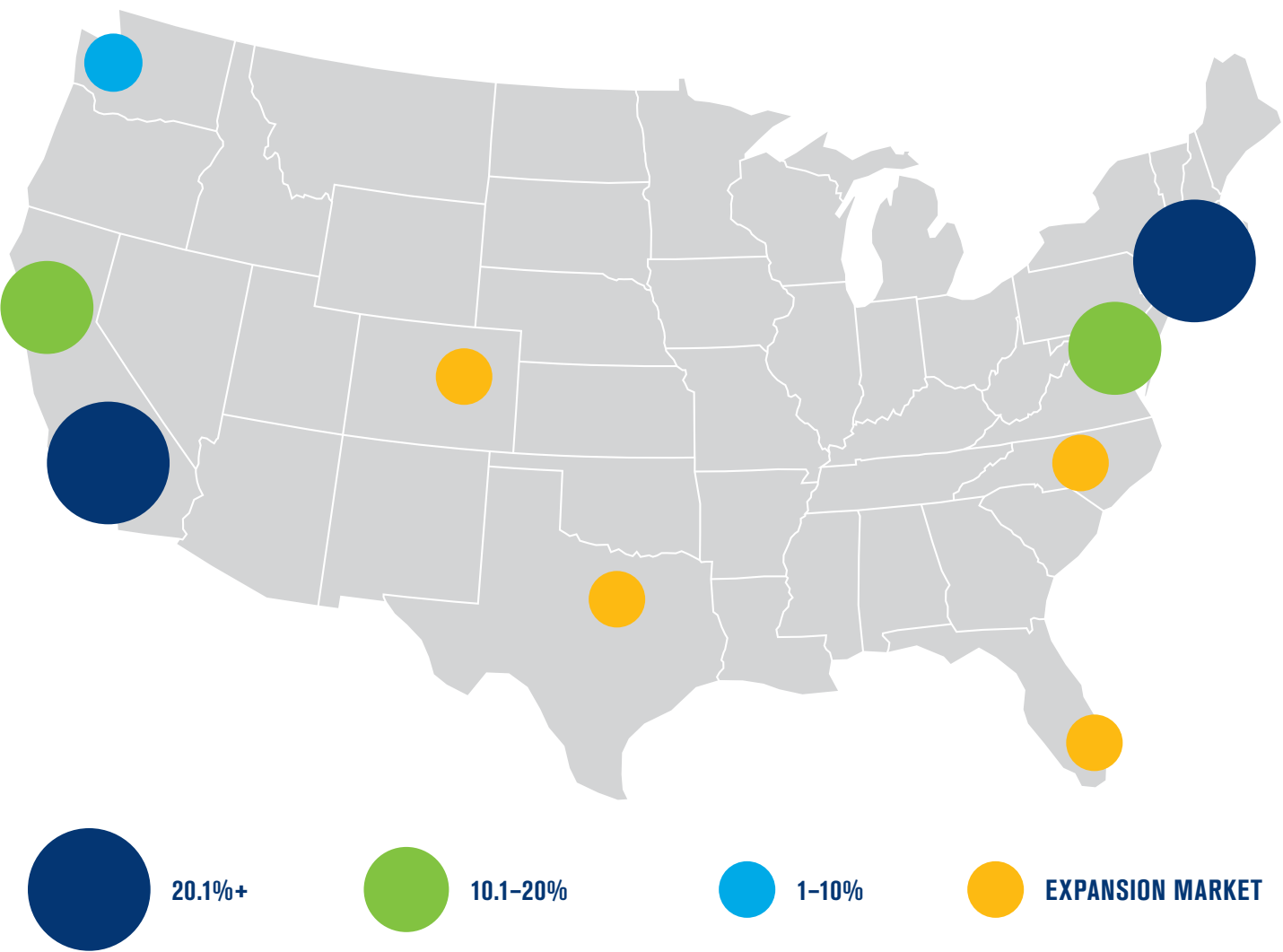
As I reflect on the ways in which we integrate ESG efforts into all aspects of our business, I am incredibly proud of what we as an organization have accomplished to date and, more importantly, of our steadfast commitment to making a difference in the future. We understand and are driven by a strong belief that our actions, both big and small, contribute to *creating a better way to live* — for all people, the places where we live and work and the planet at large.

Be

Benjamin W. Schall
CEO and President

PORTFOLIO OVERVIEW

NUMBER OF COMMUNITIES BY MARKET



¹ As defined by the EPA: Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.

² As defined by the EPA: Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.

ASSURANCE STATEMENT

Assurance content and figures referenced in AvalonBay's filed financial statements have been externally audited by a third-party auditor. As in prior years, we had our 2021 annual energy, greenhouse gas emissions, water and community waste data independently verified by Lloyd's Register Quality Assurance (LRQA). In 2021, for the first time, LRQA conducted a full audit of our ESG Report. Lloyd's Register Group Limited is a leading provider of independent assessment services with recognition from over 50 accreditation bodies around the world. The full accreditation reports and assurance statements for the environmental data and ESG Report are aligned with the ISO14064-3 and ISAE3000 standards, respectively and can be found on our website at: <https://www.avaloncommunities.com/verificationreport> ; <https://www.avaloncommunities.com/assurancestatement> ; <https://www.avaloncommunities.com/esgreportassurance>.

Avalon 555 President
Baltimore, MD



148K

RESIDENTS



81K

HOMES

(excluding those under redevelopment or construction)



2,905

ASSOCIATES

ESG FRAMEWORK

OUR PURPOSE: CREATING A BETTER WAY TO LIVE

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

In 2021, we were proud of the advances made towards our long-term ESG goals. We continued to reduce our Scope 1 & 2 emissions with a 31.7% drop and Scope 3 emissions with a 23.4% drop (both since the 2017 baseline). And we made progress towards our 2023 waste goal and our 2025 goals for inclusion and diversity, residents, associates and community. In 2022, we have launched a new suite of water goals to reduce water consumption and promote conservation. Progress on our goals can be found below.



¹ SBT Baseline has been revised from prior submissions to reflect more accurate data and adjustment of the scope in which we included vacant space data creating a more accurate comparison to data in each measurement window.

² This is one of five new water goals, which can be viewed on pages 20–21. We will share progress in our 2022 report.

³ To normalize data and to control for any shifts in waste and recycling numbers related to portfolio changes, we will calculate this goal using pounds per apartment (lbs./apt.) intensity metric, normalizing the waste generation to a per residential unit number.

⁴ Leadership is defined as director-level associates and above.

⁵ Please note that parity is defined as achieving a level within +/-2% of the available workforce (41% in 2020, when we set our baseline) as calculated using third-party resources by level, function and geography. Source: Derived using TalentNeuron (which uses Census NAICS industry codes, years of experience, education and 65K sources of data including Census, job boards, proprietary database and Gartner Insights).

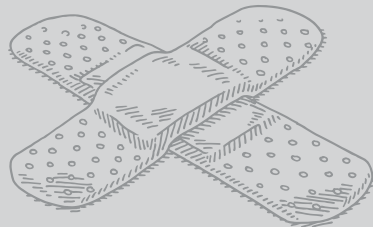
⁶ We use external benchmarks from our vendor as well as historical three-year average data in arriving at our engagement percentage thresholds. The survey is conducted every year. We calculate the target on properties that are stabilized for a full two-year period.

2022 ESG INITIATIVES

Each year we establish an ESG business plan to guide our efforts during the year. This plan is reviewed with our Board of Directors and key internal stakeholders. Our 2022 initiatives include:

AMERICAN RED CROSS PARTNERSHIP

Support the 8th year of our Disaster Responder Partnership, donate 500 pints of blood and continue the important work of ensuring our associates, residents and the communities where we do business are better prepared for emergencies and disasters.



ASSOCIATE RELIEF FUND AND VACATION DONATION PROGRAM

Continue to support and enhance the AvalonBay Associate Relief Fund, which provides help to associates facing financial need immediately after a personal hardship; and the Vacation Donation Program, which allows eligible associates to donate vacation time to help fellow associates who are experiencing hardship related to a medical emergency.



BUILDING STRONG COMMUNITIES

Give back \$2.4M cash and in-kind donations to our philanthropy partners, volunteer at least 4,000 hours and achieve 20% associate participation.



DEMAND RESPONSE AND SMART BUILDINGS

Continue to evaluate an expansion of the program across the entire portfolio and leverage the full capabilities of the data for both demand response and utilities procurement.



EMBODIED CARBON

Begin integration of embodied carbon tracking in the design and development process through a pilot program at the design stage of development. This will be the basis of our embodied carbon reduction program to support our science-based targets.



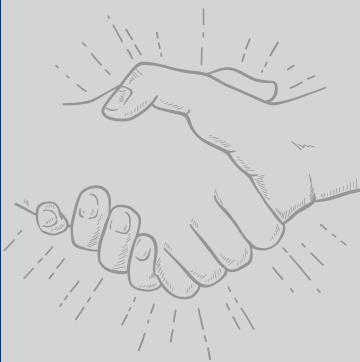
EXTERNAL RATINGS AND RANKINGS

Continue to improve AvalonBay's position on indices like GRESB and CDP, as well as other third-party ESG rating agencies such as MSCI and ISS.



INCLUSION & DIVERSITY

Continue to drive and support AvalonBay's Inclusion & Diversity strategy by reviewing progress, launching department plans, supporting seven associate resource groups and the mentorship program, expanding programs and campaigns and participating in at least three external I&D surveys or indices.



INNOVATION

Build relationship with an ESG venture capital partner, Energy Impact Partners (EIP), in pursuit of supporting new products and technologies disrupting the carbon reduction space, such as decarbonizing concrete and modular building.

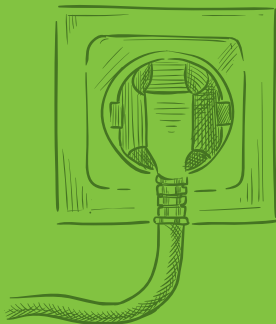


NATIONAL URBAN LEAGUE PARTNERSHIP (NUL)

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

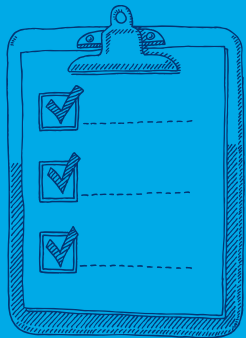
RENEWABLE ENERGY, BATTERY STORAGE AND GREEN PROCUREMENT

Complete all solar projects in Phases 1, 2, and 3, representing 59 solar sites operating with a total of 8.6 MW of solar, generating roughly 12,200 MWhrs of electricity per year. Phase 4 installations will also begin in 2022, representing an additional 13 sites with a total of 4.8 MW of solar generating roughly an additional 6,300 MWhrs of electricity.



RESIDENTS

Maintain customer satisfaction scores and engage residents in environmental sustainability, Inclusion & Diversity activities, and through our Building Strong Communities philanthropy program, including our American Red Cross and National Urban League partnerships.



WATER EFFICIENCY

Execute on recommendations from AvalonBay's Water Task Force, including retrofits of the 30+ communities where we have financial responsibility for the whole building water expense. Continue to engage residents on water efficiency education and work towards our new suite of water goals.



2021 ESG HIGHLIGHTS



#1
in Development/Regional
GRESB Sector Leader



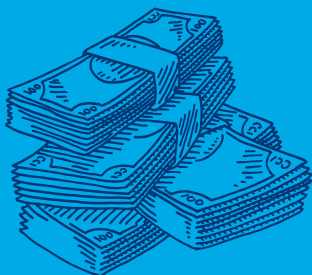
Christine
Director – ESG, Inclusion & Diversity



Swayzine
Portfolio Director

Nareit's **2021 Residential
Leader in the Light** award
(3rd year in a row!)

Nareit
Leader in the Light
2021 Award Winner



27 associates received over

\$75K
from our
Associate Relief Fund

*Newsweek's America's
Most Responsible
Companies 2022*

#1
Multifamily REIT

#90
out of 499 overall

The Washington Post
**BEST PLACES TO
WORK 2021**



Parents and Caregivers
of AvalonBay



Veteran Support
Outreach Committee

Launched two new
Associate Resource Groups

3BL Media's global list of
**100 BEST
CORPORATE
CITIZENS**
(5th year on the list!)

Completed two **Green Bond**
offerings totaling
\$1.1B



Celebrated the 10th anniversary
of the **Spirit of Caring Season**



Made the CDP "A" List



National
Urban League

1st year of the **National Urban
League Partnership**



Human Rights Campaign
**BEST PLACES
TO WORK
FOR LGBTQ+
EQUALITY**
(1st year!)



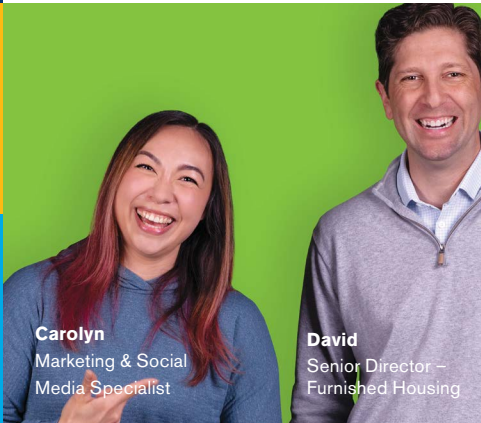
Launched new
**Vacation Donation
Program** for associates

Total cash & in-kind
donations to
philanthropy partners
\$2.5M

#38
out of 100 *Engineering
News Record's* Top 100
Green Contractors

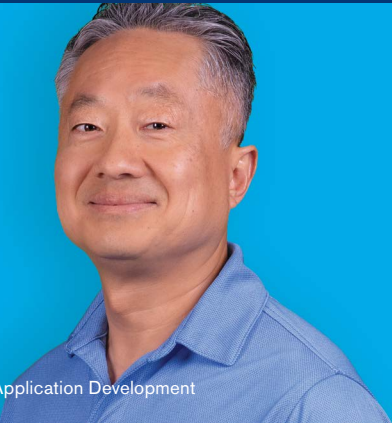


Launched the **AvalonBay
Mentorship Program**



Carolyn
Marketing & Social
Media Specialist

David
Senior Director –
Furnished Housing



Jun
Director – Application Development

ESG RATINGS, REPORTING & RECOGNITION

The purpose of this report is to provide information related to AvalonBay’s environmental, social and governance (ESG) activities and performance, and includes issues and material relevant to our business and stakeholders. This report follows the GRI-G4 Sustainability Reporting Guidelines and sector-specific guidelines for real estate and construction. We also align with the United Nations Sustainable Development Goals (SDGs, page 7), the Sustainability Accounting Standards Board (SASB, pages 71–77) and the Taskforce on Climate-related Financial Disclosures (TCFD, page 73).

In addition to this report, we also participate in and provide reporting through the Global Real Estate Sustainability Benchmark (GRESB) and CDP. A number of ESG third-party rating agencies continue to rank us as one of the most advanced US companies in our sector. Please see below for a more comprehensive list.

2021 AWARDS & RECOGNITION

Below is a list of our recent ESG awards, as well as organizations that continue to evaluate and rank AvalonBay as an ESG leader in our sector and in the US.



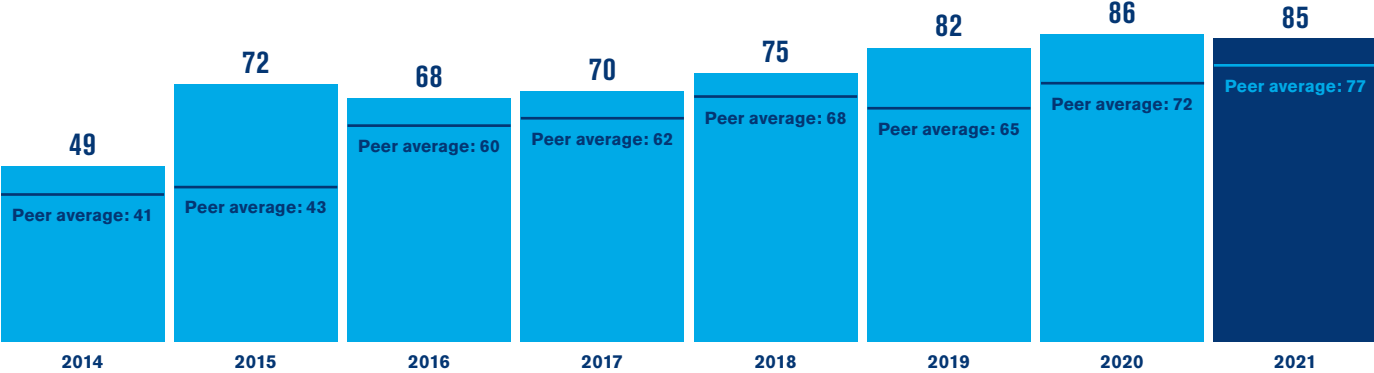
ESG AWARDS

- GRESB Sector Leader — #1 in Development/ Regional
- 2021 Nareit Leader in the Light Award Winner for Residential/Apartments (third year in a row)
- CDP “A” List
- 3BL Media’s global list of 100 Best Corporate Citizens (5th year on the list)
- Ranked #90 (out of 499) / #1 Multifamily REIT — *Newsweek’s* list of America’s Most Responsible Companies 2022
- ISS ESG Corporate Rating “Prime” Status
- Sustainalytics 2022 ESG Top Rated Industry & Regional Company
- Engineering News Record’s* Top 100 Green Building Contractors

ESG RATING ORGANIZATIONS

- Euronext
- VigeoEIRIS
- FTSE4Good
- MSCI
- Bloomberg ESG
- S&P ESG

GRESB SCORE OVER TIME*



*Peer set is determined by GRESB.

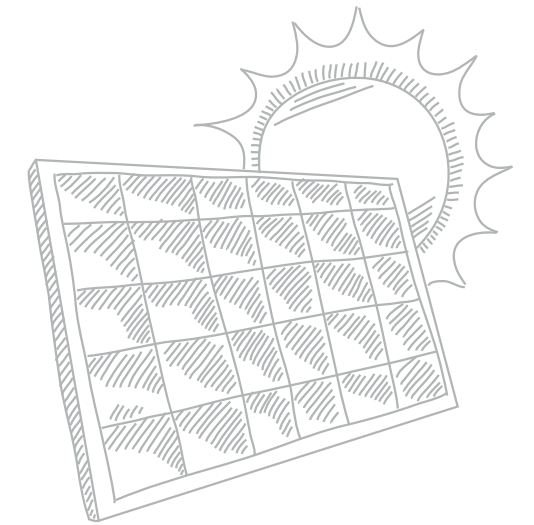
TABLE OF CONTENTS

14 “E” – ENVIRONMENTAL	24 “S” – SOCIAL	52 “G” – GOVERNANCE
15 2021 Environmental Sustainability Highlights	25 COMMUNITY	53 Code of Business Conduct and Ethics
16 Climate	25 Philanthropy and Community Investment	56 Board
16 Emissions	26 American Red Cross Partnership	56 ESG Governance
18 Certified Communities	26 National Urban League Partnership	58 Stakeholders
20 Embodied Carbon	26 Spirit of Caring Season	59 Materiality Analysis
20 Water	26 Associate Relief Fund & Vacation Donation Program	61 ABOUT AVALONBAY
21 Waste	27 Regional Philanthropy Engagement	62 APPENDIX
21 AVB Policies & Market Legislation	29 ASSOCIATES	62 GRI-G4 Index
21 Green Bond	29 Learning and Development	71 Sustainability Accounting Standards Board (SASB)
22 Urban Revitalization	31 Health, Safety and Quality	73 Taskforce on Climate Related Financial Disclosures (TCFD)
23 Innovation	34 Risk Management	74 ESG Data
	35 Culture and Fostering Engagement	76 Health & Safety Data
	36 Wellbeing and Benefits	76 Learning and Development Data
	39 Awards and Recognition	77 ABOUT THIS REPORT
	40 Inclusion & Diversity	77 Report Parameters and GRI-G4 In-Accordance Option
	44 Diversity, Inclusion and Employment Metrics	77 Assurance Statement
	46 RESIDENTS	77 Trademarks
	46 Listening to Residents	77 Forward-Looking Statements
	47 Health, Wellness and Security	77 Contact
	47 Innovation	
	50 Engaging Residents in Creating a Better Way to Live	
	50 Amenities and Services	





Anenechukwu
Maintenance Technician



IT ALL ADDS UP: PROTECTING OUR HOME.

One way we create a better way to live is by integrating environmental, social and governance (ESG) considerations into the policies and practices we use to run our business. In the following section we outline our 2021 progress on our science-based targets, waste and water goals, and the activities and programs developed to support environmental sustainability at AvalonBay.

2021 ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

In 2021, we continued to make progress on our environmental sustainability efforts and programs in spite of the ongoing challenges created by the COVID-19 pandemic. Highlights include:

- Continued to reduce our Scope 1 and 2 emissions by 31.7% and our Scope 3 emissions by 23.4% since our baseline year of 2017, in pursuit of our science-based emissions reduction targets.
- Began tracking embodied carbon in our construction materials in two pilot projects. We will leverage these pilots to develop a plan to measure embodied carbon more broadly in all of our new designs in the future.
- Implemented a policy to ensure that all new developments and acquisitions are assessed for the fourteen (14) climate risks identified in our climate and emissions risk dashboard.
- Achieved LEED certification for six (6) additional communities, bringing the total number of communities either certified or pursuing certification to 82, roughly 1/3 of our portfolio.
- Developed a new suite of water goals to address water stress, water management and water consumption reductions to replace our retired 2020 water goal.
- Advanced our renewable energy strategy with the completion of 3.06 MW of solar installed in 2021 and another 3.94 MW of completions planned for 2022.
- Increased renewable procurement of common area electric to 91% in 2021 and will be moving to 100% in 2022.
- Continued progress on waste diversion, with our Waste Task Force identifying ways to reduce our waste, divert more from landfills and improve our clean recycling.

Initiatives begun in the last three years are now generating savings through energy and water conservation and onsite solar generation. We are continuing to set a course that firmly places AvalonBay at the forefront of the energy transition through decarbonization, emissions' reductions, increased sourcing of renewable energy, reduced waste and establishing a definitive approach to mitigating the effects of climate change on our portfolio. And we will continue to transparently measure our progress and report publicly on these areas in future ESG Reports.

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

CLIMATE

We make it a priority to assess our existing communities, future development communities and acquisition communities for climate impacts and related mitigation techniques. We continue to work closely with the cities and markets in which we do business to develop strong climate resiliency plans for our portfolio. In addition, our partnership with the American Red Cross remains an important way for us to prepare our residents and associates for the effects of stronger storms and more frequent climate-related events now and in the future.

CLIMATE RISK AND RESILIENCY

We have incorporated our Climate and Emissions Risk Dashboard into our investment, divestiture and capital improvement decisions to understand our physical exposures risks more fully. All future investment, divestiture and capital improvement projects are analyzed against the fourteen (14) established climate risks to highlight possible physical risks of each investment decision. This ensures that we explore plans for climate resiliency actions as needed. This process is outlined in our AvalonBay Building Certified and Climate Resiliency Policy. Our Climate and Emissions Risk Dashboard addresses climate risk factors and was first completed in 2020 when 274 existing buildings in our portfolio were assessed. The eleven (11) climate risks evaluated in 2020 include:

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

In addition, we calculated overall emissions and emissions’ intensities for each property, integrating emissions and climate risk into one dashboard.



To address climate risk across our portfolio, we have implemented a process that provides continual feedback from our Climate and Emissions Risk Dashboard, generating a portfolio, neighborhood and building level perspective. We also consider statements made by local and state government leaders and sustainability industry experts, non-governmental organizations and various internal stakeholders. Identified risks and opportunities are mapped according to type (physical or transitional)¹ and time horizon (short, medium, or long term) and then aggregated based on financial or strategic impact. The categorization of the risk or opportunity defines the approach we take to address it. Further information on our climate-related matters can be found in our public CDP response.

We plan to re-run this climate risk assessment across our portfolio in 2022, having refined some of the indicators listed above while adding 3 more indicators: FEMA NRI, Wildfire and Tsunami. We will continue to make our climate analysis more comprehensive while refining the indicators and results into actionable information.

EMISSIONS

We have set ambitious science-based Scope 1, 2 and 3 emissions reduction targets. We strive to reduce our carbon emissions and achieve our Science Based Targets (SBTs), through activities such as our onsite solar and energy efficiency programs, while increasingly sourcing green electricity for our communities. We also ensure that most new development communities achieve green building certifications.

SCIENCE BASED TARGETS

In 2021 we achieved a 16.6% reduction in our Scope 1 and 2 emissions reduction target and a 8.8% reduction in our Scope 3 emissions reduction target. This puts us at an overall reduction of 31.7% and 23.4% for Scopes 1 and 2 and Scope 3, respectively as measured against our 2017 baseline year. This meaningful progress is helpful as we work towards achieving our targets by 2030. Additionally, we are in the process of expanding our renewable energy program, including providing renewable energy to our residents, assessing and measuring embodied carbon in our new development communities and working on programs that will provide our residents with the choice to procure renewable energy for their homes. These new programs will continue to drive down our carbon emissions and bring us closer to goal achievement.

RENEWABLE ENERGY

We continued to expand our renewable energy strategy in 2021 with an additional 23 solar panel systems activated representing 3.06 MW along with our efforts to source green electricity in support of our science-based targets. We will continue to evaluate virtual power purchases to determine the viability of these purchases in our pursuit of decarbonization.

Green Procurement

In 2021, we increased our green electricity procurement so that it provides 91% of our common area electrical load which amounts to ~87,550,000 annual kWh. All green electricity is sourced from renewable generation, such as wind and solar. We will continue to procure green energy into 2022.

Onsite Solar Power Generation

Onsite solar generation is an important activity to reduce our Scope 1 and 2 emissions. By the end of 2022, AvalonBay will have completed all phase 1, 2 and 3 installations for a total of 59 solar sites operating with 8.6 MW of solar, generating ~12,200 MWhrs of electricity per year.

Phase 4 installations will begin in 2022. They will represent an additional 22 sites with a total of 6.89 MW of solar, generating an additional 6,187 MWhrs of electricity per year. The Phase 4 installations will also include a separate pilot to provide onsite generated solar to residents at four communities in California.

Offsite Power Purchasing

A potential avenue to sizably reducing net emissions is through a Virtual Power-Purchase Agreement (VPPA). Through what is essentially a financial transaction, AvalonBay would invest in an off-site renewable energy project and gain the environmental benefits (renewable energy credits or RECs) from the project’s production. We continue to evaluate the structure and its potential benefits and liabilities relative to our efforts to reduce carbon emissions and achieve our SBTs.

ENERGY EFFICIENCY

We completed construction of nine (9) apartment communities in 2021, consisting of 2,752 apartment homes. Thanks to our sustainability standards for new construction, these new communities will generate considerable electricity savings per year and are expected to achieve a 30% reduction in heating and cooling costs compared to minimum code requirements.

Demand Management and Interval “Smart” Metering

Our demand response and smart building data program includes 37 properties. Utilization of our continuous demand management generated over \$225,000 in annual savings in 2021 from demand response payments and capacity cost reductions. Our interval smart metering platform measured and verified an additional \$633,000 of savings in 2021 associated with implementation of various energy efficiency measures that reduced energy consumption and peak demand.

AvalonBay associates support utility grid stress with over a 2 MW reduction. Our energy supply procurement program now translates summer peak demand management reductions into lower supply

rates executed on an online reverse auction platform that supports renewable energy credits.

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

LED Retrofits

We completed seven (7) LED lighting retrofit projects in 2021 and will be ending this program in 2022, with a total of 197 communities achieving annual energy savings of 31.4 million kWh, and annual projected cost savings of roughly \$4.16 million (with a simple payback period of just under four years on all LED lighting projects completed to date).

Resident Smart Thermostats

In 2021, we launched a program to replace the majority of our common area thermostats with smart technology. This new equipment will enable us to more centrally control thermostat set points, which will in turn help save up to several million dollars in operating costs. In addition, we will more effectively be able to administer our demand response participation in the markets where those occur.

Other Energy Efficiency Efforts

Resident Engagement
As part of AvalonBay’s broader emissions reduction strategy, we know that residents have an important role to play in lowering our Scope 3 emissions. As such, we have integrated resident engagement into our emissions reduction plan with an open dialogue where AvalonBay communicates reduction opportunities to residents and residents are able to give feedback and suggest opportunities. These communications occur throughout the year in various formats such as email, survey and signage. We also periodically formally survey our residents as part of our materiality matrix, a process we have already completed in 2022 with the overall results shown on page 60.

Building Automation

AvalonBay is leveraging an Internet of Things (IoT) platform for streamlining building operations and increasing the effectiveness of existing maintenance practices, including a critical mass of building management systems. This is



done by validating repair work performed by third-party contractors and reducing operational costs through real-time fault detection and utility cost savings. The IoT platform also supports utilization of smart thermostats that enable centralized command and control of common area HVAC systems, which will allow us to realize significant load reductions, and is a program we will more fully activate in 2022.

Battery Storage

AvalonBay successfully commissioned a battery storage system at a community in New York using automation to continuously reduce energy costs and carbon emissions. The battery storage system proved to be a valuable demand response revenue generating resource during critical utility summer 2021 demand response events. As AvalonBay expands its renewable energy footprint integrating solar generation and EV charging stations, battery storage systems will be a factor in supporting sustainability and reliability efforts.

Green Labels

We continue our apartment labeling program at all new development communities. The labels, which are now in 75 AvalonBay apartment communities, show residents how built-in efficiencies help them consume less energy and water, which ultimately saves them money. The labels also provide details on the green and health-related features of their apartment homes, as well as the impact of our new construction standards on lowering each apartment home’s emissions.

¹ Transitional risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These transitions can be in items like legislation, technology, product, etc.

CERTIFIED COMMUNITIES

Our AvalonBay Building Certified and Climate Resiliency Policy ensures we are integrating climate risk assessment and environmental certification into the business. This policy requires all new developments and acquisitions to complete a 3rd party resiliency risk assessment that evaluates the climate risk associated with a particular location across fourteen different categories. The policy also requires that we pursue environmental certification on all new mid- and high-rise communities and evaluate existing environmental certification during underwriting for acquisition communities. This policy has resulted in 61 communities receiving one or more environmental certifications to date — while an additional 21 are currently pursuing certification. These new certifications bring the total number of communities in our portfolio

either pursuing or having achieved an environmental certification to 82. We now have six regional offices with a LEED or EnergyStar environmental certification, including our new Corporate Headquarters which became Fitwel certified and LEED Gold Certified in 2021.

WELLNESS

Pursuing Fitwel continues to be an opportunity for AvalonBay to expand our commitment to the health and wellness within the design and operation of our communities. In 2021, we achieved two Fitwel certifications at Avalon First and M in Washington, DC (1 Star) and our Corporate Headquarters in Arlington, Virginia (2 Stars). AvalonBay is currently engaged in a multi-family scorecard pilot program with Fitwel and will be pursuing one additional Fitwel certification in 2022.

AVB CORPORATE & REGIONAL OFFICE CERTIFICATIONS

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



Avalon Brea Place
Brea, CA

ENVIRONMENTAL CERTIFICATION

61 communities have achieved one or more environmental certifications.

ENERGY STAR

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

FITWEL

- AVA NoMa** Washington, DC
- Avalon First and M** Washington, DC

LEED FOR HOMES

- Avalon Alderwood I** Lynnwood, WA

LEED FOR HOMES SILVER

- AVA Wheaton** Wheaton, MD
- AVA Esterra Park** Redmond, WA
- Avalon Alderwood II** Alderwood, WA
- Avalon Baker Ranch** Lake Forest, CA
- Avalon Boonton** Boonton, NJ
- Avalon Chino Hills** Chino Hills, CA
- Avalon Dublin Station II** Dublin, CA
- Avalon Green III** Elmsford, NY
- Avalon Irvine II** Irvine, CA
- Avalon Maplewood** Maplewood, NJ
- Avalon Morrison Park** San Jose, CA
- Avalon Newcastle I** Newcastle, WA
- Avalon Piscataway** Piscataway, NJ
- Avalon Vista** Vista, CA
- Avalon Walnut Creek** Walnut Creek, CA

LEED FOR HOMES GOLD

- AVA Hollywood** Los Angeles, CA
- AVA Little Tokyo** Los Angeles, CA
- AVA North Hollywood** North Hollywood, CA
- Avalon Dogpatch** San Francisco, CA
- Avalon Edgewater** Edgewater, NJ
- Avalon Glendora** Glendora, CA
- Avalon Huntington Beach** Huntington Beach, CA
- Avalon Irvine III** Irvine, CA
- Avalon Ocean Avenue** San Francisco, CA
- Avalon Princeton** Princeton, NJ
- Avalon Public Market** Emeryville, CA
- Avalon Teaneck** Teaneck, NJ
- Avalon West Hollywood** Los Angeles, CA

LEED FOR HOMES PLATINUM

- Avalon Hayes Valley** Hayes Valley, CA

LEED NC

- AVA Ballard** Seattle, WA
- AVA Capitol Hill** Seattle, WA
- Avalon Esterra Park** Redmond, WA
- Avalon Mission Bay III** San Francisco, CA
- Avalon Walnut Creek** Walnut Creek, CA

LEED NC SILVER

- AVA North Point** Cambridge, MA
- AVA Queen Anne** Seattle, WA
- AVA Theater District** Boston, MA
- Avalon 555 President** Baltimore, MD
- Avalon Belltown Towers** Seattle, WA
- Avalon North Station** Boston, MA

- Avalon Potomac Yard** Alexandria, VA

- Avalon Towers Bellevue** Bellevue, WA

- Avalon Willoughby Square/AVA Do Bro** Brooklyn, NY

- The Park Loggia** New York, NY

LEED NC GOLD

- AVA 55 Ninth** San Francisco, CA
- AVA High Line/Avalon West Chelsea** New York, NY

NAHB GREEN CERTIFICATION BRONZE LEVEL

- Avalon Rockville Centre** Rockville, NY

NGBS SILVER

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

21 ADDITIONAL COMMUNITIES ARE CURRENTLY PURSUING ENVIRONMENTAL CERTIFICATION

Additional communities that we have built achieved environmental certification, but are not listed here, due to them being sold and AvalonBay no longer having ownership.



EMBODIED CARBON

At AvalonBay, we understand that the development of new apartment communities creates environmental impact even before the first residents move into their new homes. Embodied carbon refers to the greenhouse gas emissions arising from the manufacturing, transportation, installation, maintenance and disposal of building materials. In contrast, operational carbon refers to the greenhouse gas emissions due to building energy consumption. Embodied carbon and operational carbon together make the total whole life carbon of a building.

While operational carbon impacts are accrued throughout the years that a building is in operation, most of the embodied carbon impacts are created at the time of building construction. Driving down operational carbon has, for years, been the focus of decarbonizing buildings, and while we have seen success in reducing operational energy consumption, reducing embodied carbon has largely been overlooked.

According to the Carbon Leadership Forum: “Approximately two-thirds of the total carbon for a high-performance building constructed in 2020 is from embodied carbon in the first 10 years of a building’s life (by 2030). By 2050, approximately half of a building’s lifetime emissions are from embodied carbon.” Understanding this impact drives home the need to address embodied carbon reduction, especially as this is a large driver of our Scope 3 emissions. Reducing our embodied carbon is a key component of our plan to achieve our approved Scope 3 Science Based Target.

We have continued this work into 2021 by tracking embodied carbon on pilot

projects for two development communities. Through these pilots, we are learning how to accurately track embodied carbon and at what points during the project we can implement reduction measures. Following our evaluation of the pilot results we will determine the feasibility of incorporating embodied carbon measurement and reduction strategies in connection with the design, procurement and construction of all of our future development communities.

WATER

Water conservation is an important issue as many areas of the country are experiencing both increased and lengthier periods of drought. We kept this in mind when creating our new suite of water goals to replace our 2020 water goal.

WATER GOALS

With the sunseting of our 2020 whole building consumption-based water goal and having achieved a notable 11.7% reduction in whole building water-use-intensity through 2021 (from our 2013 baseline), we decided to forgo a single metric-based goal in favor of a more comprehensive way to combat water consumption. In turn, we will be pursuing a new suite of water goals focused on addressing water stress, water management and water consumption reductions.

Addressing consumption reduction in water stressed areas is an important step in ensuring the longevity of the neighborhoods we operate in. Using the World Resources Institute’s Aqueduct Water Risk Atlas Tool, we were able to perform a water stress analysis of our portfolio, pinpointing the communities located in areas with “high” and “extremely-high” water stress. While we

will still be addressing water consumption reduction across our portfolio, this knowledge allows us to tailor our approach to water conservation in these “high” and “extremely-high” water stress areas. Understanding which communities are in these more water stressed areas also enables us to create water management plans to address onsite operational water consumption.

Our newly released water goals are:

1. Achieve 20% reduction in common area water-use-intensity in water stress and non-water stress areas by 2027 and 2029, respectively, (from 2021 baseline)
2. Refine Construction Standards to emphasize water use modeling and provide more direction to landscape architects regarding drought tolerant and native plantings
3. Pilot one new development community that utilizes water reclamation/reuse systems
4. Create/rollout water conservation awareness program to 100% of residents by 2025
5. Implement water management plan in 50% of offices/communities in water stressed regions by 2025

WATER TASK FORCE

Our Water Task Force identified a series of activities designed to reduce water cost and consumption. In 2021, we executed on these activities including the installation of 31 weather-based irrigation systems and completion of water audits as outlined in the sections below. In 2022, the task force will focus on implementing the strategies and tactics we have outlined to achieve our new suite of water goals.

SMART IRRIGATION

We continue to increase our use of smart irrigation where it makes sense and completed the installation of 31 weather-based irrigation systems in 2021, providing an additional annual water savings of 43,000 gallons. In total we have 61 systems operating that have provided a total savings of 143 million gallons and \$1.2 million in 2021.

WATER AUDITS AND RETROFITS

AvalonBay’s Water Task Force identified a series of portfolio-wide water savings activities, including additional investment in weather-based irrigation, more stringent



construction standards relative to water-related fixtures and policy changes that enhance water conservation. In 2021 we completed 132 water audits at 114 communities, exploring consumption reduction opportunities and ensuring all water systems were operating properly.

EFFICIENCY EFFORTS IN OUR CALIFORNIA PORTFOLIO

During 2021, we completed the installation of weather-based irrigation systems in 27 of our California communities. One of the largest systems was installed at our AVA Toluca Hills property which is currently generating close to 5,000 gallons per year in water savings which amounts to roughly \$46,460 in savings per year. Our Avalon Calabasas system also generates some of the largest savings at around 4,200 gallons per year saving roughly \$20,963 per year.

WASTE

With trash and recycling costs on the rise and municipalities requiring more strict disposal measures across the portfolio, we will continue our Waste Task Force to help identify new regulations and to develop new strategies to increase our diversion rates while combating higher costs.

WASTE GOAL

In line with our stance on increasing diversion rates, AvalonBay has set a waste reduction goal in an effort to limit the amount of waste that makes its way to landfill. Our goal is to create a 20% reduction in landfill-bound waste intensity across our portfolio by 2023 from our

WATER GOALS

1. Achieve 20% reduction in common area water-use-intensity in water stress and non-water stress areas by 2027 and 2029, respectively, (from 2021 baseline)
2. Refine Construction Standards to emphasize water use modeling and provide more direction to landscape architects regarding drought tolerant and native plantings
3. Pilot one new development community that utilizes water reclamation/reuse systems
4. Create/rollout water conservation awareness program to 100% of residents by 2025
5. Implement water management plan in 50% of offices/communities in water stressed regions by 2025

2017 baseline year.

WASTE TASK FORCE

AvalonBay’s Waste Task Force has identified several pilot programs to improve waste diversion, reduce “dirty” recycling and the consequential costs of it and increase resident education about waste and clean recycling. We will continue these efforts in 2022.

POLICIES AND MARKET LEGISLATION

ENVIRONMENTAL POLICY & EMS

To get a comprehensive view of our commitments related to environmental sustainability, please read our publicly available Environmental Policy and Environmental Management System (EMS).

BUILDING CERTIFIED / RISK RESILIENCY POLICY

For an in-depth understanding of our building certified program and to better understand how we incorporate climate risk into development and acquisitions, please read our AvalonBay Building Certified and Climate Resiliency Policy.

ENERGY/CLIMATE LEGISLATION DASHBOARD

We recognize that both risks and opportunities will emerge in our markets as they transition to a low carbon future. As the need for climate action continues to grow, state and local governments in the markets in which we operate have begun to translate building performance and benchmarking into new policy.

Benchmarking policies require buildings to report their annual energy use and/or carbon emission and building performance policies to require continual reduction of annual energy use and/or carbon emission. Some markets have additional requirements surrounding all-electric buildings and electric car charging infrastructure.

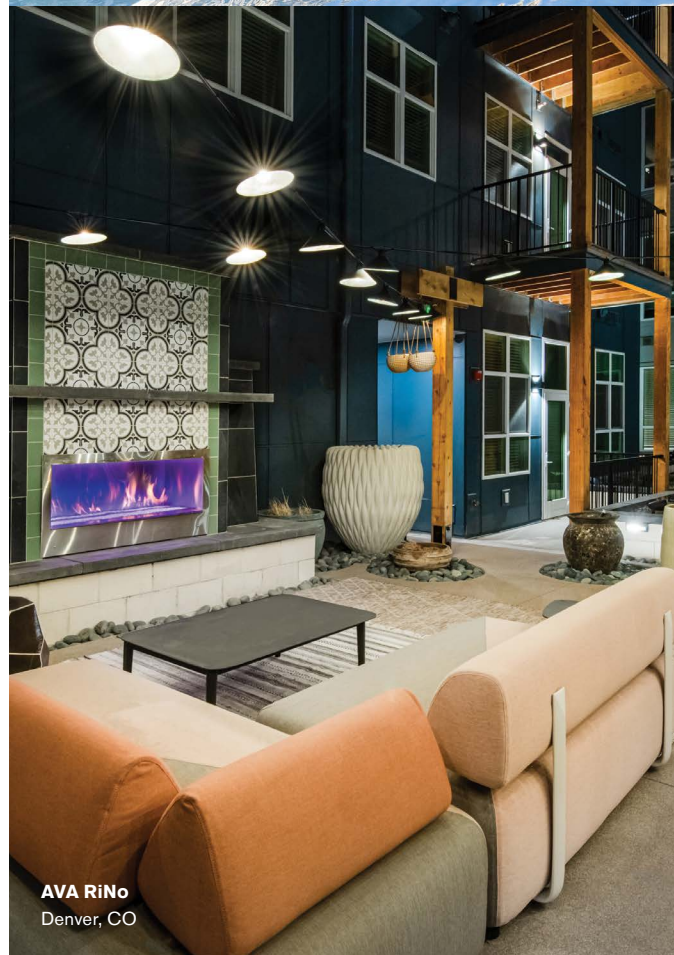
While this is a positive shift, it can be challenging to keep track of this changing landscape. To ensure we establish and maintain good visibility on this issue, we have created an Energy and Climate Legislation Dashboard to keep track of policy shifts and to help us evaluate their impact on our portfolio. We will also be introducing an Energy and Emissions Regulatory Task Force in 2022, focusing on compliance and planning related to these market-based changes.

GREEN BOND

In 2021, AvalonBay issued our inaugural green bond offerings, the first for \$700M and the second for \$400M, for a combined issuance of \$1.1B. Our Green Bond Framework serves to govern the use of this funding to ensure alignment with the Green Bond Principles. All proceeds will be used in accordance with our eligible project criteria in pursuit of achieving a cleaner and healthier future.



Avalon Doral
Doral, FL



AVA RiNo
Denver, CO

URBAN REVITALIZATION

We understand that developing new apartment communities has an impact on the surrounding neighborhoods. We make every effort to minimize our impact and contribute to the revitalization of the areas in which we do business.

FLEXIBLE AND MIXED-USE BUILDING SPACE

Approximately 25% of our communities feature a mixed-use component with ground floor retail or commercial space, providing convenient services for our residents and the surrounding neighborhoods. In 2021, we started leasing at Avalon Woburn in Woburn, MA, which is the residential component of a large mixed-use revitalization project that also includes a grocer, restaurants and other retailers. We also finished construction at Avalon 555 President in Baltimore, MD, which includes roughly 7,000 sf of retail space. These serve as two recent examples of how we incorporate mixed-use space into our new developments.

We also piloted a new, mixed-use concept in 2021 called Second Space, which provides private, furnished offices for rent by the month to residents and the public to meet increasing demand for work from home environments. The first Second Space opened at Avalon Monrovia in Southern California in 2021, and we are planning to expand this concept to several other communities in 2022. Incorporating these mixed-use components provides residents with more local options and encourages walking or public transportation as a means of experiencing what the neighborhood has to offer.

URBAN REVITALIZATION AND REDEVELOPMENT

Many of our new development sites are located in urban or close-in suburban neighborhoods, where we are repurposing or removing an existing use and revitalizing both the site and the area with new investment and activity. Some examples that were under construction as of year-end 2021 are:

- Avalon Brighton in a dense residential neighborhood in Boston, MA
- Avalon Montville located on the site of an old salvage yard in Northern New Jersey
- Avalon West Dublin located on the site of an old warehouse adjacent to a BART rapid transit station in the East Bay of Northern California
- Avalon Bothell on the site of an old printing plant in the suburbs of Seattle

Re-developing old warehouses, manufacturing facilities and salvage yards allows AvalonBay to ameliorate older sites, create more efficient use of space and infuse new life into previously underutilized locations.

COMMITMENTS RELATED TO GREENFIELD DEVELOPMENTS

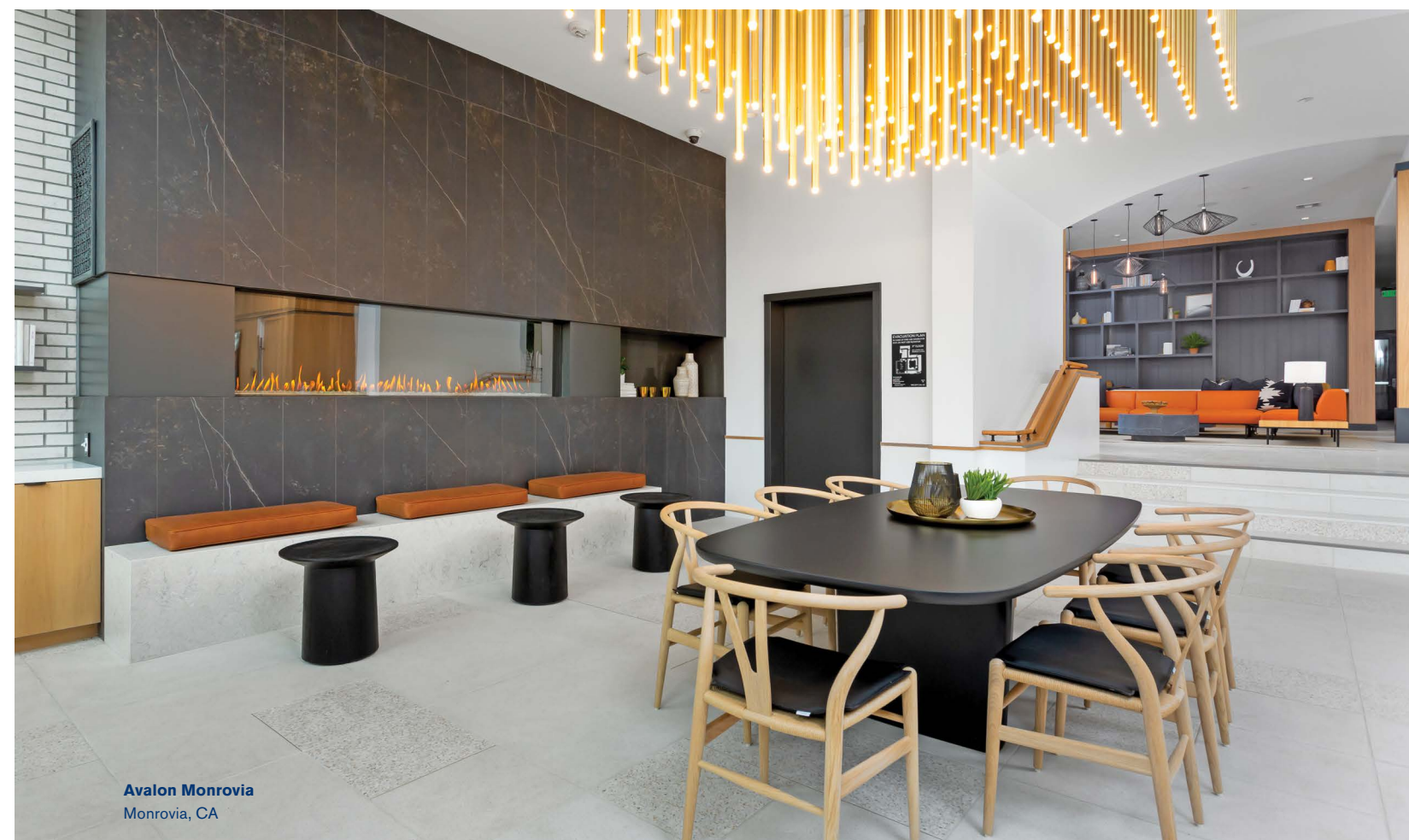
Very little of our new development activity is located on greenfield sites. However, when it is, we generally contribute to offsite wetlands mitigation banks, local infrastructure improvements and other offsite investment as required by local regulations.

BROWNFIELD REDEVELOPMENT

Many of our sites involve brownfield cleanup to remove former pollutants. In 2021, we completed construction at Avalon Yonkers on the banks of the Hudson River, north of New York City, which involved over \$10M of environmental remediation. We also closed on development sites in West Windsor, NJ, Montville, NJ, and Denver, CO, where we commenced environmental remediation efforts, such as material and soil abatement and removal, in advance of planned construction starts in 2022.

BIODIVERSITY

AvalonBay contributes to the biodiversity of the locations in which we develop through many of the previous strategies. We engage in only limited greenfield development, and most of our new development is focused on urban revitalization/redevelopment, and remediating brownfield sites. Because we engage in only limited greenfield development, we seek alternative build sites to mitigate the elimination of natural land, in an effort to preserve it for the wildlife that calls it home. We are also remediating brownfield sites and retuning land once rendered toxic back to a usable state, increasing the land area usable to wildlife.



Avalon Monrovia
Monrovia, CA

INNOVATION

In 2021 we established investments in Energy Impact Partners (EIP), a venture capital firm at the forefront of ESG innovation.

Through these investments, AvalonBay will be supporting new companies, products and technologies focused on deep decarbonization, building electrification and the energy transition. We entered two partnership entities in 2021 and expect that we will be an active participant in evaluating new technologies and products that will impact our industry with a long-term goal of continued ESG innovation on our platform, within our industry and with vendor partners.



Mercedes
Manager – Human Resources



IT ALL ADDS UP: BEING THERE FOR EACH OTHER.

Creating a better way to live would not be possible without people — those who work with us, live with us and those who create the diverse and vibrant communities around us. In the following section we outline our 2021 progress, activities and programs that support community investment, our associates and our residents.

PHILANTHROPY AND COMMUNITY INVESTMENT

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

In 2021, AvalonBay donated \$2.52 million cash and in-kind, and our associates volunteered 3,603 hours with philanthropy partners and charitable organizations across the country. 2021 also marked the 10th anniversary of our Spirit of Caring Season and collectively over the past decade we have:



2011–2021
Donated over \$10.1 million cash and \$3.2 million in-kind to charitable organizations



2011–2021
Volunteered more than 57,000 hours, which is equivalent to over 2,300 days or 6.5 years



2011–2021
Helped facilitate the donation of over 7,500 pints of blood to the American Red Cross



AMERICAN RED CROSS PARTNERSHIP

2021 marked the seventh year of our partnership with the American Red Cross and to date, the cumulative value both sides receive from this partnership includes:

- \$2.27M in donations to the American Red Cross from AvalonBay, its associates and residents
- 352 blood drives, resulting in 7,599 pints of blood, which contribute to potentially help save 22,797 lives
- 1,842 current and former AvalonBay associates trained in CPR
- 140,000 residents and 3,000 associates received preparedness tips and resources annually

In 2021, although our in-person activities were limited due to the ongoing COVID-19 pandemic, we continued to support our partnership in several ways, including the following.

DISASTER RESPONDER DONATION

Our annual Disaster Responder Partner level donation of \$250,000 helped provide ongoing support throughout 2021. Our contribution helped the Red Cross provide over 2.1M meals and snacks, 204,000 overnight stays and 99,000 individual care contacts related to physical and mental health.

BLOOD DONATIONS

We continued our virtual Sleeves Up campaign, which resulted in our associates and residents making 144 pledges to donate blood during the year. Although we were unable to host blood drives in 2021, we are looking forward to restarting them in 2022 and are proud of our ongoing commitment to help save lives with blood donations.

COMMUNITY PREPAREDNESS WEEK

We conducted our seventh annual AvalonBay Community Preparedness Week, a weeklong campaign aimed at improving resident and associate emergency and disaster preparedness. During the week, we engaged our 140,000 residents and 3,000 associates, with the



aim of helping them better understand Red Cross resources, materials and training.

HURRICANE IDA FUNDRAISER

In response to Hurricane Ida, which caused devastation, flooding and damage across the Eastern United States, AvalonBay activated our microsite and launched a fundraiser to support those impacted by the storm. Associates and residents donated over \$20,000 and with the company's match, more than \$45,000 was donated in response to this disaster.



NATIONAL URBAN LEAGUE PARTNERSHIP

In 2021, we launched the first year of a multiyear partnership with the National Urban League, led by one of AvalonBay's seven Associate Resource Groups, the Black Associate Coalition. Through this partnership, we will make a \$150,000 annual commitment; support NUL's work in economic empowerment, equality, and social justice; and engage our associates in volunteering, mentoring, networking, events and memberships with the NUL Young Professionals.

SPIRIT OF CARING SEASON

In 2021, we celebrated "A Decade of Dedication," the 10th anniversary of Spirit of Caring Season, a two-month long Company-wide program that created opportunities for our associates and residents to engage with our non-profit partners and participate in their missions. The celebration included various events and a video highlighting what a spirit of caring means to our associates and philanthropy partners.

ASSOCIATE RELIEF FUND

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

In 2020, we expanded the fund to include a new category to help associates and their families impacted by the COVID-19 pandemic. In 2021, 27 associates received a total of \$75,013 in grants from the fund.

VACATION DONATION PROGRAM

As an extension of the Associate Relief Fund, in 2021 we launched AvalonBay's Vacation Donation program. This program allows eligible associates to donate vacation time to help fellow associates who are experiencing hardship related to a medical emergency.

REGIONAL PHILANTHROPY ENGAGEMENT

Building Strong Communities focuses funding and partnerships on building relationships with the most impactful local non-profits aligned to our focus areas of affordable housing and support for at-risk populations. In 2021, our regions continued to focus on new ways to support their local non-profits in a hybrid world, and provided key support to non-profit clients navigating the ongoing pandemic.

REGIONAL PHILANTHROPY PARTNERS

MID-ATLANTIC

- APAH
- Arlington Free Clinic
- A Wider Circle
- District Alliance for Safe Housing (DASH)
- Doorways for Women & Families
- Empire Homes (AIRS)
- Habitat for Humanity (Washington D.C. and NoVa)
- Horizon Day Camp
- Shelters to Shutters

BOSTON

- Caritas Communities, Inc.
- Cradles to Crayons
- Green Ribbon Commission
- Pine Street Inn

CONNECTICUT

- LiveGirl, Inc.
- Lifting Up Westchester
- Sunrise Day Camp — Westchester/Pearl River
- Spooner House
- WestHab

VIRGINIA BEACH

- ForKids, Inc.
- Hampton Roads Corporate Volunteer Council (HRCVC)
- Portsmouth Humane Society/VBSPCA
- REACH
- Rise Against Hunger
- RocSolid
- Salvation Army
- Southeastern VA Food Bank
- St. Mary's Home
- USO

DENVER

- A Precious Child
- Mercy Housing Mountain Plains
- Volunteers of America (Colorado Branch)

LONG ISLAND

- Community Housing Innovations
- Family Service League
- Long Island Home Builders Care
- New Ground, Inc.
- New Hour Long Island
- Sunrise Day Camp (Long Island)
- Pioneers for Animal Welfare Society

LOS ANGELES

- After School All Stars
- Habitat for Humanity (LA)
- Los Angeles LGBT Center
- JVS
- United Way Homes for Heroes

NEW JERSEY

- Center for Great Expectations
- NJ Development Community Corporation
- The Children's Home Society of NJ

SAN DIEGO/OC

- Families Forward
- HomeAid (San Diego)

NEW YORK CITY

- Breaking Ground
- CHiPS (Community Help in Park Slope)
- Habitat for Humanity (NYC and Westchester County)
- New York Urban League
- New Destiny Housing
- The Bowery Mission
- Union Settlement

NORTHERN CALIFORNIA

- Building Futures
- Dress for Success (San Jose)
- Habitat for Humanity (Greater San Francisco)
- Housing Industry Foundation
- Mission Housing
- Unity Care

PACIFIC NORTHWEST

- YMCA of Greater Seattle Area/Coal Creek Family YMCA
- Habitat for Humanity (Seattle- King & Kittitas Counties)
- Plymouth Housing

SOUTHEAST FLORIDA

- American Association of Caregiving Youth
- Best Foot Forward
- Boca Helping Hands
- Habitat for Humanity (Palm Beach County)

2021 REGIONAL PHILANTHROPY HIGHLIGHTS



COLORADO

Working with *Volunteers of America*, a team of Colorado associates packed 250 Thanksgiving boxes (in 1 hour!) for *City Harvest Food Bank*.

CONNECTICUT

The Connecticut and Westchester, NY teams held a donation drive in support of *The Sharing Shelf* to collect much needed toiletries and baby supplies to meet needs of low-income children and teens in Westchester County.

FLORIDA

The Florida team joined *Boca Helping Hands* for their Thanksgiving Box Brigade, which helps feed over 3,000 families. The volunteers helped during pick-up day to load cars with Thanksgiving boxes (and turkeys!).

LONG ISLAND

A team of associates spent the day at *New Ground, Inc.*, helping to clean and spruce up the property for the fall and winter seasons ahead.

MASSACHUSETTS

In partnership with the *Massachusetts Military Support Foundation*, associates assembled hundreds of care packages for local VA patients and soldiers home residents.

ORANGE COUNTY

Team AvalonBay walked in the 17th Annual Destination Independence 5k Walk/Relay to support *Blind Children's Learning Center* in their mission to empower and prepare children with visual impairments and other disabilities to achieve their fullest potential and a life of independence.

PACIFIC NORTHWEST

During a 2-day annual build event with *Habitat for Humanity* Seattle, associates helped bring homes to life with various construction tasks.

SAN DIEGO

Associates joined the *Surfrider Foundation* at a local beach to be educated on the importance of keeping our beaches, gutters and storm drains clean and clear of debris. Then the afternoon was spent cleaning up 400 pounds of trash and debris from the area.

VIRGINIA BEACH

Supporting the *Foodbank of Southeastern Virginia and the Eastern Shore*, Customer Care Center associates donated over 4,000 boxes of pasta (and cash donations) to support food insecurity in the region.



Kate
Senior Pricing and Revenue Manager

ASSOCIATES

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

This section highlights our 2021 efforts to attract, hire, develop and retain the best people.

LEARNING AND DEVELOPMENT

AvalonBay is committed to professional development and career advancement and all associates can take advantage of opportunities for career development, training, tuition assistance and scholarships.

CAREER DEVELOPMENT, TRAINING & EDUCATION OPPORTUNITIES

AVALONBAY UNIVERSITY

Our learning management system, AvalonBay University (AVBU), is available to all associates (full- or part-time) and offers 894 courses, providing technical, management, ethics and compliance training. In 2021, AVBU saw 80,760 course completions which breaks out to associates completing 44,129 hours of online training, 11,084 hours of classroom training and 3,123 hours of on-the-job training. This is equivalent to about 20 hours per associate. We spent \$2,514,138 on training, breaking down to about \$865 per associate.

TRAINING & CAREER DEVELOPMENT

As part of the onboarding process for new hires, there are a number of training courses conducted either in person or online. Some of these courses are related to compliance areas such as ethics, cyber security and anti-harassment. A certain number of these courses are routinely required of all associates as a refresher. In addition, to ensure that new associates understand what they need to be successful and grow their career at

AvalonBay, they also complete "Leading Self," a course that focuses on partnering with their manager to deliver results, ask for and receive feedback and prepare for a career development conversation. To better prepare newly promoted or hired managers to deliver timely, caring and candid feedback conversations, a framework and training is available to them. A companion training program is available to associates for soliciting and receiving feedback as well as giving feedback to others.

On hire or promotion to people manager, associates take both online and instructor-led training courses to prepare them for success in the role. These cover the employee life cycle with topics such as recruiting/interviewing, hiring, onboarding, inspiring and engaging associates, setting expectations, delegating, managing work, career development and coaching.

There are also training courses that have been developed specifically for different functions within the organization. In particular, our Residential Services team, Construction team and Customer Care Center all have required training that is tailored to address skills needed in these different functional areas.

Mentorship Program

In 2021, AvalonBay launched a new mentoring program to identify and match mentors within the organization who are willing to share knowledge, skills, experience and time with mentees who are seeking to invest time and effort to

advance their career at AvalonBay. In addition to the assistance provided to mentees, this program benefits mentors by providing mentor training and the opportunity to enhance their coaching and leadership skills. During the year, 199 associates participated in Cohort I and Cohort II of the program as a mentor or mentee. We launched Cohort III of the mentor program in 2022.

Internal Career Portal

Additionally, in 2021, we launched a new internal career portal on our intranet to provide associates with access to all open positions at AvalonBay. This benefits both associates and AvalonBay by:

- Providing more transparency into development/advancement opportunities for all associates
- More effectively recruiting and promoting internal talent
- Using a streamlined process that easily identifies current associates to move them through the process quickly

Performance Appraisal Process
AvalonBay is committed to the professional development and career advancement of our associates. We require our managers and associates to have ongoing check-in conversations and to memorialize them in a year-end performance review that is documented and retained as part of an associate's personnel file. We expect these ongoing conversations to address career aspirations and to position

*Living wage for a single adult without children as defined by the living wage calculator developed by Professor Amy K. Glasmeier at the Massachusetts Institute of Technology.

associates for success in their current role as well as their broader career.

All full- and part-time associates, active or on leave, hired before October 1st of any given year, participate in the year-end review process. Associates hired on or after October 1st receive a 90-day review. The yearly review process includes the following steps with the manager and associate participating:

- Goal setting early in the year
- A mid-year check-in conversation
- Year-end performance document and conversation (optional associate self-assessment)

Individual Training & Development Plans

All associates at the director level and above are expected to complete an individual development plan including short- and long-term career goals and development actions and discuss it with their manager mid-year, on an annual basis.

TRAINING

Compliance Training

All AvalonBay associates are required to take Standards of Business Conduct training upon hire, and the organization recertifies all associates every two years. 8,659 hours of compliance training were completed in 2021. All contractors are also required to complete AVB Ethics training.

Cyber Security Training

All AvalonBay associates have been taking mandatory cyber security training since 2015. The AVB Security Training and Awareness Program focuses on four areas: (1) comprehensive mandatory training for new hires, (2) mandatory annual refresher training for all associates, (3) enhanced training in key topics and (4) remedial training targeted to a limited number of associates in response to their usage patterns. In 2021, we continued boosting associates' cyber awareness by highlighting topics such as avoiding common computer security risks, identifying and reporting potential security incidents and distinguishing appropriate versus inappropriate activity on AVB computer systems. Associates completed over 4,792 hours of Cybersecurity Training in 2021.

Harassment and Discrimination Prevention Training

As part of our commitment to fostering a healthy, productive work environment free from intimidation, harassment and discrimination, we require all associates to complete role-specific training when they join AvalonBay and then at least every one to two years thereafter.¹ These trainings, "Preventing Harassment and Discrimination for Employees" and "Preventing Harassment and Discrimination for Managers," are an important resource that helps associates understand what harassment and discrimination are and the appropriate ways to interact with each other, our customers and anyone with whom we conduct business. For our managers this training clarifies their important leadership role in preventing harassment and discrimination and creating an environment where all associates feel valued and safe at AvalonBay.

Preparedness Training

As part of our national partnership with the American Red Cross, AvalonBay hosts CPR training classes throughout the year, as well as an annual Community Preparedness Week (CPW) where associates receive emergency and disaster preparedness information and resources. Over the past few years we added Disaster Preparedness and Workplace Violence courses to AVBU, which all associates have access to. In 2021, our associates completed 667 hours of Disaster Preparedness training and 305 hours of Workplace Violence Awareness Training.

Environmental Awareness Training

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

Job Specific Training

AvalonBay requires employees in certain areas of the organization to complete ongoing job specific training to increase their exposure to new skills and refine those they already have. For example, monthly trainings are required for certain maintenance and safety staff to ensure they stay safe while performing certain aspects of their jobs.

EDUCATION OPPORTUNITIES

Tuition Assistance Program

AvalonBay provides tuition assistance to full-time associates who successfully

complete undergraduate or graduate degree programs at licensed, accredited educational institutions or for coursework leading to professional certifications/ designations. The purpose of this program is to encourage associate development through increased education so that associates can perform their jobs more effectively and prepare themselves to advance their careers at AvalonBay. In 2021, 49 associates received tuition reimbursement through the program.

Educational Institution Partners

We also partner with educational institutions and leading vendors to provide high quality leadership and management development programs for nominated associates. On average, every other year we jointly deliver a leadership development program with a leading university business school, the University of North Carolina Kenan-Flagler Business School, including live learning with faculty, followed by four months of peer coaching facilitated by executive coaches. Additionally, every few years we prepare high potential leaders in a year-long program delivered by a global organizational consulting and leadership development firm.

AVALONBAY'S INTERNSHIP PROGRAMS

AvalonBay offers comprehensive internship programs that provide opportunities for undergraduate and graduate students to learn about and gain practical experience in the real estate industry, including real estate development, construction management, property management, asset management and finance. These programs serve as a long-term source of diverse talent for entry level positions at AvalonBay. The typical internship is a 10-week program that includes on-the-job training, hands-on work experience and projects, shadowing more experienced associates and interfacing with all levels of management.

During the 10-week program, interns participate in a Summer Learning Program that includes executive presentations, Lunch-and-Learns and project reviews



to ensure they are receiving a broad perspective of our business and industry. AvalonBay partners with local universities and non-profit, diverse youth organizations to provide co-op experiences throughout the school year.

HEALTH, SAFETY AND QUALITY

AvalonBay is continually focused on creating communities, construction sites and workplaces that are free from illness and injuries. The health and safety of people, our associates, residents and visitors are a responsibility and obligation that are fundamental to our organization. We believe that the path to a safer work environment goes beyond compliance and includes a concerted approach that parallels our three Core Values: A Commitment to Integrity, A Spirit of Caring, and a Focus on Continuous Improvement. Our foundational principles allow us to focus on creating a positive atmosphere through building relationships, improving the morale on our jobsites and genuinely caring about people. We have observed how our influence improves the behavior of our associates, vendors, contractors and residents.

The Health & Safety group has a dual focus of promoting health and safety by ensuring regulatory compliance, while also promoting our Culture of Care. The Safety Department works with all levels and departments within the organization to improve training, policies, metrics, communication, hazard assessments, investigations, corrections, compliance and recordkeeping. We believe that our journey towards excellence in Safety supports pursuit of a best-in-class multifamily Safety culture.

AVALONBAY HEALTH & SAFETY STAFF

Providing technical safety resources at a regional level remains critical to meeting the safety needs of our associates. Our National Health & Safety team is led by a Senior Director with oversight of a team of nine professionals distributed across AvalonBay's regions. One Regional Director and two Regional Safety Managers are each based in one of our larger regional offices and responsible for providing support and guidance for our Incident and Injury-Free^{TM1} efforts in their respective regions. We also have two Safety Managers and three Safety Engineers with a dedicated full-time presence at specific job sites.

Our safety team also supports the American Society of Safety Professionals (ASSP), the National Safety Council, Associated General Contractors of America (AGC), the National Fire Protection Association (NFPA) and Associated Builders and Contractors (ABC) at the regional and national leadership levels. In 2021, members of the team volunteered their time regionally with organizations including the Environmental Health & Safety program at Cal-State Fullerton and the ASSP.

PSYCHOLOGICAL SAFETY AND SAFE CULTURE

In 2021, AvalonBay began building on the Culture of Care Pledge with an ongoing commitment to expand Safety by recognizing the potential stresses on our associates, vendors and contractors that can be attributed to exclusion, unconscious bias, harassment and the related impact on our individual mental health and physical safety. All of these can

impact an individual's wellbeing, safety, performance and influence what we all take home with us from the workplace or job site.

We have made great strides in communicating this message of Safe Culture to our associates and placed language that requires and promotes an inclusive workplace into our contract documents, policies, training orientations and site signage. The Health & Safety team has also developed a Culture of Care and Safety Leadership workshop that is being presented to AvalonBay associates and our trade partners in every market that we serve.

INCIDENT AND INJURY-FREE (IIF)TM WORKPLACE

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

- All injuries are preventable
- No injury is acceptable
- We will prioritize an injury-free workplace over schedule, cost, and production goals

The AvalonBay IIF Workshop continues to be a requirement at each jobsite to teach Safety Leadership from a place of care. We facilitate this workshop with our associates and trade partners. The Health & Safety team has thoughtfully crafted a combination of the IIF workshop and Safe Culture initiative that we believe will drive inspiration and change beyond the walls of AvalonBay.

AWARD WINNING FIRE ELIMINATION AND SECURITY

In 2021, AvalonBay continued and improved upon its existing award-winning Fire Elimination and Security Program for wood frame construction jobsites. The original program included: MFIRE Spray Fire Inhibitor, Temperature Sensors and Surveillance Cameras. We have expanded this program to include more requirements and resources for site security, deterrence, suppression systems, equipment and advanced monitoring technology.

All wood framing on our new construction projects are treated with MFIRE Spray Fire Inhibitor product during construction.



As of 2021, the fire inhibitor was used at 32 communities, totaling approximately 8,500 protected wood frame units. During the entire construction duration we deploy sensors in our buildings under construction to detect temperature rise as an early warning indicator of potential fire hazards. On qualified construction projects, the Fire Elimination and Security Program includes the use of centrally monitored surveillance cameras, motion-activated sirens, strobes, effective guards, razor wire fencing and water pump trucks to deter trespassing and mitigate the risk of arson.

ABC SAFETY TRAINING AND EVALUATION PROCESS AWARD

In 2021 the Associated Builders and Contractors (ABC) awarded AvalonBay their highest award level: Diamond. The STEP process is a Safety benchmarking and improvement tool facilitated by the

ABC. The STEP program evaluates against world-class safety management systems while also improving safety performance among ABC STEP participants. Participating ABC member firms are measured on two key incident rates and safety processes and policies covering 25 key components.

AvalonBay has successfully improved over the last several years through this benchmarking process, starting with ABC Gold level awards in 2017, 2018 and 2019, followed by the ABC Platinum level award in 2020 and ultimately the ABC Diamond level in 2021.

SITE SAFETY OBSERVATION PROGRAM AND DATA TRACKING

In 2021, AvalonBay experienced a full year of data collection through the new External Safety Observation program. The improved program measures trade

partner compliance with AvalonBay safety policies based on nearly 200 safety factors evaluated at each jobsite by AvalonBay’s National Health & Safety team. The Safety team captures these external observations in AvalonBay’s capital project management system, I-BEAM®, which enables the synthesis and analysis of the information more frequently and effectively to understand trends, risks and hazards at our worksites. The data that is tracked is used to influence vendor prequalification, contract awards, contract language, policies and training.

Additional automation of the reporting is planned in the next year in order to take this information out into the field and have more meaningful conversations and interactions with associates and vendors to further improve Safety performance.

SAFETY POLICIES

In 2021, AvalonBay rolled out new Construction Safety Policies as part of our Construction Safety Resource Manual so that our written resources were enhanced to include 11 policies to establish the guidelines and expectations for AVB Construction Safety. These fundamental policies represent the Company’s general minimum standards for AvalonBay’s commitment to eliminating worker injuries and illnesses across our organization’s operations.

SAFETY TRAINING

AvalonBay’s Safety Training establishes a method for the sharing of safety knowledge and experience through conversations, workshops and classes. AvalonBay is a learning organization; our knowledge increases when we create an environment that encourages conversation about safety experiences.

AvalonBay values the safety and health of everyone involved in our business, and continually promotes training and awareness. We encourage continuous feedback to improve our safety training programs. Through this practice, AvalonBay increases safety knowledge and facilitates an Incident and Injury-Free (IFF) culture.

All associates participate in onboarding Safety training and many are required to participate in monthly training classes, depending upon their job requirements. As new or updated information becomes available, new training material is communicated to our associates and vendors at our construction sites. Quarterly training is delivered to our teams based on incidents or trends that are observed in the industry. Each visitor to our sites must first review and participate in the new Site-Specific Safety Orientation. The orientation is a hybrid of a custom-made video paired with human interaction, with a quiz at the conclusion of the training to test the learner’s retention. The orientation is available in multiple languages.

Each construction associate must keep current their OSHA 30 Hour Training, and CPR/First Aid Training. Each vendor that visits our sites must provide proof of training, related to their scope, as required by our contract agreements before work begins. Our associates completed a combined 15,926 hours of safety training in 2021.

REGULATORY ACTIVITY

In 2021, AvalonBay maintained OSHA partnerships with the Federal OSHA Region 1 office out of the Boston North Area office at Avalon Brighton and Avalon Woburn. The collaborative effort between AvalonBay and the OSHA Region 1 office has improved our field training program and fostered communication between trade workers and the regulatory agency. This relationship has helped AvalonBay to change the culture of safety beyond the borders of our jobsites.

Federal or State OSHA inspectors visited AvalonBay’s operating communities or construction sites on nine occasions during 2021 and found AvalonBay to be in compliance on each occasion.

We aim to perform life safety evaluations on 100% of our infrastructure assets annually to assess potential health and safety impacts. We also aim to perform mechanical system evaluations on 100% of our infrastructure assets twice annually to ensure all building systems are operating optimally.

ASSOCIATE FEEDBACK ON HEALTH & SAFETY

AvalonBay’s annual associate survey includes the category of “Culture and Safety.” In 2020, one of the key indicators: “The Company Values My Health and Safety” was 89 percent favorable vs. the industry survey average of 82 percent. In 2021, a survey that was shorter than normal was conducted, and as such it did not address health and safety. We are conducting a comprehensive survey again in 2022 and will incorporate questions specific to health and safety.



CONSTRUCTION SAFETY MEASURES SPECIFIC TO COVID-19

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

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

INCIDENT TRACKING METRICS

In 2021, AvalonBay began quantifying construction safety incidents for internal evaluation and external benchmarking based on incident data and total labor hours from project specific daily field reports.

FOCUS AREAS	INDICATOR	EMPLOYEE GROUP	2020	2021
AVB Construction Team Compliance with AVB Construction Safety Program ¹	Leading	AVB Associates ²	97.5%	98.8%
Subcontractor Non-Compliance Observations	Leading	Subcontractors ³	N/A	577
Lost Time Incident Rate ⁴	Lagging	AVB Associates ⁵	1.6	1.46
Total Recordable Incident Rate ⁶	Lagging	AVB Associates ⁷	2.09	3.42
Total Recordable Incident Rate ⁶	Lagging	Construction/ Subcontractors ⁸	2.21	1.95
Industry Recognition — Associated Builders and Contractors (ABC) STEP Award	N/A	N/A	Platinum Level (2nd highest)	Diamond Level (Highest)

¹ Measured monthly via Internal Safety Observation Checklist.

² This includes Residential Services, Overhead Departments, and Construction Staff.

³ This includes only Subcontractors.

⁴ LTIR/DART is a measure of severity and frequency measuring the number of cases where an associate was away from work for more than 1 day after the date of injury. It is measured per 100 workers.

⁵ This includes Residential Services, Overhead Departments, and Construction Staff.

⁶ TRIR includes all incidents that result in an occupational injury. It is measured per 100 workers.

⁷ This includes Residential Services, Overhead Departments, and Construction Staff.

⁸ This includes Construction Staff and Subcontractors.

QUALITY AND STANDARDS OVERVIEW

The AvalonBay Quality team works to improve the transparency of standards, eliminate gaps in the design process, increase construction field execution quality, create a feedback process for lessons learned and establish the necessary processes and infrastructure to implement and measure the desired outcomes. The team focuses on quality of design review early in project development to ensure standards are being adhered to and discrepancies are caught and rectified. The team also focuses on critical, high-risk categories such as building envelope, acoustics and accessibility. For these categories, we require services from highly trained specialists to review the drawings for design intent, inspect installation in the field and test upon completion of the project. The Quality team engages the development, construction and operations teams post-project to gather lessons learned and feedback to improve on future projects. Lastly, the team uses a “Quality Dashboard” to measure and verify adherence to policies and process requirements. The dashboard provides key indicators for projects that might require special attention. It automatically consolidates information from multiple sources to allow leadership to assess project health across the entire company’s development and construction pipeline.

RISK MANAGEMENT PROGRAM OVERVIEW

AvalonBay’s Risk Management team is tasked with building and executing a structured and disciplined approach to assessing and managing risks that may inhibit us from our purpose of Creating a Better Way to Live. The group is focused on:

Mission
We are responsible for providing efficient, compliant balance sheet protection to AvalonBay. We build insurance programs, claims strategies, operational resiliency plans and loss control plans that provide predictability in cost of risk. We leverage a consultative approach to provide thoughtful risk intelligence and proactive risk management solutions to minimize the impact and likelihood of uncertainties in our business.

Vision
Enhance enterprise value with superior risk

insights and targeted solutions.

Balanced and thoughtful risk management are important parts of our business. We underwrite risks, in partnership with our third-party commercial insurers and wholly owned captive insurance companies with thoughtful diligence to assess the impact and likelihood of a particular risk. We then consider various risk treatment options including:

- Transfer to the commercial insurance markets and/or third parties via contract
- Retention via effective claims management, loss control initiatives and resiliency planning
- Avoidance, for risks that are not within our company’s appetite

Risk management is focused on driving a risk aware culture by focusing on lessons learned in a spirit of continuous improvement throughout daily work. We leverage external risk information from insurers, insurance brokers and other industry resources to stay apprised on the risk environment. We overlay this information with our incident reporting, claims management and exposure data to report the potential impact of various risks to our company.

The safety of our associates and residents is at the forefront of all that we do. As outlined in the previous section, we have a dedicated safety team that serves as subject matter experts for the company and collaborates with various departments. Safety and Risk Management policies, procedures and department personnel provide direct, expedient support to operations. Members of our Safety team are credentialed active participants in organizations such as the American Society of Safety Engineers and the Board of Certified Safety Professionals. Members of our Risk Management team carry various certifications including the Associate in Risk Management, Chartered Property Casualty Underwriter and RIMS-CRMP in addition to being active members of the Risk and Insurance Management Society and the Claims and Litigation Management Alliance.

We have been recognized as an industry leader in Safety by the International Risk Management Institute and the Associated Builders and Contractors while also participating in OSHA Strategic Partnership

Programs. AvalonBay continues to take a proactive approach to the protection of construction sites and contractors by partnering with the Associated General Contractors to advance a Culture of Care initiative. This effort fosters a mentally safe environment for a diverse, talented and inclusive workforce.

OCCUPATIONAL HEALTH

We strive to keep our worker’s compensation experience modifier below 1.0 and have achieved that goal for the past three years. The experience modifier captures historical workplace injuries over a 3-year period with a 1 year lag and shows that AVB’s performance is:

- 2021: NCCI 0.830
- 2020: NCCI 0.790
- 2019: NCCI 0.780

We have a strong culture of supporting and facilitating return to work initiatives where feasible. When an associate injury occurs, a report of the incident is filed within 24 hours and a representative from the Risk Management group corresponds with the associate to provide support and ensure that the associate receives an appropriate level of care to achieve the best outcome.

- 2021: AVB Associate¹ LTIR/DART: 1.46²
- 2021: AVB Associate¹ TRIR: 3.42
- 2021: Construction/Subcontractors³ TRIR: 1.95

Incidents and Near Misses are reported via internal system processes, reviewed, managed and investigated. Our Safety team routinely tracks the Safety performance and Safety reputation of our AvalonBay teams, vendors and contractors. Trends in enterprise claims data are translated into action-oriented loss control initiatives, policy updates and operational changes. We use the data and lessons learned to create and execute future initiatives designed to affect continuous improvement in our business operations. Our mission-driven and collaborative approach leverages our internal system data, associate and vendor insight and our team’s expertise to minimize risk of loss within our business.

BUSINESS CONTINUITY, RESILIENCY & PREPAREDNESS INITIATIVES

Each department is tasked with developing

and maintaining its own business continuity plan. The plans range from overhead department level plans to community level plans at the individual real estate asset level.

For each asset under construction and each stabilized asset, an Emergency Action Plan is created including Shut Off Maps, Evacuation Maps, contact information of associates and all other pertinent documentation. These Emergency Action Plans also outline Shut Off procedures and the tools and personal protective equipment required to facilitate an Emergency Shutoff of systems. Site leadership is responsible for reviewing and acknowledging this information in our electronic database and notifications of these summaries are also posted in clearly visible locations for associates.

CRISIS MANAGEMENT

An important part of AvalonBay’s crisis response includes a static app-based Emergency Action Plan that does not require wi-fi to access its functions. This Emergency Action Plan (“EAP”) outlines checklists and action items to support AvalonBay associates, residents and communities in the event of a natural disaster or critical event. These plans have been developed to protect residents, associates and communities and facilitate communication and connectivity during a crisis situation and enable a nimble response. Restoration vendors are contracted on both a national and regional level to provide redundant support to operations and respond quickly to loss events. Risk Management oversees a third party-supported bill review process that provides assurance for the reasonableness of restoration spend.

INSURANCE RISK MANAGEMENT

Each year as part of our insurance renewal process, our risk management team conducts natural catastrophe modeling with our third-party insurance brokers, based upon the full value of our assets. In this exercise, we evaluate fire, flood, earthquake, storm surge, severe convective storm, wildfire and other potential hazards with our brokers and insurers to inform our insurance structure. We carry insurance for all of our properties and assets under construction at a full replacement cost valuation against natural hazard events, subject to deductibles and self-insurance.

CULTURE AND FOSTERING ENGAGEMENT

PURPOSE

At AvalonBay, we’re motivated by a bold purpose: creating a better way to live.

We do this by providing distinctive rental housing living experiences and contributing to the vitality of local communities. All AvalonBay associates, from community maintenance managers to development directors to accounts payable analysts, have a role to play in bringing our purpose to life. Our core values and cultural norms define our standards of behavior and guide our decisions.

Alex
ESG Manager

Connor
Senior Analyst –
ESG

CORE VALUES

- A Commitment to Integrity:** Do the right thing — always.
- A Spirit of Caring:** Have genuine kindness and concern for others.
- A Focus on Continuous Improvement:** Aspire to be better.

CULTURAL NORMS

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

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

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

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

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

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

¹ This includes Residential Services, Overhead Departments, and Construction Staff.
² Benchmark as compared to the National Safety Counsel “Real Estate and Rental and Leasing” of 2.9 for 2020 per 100 full time workers.
³ This includes Construction Staff and Subcontractors.

ASSOCIATE PERSPECTIVE SURVEY

Every year, we conduct an engagement survey called “Your Voice, Your View — the Associate Perspective Survey,” which enables AvalonBay to better understand how associates are feeling. In 2021, we conducted an abbreviated survey, asking engagement-related questions. The response rate was 72% for the entire Company.

The next full engagement survey launched in the spring of 2022, where we asked a customary full set of questions. We use the survey results to drive meaningful actions which enact changes in areas that are deemed by associates to be lacking or needing improvement. In addition, the survey supports our publicly stated 2025 goal regarding associate engagement, which is to maintain overall engagement in the top 10 percent of companies surveyed that work with our survey vendor.

ASSOCIATE ENGAGEMENT

In addition to our philanthropy program (p. 25) and Inclusion & Diversity activities (p. 40), AvalonBay has a Spirit Team, that plans, coordinates and hosts events for associates throughout the year. In 2021, the Spirit Team was able to begin hosting in-person events again, the first time since early 2020 that COVID restrictions allowed for this. Examples of some of the activities



include an Earth Day planting event, Grab and Go Breakfasts, Spirit of Caring Tree donation drive and corporate office holiday gathering.

WELLBEING AND BENEFITS

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

FULL-TIME ASSOCIATE BENEFITS

- Medical (4 plans), dental (2 plans) and vision
- Domestic partner benefits
- Flexible spending accounts
- 401(k) enrollment and matching
- Life/AD&D/Disability/EAP
- Vacation, sick leave, flexible time, volunteer time, floating holiday(s), bereavement, jury duty
- Paid parental leave
- FMLA and local maternity and parental leave
- Supplemental medical insurance benefits
- Sabbatical program
- Housing discounts, including a 20% discount for full-time associates
- Adoption assistance
- Employee stock purchase program
- Career development
- Tuition assistance
- Associate Relief Fund and Vacation Donation Program
- Pretax transportation/commuter benefits
- Tobacco cessation
- 100% company-paid Diabetes and Hypertension Management programs
- 100% company-paid health coaching and access to nutritionists and dietitians
- Maven — around-the-clock maternity support
- Wellthy — caregiver support provides assistance in caring for loved ones
- Rethink — support for parents caring for children with learning, behavioral or social challenges
- Legal plan, identity theft, auto/home insurance, discount programs
- Pet insurance

PART-TIME ASSOCIATE BENEFITS

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

ASSOCIATE RENT DISCOUNT

In 2021, 785 associates used our rent discount benefit representing a total dollar value of \$13,471,277.



BENEFITS ENHANCEMENTS IN 2021

We introduced the following enhancements to our benefits program in 2021:

Medical Plan Changes

To assist members in managing health costs during the pandemic, AvalonBay reduced the cost of all telemedicine visits to \$0. This was done in conjunction with legislation in the CARES Act, allowing such a change.

Expanded Use of Flex Time

In response to feedback received in the Associate Perspective Survey, we expanded the list of reasons for which Flex Time may be used to include religious, cultural or civic holidays not already observed by the company.

Maven

Benefits were expanded under Maven, our wellbeing program designed to assist associates on their path to parenthood and with family planning needs. Associates are now able to use Maven through their child’s first birthday, giving parents an additional six months of coverage. Maven also launched their MavenRx program which offers members in the fertility and egg freezing programs 30% discounts on fertility medications after their medical/ pharmacy benefits are exhausted.

Wellthy

Our caregiver support wellbeing program was enhanced to include assistance with finding childcare. This was an invaluable benefit throughout the COVID-19 pandemic as many daycares and schools were closed or operating at reduced capacity.

MENTAL HEALTH AND WELLBEING SUPPORT

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

- Associates and their eligible dependents have access to free EAP services 24/7/365 through Health Advocate, including 5 in-person or virtual sessions with a mental health counselor. The EAP provides confidential support for a variety of issues, including family/ relationship challenges, depression and stress management, anxiety, alcohol/ substance abuse and more.
- Associates and their eligible dependents are encouraged to take advantage of AvalonBay’s free virtual wellness benefit through VidaHealth. In addition to the chronic and lifestyle programs, VidaHealth offers two mental health pathways — Resilience and Stress Management.
- Associates and their partners who are working with Maven, our family planning wellness benefit, have access to mental health professionals 24/7.
- Associates and their family members are eligible to use Wellthy, a free, confidential caregiving support benefit. Wellthy can assist with tasks associated with elder care, chronic illness, financial hardship, veterans’ support and behavioral healthcare.
- Associates can partner with Rethink Benefits to support their children with social, emotional, learning and developmental challenges. Rethink comes with an online portal as well as up to 8 hours of telephonic visits with a certified behavioral therapist.
- Aetna and Cigna medical plan members can receive mental health telehealth visits through Teledoc and MDLive. Aetna also offers free EAP services, and Cigna provides members with Happify and iPrevail stress management programs.

All full-time, part-time and contingent workers are eligible to use all mental

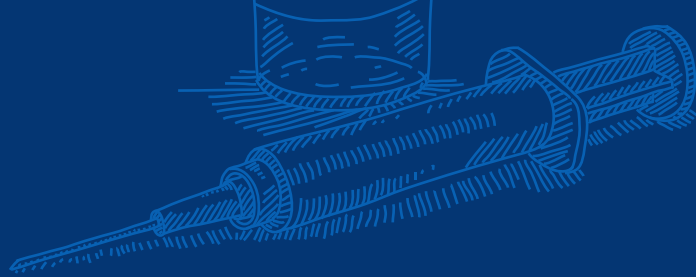
health and wellness programs. Programs connected to Aetna and Cigna medical insurance are limited to those associates who work 30 hours per week or more and are enrolled in medical insurance at AvalonBay.

MENTAL HEALTH TRAINING

In October of 2021, in anticipation of our return to the office plan for corporate and regional offices, AvalonBay provided a “Return to Office” webinar that included components about stress with respect to coming back to the in-person workplace as part of its employee assistance program. We also routinely host Empower Hours throughout the year, which are sessions focused on various topics that allow associates to share and listen to personal stories and support one another. These sessions provide our associates with the opportunity to take advantage of the company’s overall mental health and wellbeing resources.

WORKPLACE FLEXIBILITY

Corporate and regional offices remained closed for the majority of 2021 due to the pandemic. As of November 1st, 2021, we reopened these offices and associates returned to the workplace on a hybrid schedule, working three days each week in the office and two days from home (or the location of their choice), unless otherwise agreed upon with their manager. We also recognize that the ongoing pandemic may still be creating challenges for associates who are balancing the need to work with caring for others or personal health concerns, and we have encouraged managers to continue to offer additional flexibility in these situations.



SUPPORTING OUR ASSOCIATES DURING THE COVID-19 PANDEMIC

When the pandemic began we moved quickly to enhance our benefits to associates in relation to COVID-19, which continued throughout 2021. This includes:

Expanding Our Emergency Paid Leave

AvalonBay offered associates up to six weeks of additional Emergency Paid Leave (EPL) at 100% of their pay if they were materially impacted by COVID-19 and needed to miss work. To date, 1,635 associates have used at least one hour of our emergency paid leave.

Ensuring Full Medical Coverage

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

Options for Additional Support

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

Free Vaccinations

COVID-19 vaccinations are free of charge under all medical and pharmacy plans. In addition to providing free coverage, the company has developed an extensive communication and education campaign for associates on the topic of vaccination.

Educating Our Associates

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

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



COVID-19 TRAINING

Staying on top of safety.

The coronavirus (COVID-19) required that we adapt our processes, policies and procedures and provide updates and training for our associates on changes needed to help keep themselves and our communities safe. We provided training and resources on how to work and manage remotely. We created acknowledgments of relevant updates to our policies. We produced multiple asynchronous training modules with updated safety plans, videos and created refresher courses such as the multi-language refresher course covering our daily screening checklist. 3,279 hours of COVID-19 training were completed by associates in 2021.

AWARDS AND RECOGNITION

At AvalonBay, we are proud of the focus, commitment and hard work exemplified by our associates every day. To acknowledge this exceptional work, we present the following awards and recognition on various intervals to show our associates that their work truly makes a difference.

AVALONBAY'S VERY BEST

AvalonBay believes that associate engagement increases when there are effective and timely recognition tools in place. At AvalonBay, managers and peers have multiple ways in which to recognize their direct and indirect reports as well as their peers.

Through our Corporate/Regional Office AvalonBay's Very Best program, we award and recognize five areas of associate contribution twice each year:

- **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

The CEO announces the winners, either individually or as a team, and highlights their significant contributions to the Company.

Through our Residential Services AvalonBay's Very Best program, we award and recognize four areas of associate contributions:

- **Operational Excellence:** outstanding overall performance in leasing goal achievement, customer service and revenue growth
- **Maintenance Excellence:** exceptional overall performance in the maintenance and cleanliness of the community, homes are move-in ready, controllable redecorating/maintenance expenses and customer service
- **Customer Service Excellence:** extraordinary services to our residents to ensure their time is well spent
- **Sales Excellence:** recognition of monthly sales goals, associate lifetime achievements, and leader mentorships with new associates

Award cadence is either monthly or annually depending upon the award.

KUDOS

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

RECOGNITION

In response to associate feedback, in 2020 AvalonBay teamed up with RecogNation to offer our managers and associates a way to recognize our associates with ease and frequency. The RecogNation portal enables managers to acknowledge associates at the time in which it is most impactful. Through RecogNation managers may nominate an associate for one of three awards: the AvalonBay Core Values & Cultural Norms, Residential Services Service Champion, or Spotlight award. Associates may redeem their points for gift cards, merchandise, travel, event tickets, charitable donations and more. Since we launched this program in 2020, hundreds of associates have received these awards. Associates may also use the RecogNation portal to send ecards to one another, such as for a work anniversary, birthday or as a thank you.



Javier
Concierge



Melanie
Community Consultant



INCLUSION AND DIVERSITY

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

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

In 2021, we continued to make progress with our Inclusion and Diversity strategy, programming and vision.

INCLUSION AND DIVERSITY (I&D) STAFF, GOVERNANCE AND ORGANIZATION

The organization of I&D at AvalonBay includes:

I&D Staff

There are two full time roles dedicated to inclusion and diversity at AvalonBay: Director – ESG, Inclusion and Diversity and Manager – Inclusion and Diversity. These are both focused on AvalonBay's I&D strategy, programming and governance and sit within the ESG department.

I&D Steering Committee

The committee provides oversight and streamlines the approval process for new programs and initiatives. The committee includes the Director – ESG, Inclusion & Diversity (I&D Council Chair), Chief Investment Officer (I&D Executive Sponsor), Senior VP of Operations, Senior VP of Human Resources, Senior VP of Brand Strategy and Marketing, Senior VP – Associate General Counsel, Senior VP – Chief Digital Officer and VP of Human Resources.

I&D Council

Led by the Director – ESG, Inclusion & Diversity, the Council is made up of 20 associates from diverse personal, functional and geographic backgrounds. The purpose of the Council is to drive the I&D strategy and programming to promote and create an inclusive and diverse environment where everyone can thrive.



I&D Regional Leaders

There are 14 regional I&D leaders that work with the council to champion, coordinate and execute I&D events and activities for each region.

I&D Champions

The newest addition to the team, these associates support, champion and drive I&D within their business unit/department. Through an effort launched in 2021, each AvalonBay department created an I&D action plan specific to their business unit and the I&D Champions support and drive the creation, execution and evolution of this plan together with the senior department leaders.

Associate Resource Groups (ARGs)

These groups provide support, networking, mentoring, development and outreach opportunities for associates. Membership for each ARG is open to all associates.

I&D STRATEGY

In addition to serving as a cross-functional, organization-wide priority, AvalonBay's I&D strategy includes four focus areas. Highlights of our progress in 2021 include:

CREATE PERSONAL AWARENESS

The journey towards a more inclusive and diverse AvalonBay starts with the individual.

Intranet Site

In order to support associates in this process, we have compiled many resources on our internal intranet site, including information about the I&D team, strategy, ARGs and a "listen, watch, read" section with recommended articles, books, podcasts, videos and more.

Education and Training

We offer several training programs for associates throughout the year, including *Building Ally Skills at Work*, *Inclusive Culture* and *Inclusive Leadership*. We also host various events throughout the year with external speakers and panel discussions to educate and support associates on topics relevant to I&D and our ARGs.



FOSTER A CULTURE OF INCLUSION

We know that associates need to feel both safe and welcome at work and I&D is an important part of accomplishing this goal.

Associate Resource Groups (ARGs)

As previously mentioned, our ARGs provide support, networking, mentoring, development and outreach opportunities for associates. Current ARGs include:

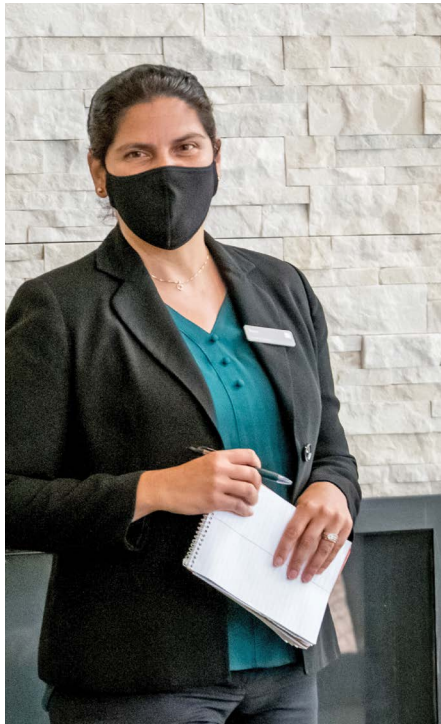
- Asian Pacific Associate Connection (APAX)
- Associate Rainbow Coalition (ARC)
- Black Associate Coalition (BAC)
- Latinx Employees of AvalonBay for Diversity (LEAD)
- Parents and Caregivers of AvalonBay (PAC)
- Veterans Support Outreach Committee (VSOC)
- Women's Leadership Network (WLN)

Building Connections Campaigns

We celebrate and recognize associates, as well as create awareness through ARG hosted campaigns for Black History Month, Women's History Month, Celebrate Diversity Month, Asian Pacific American Heritage Month, Pride Month, Hispanic Heritage Month, Veteran's Day and other various days throughout the year (e.g., Juneteenth, Mother's Day, Father's Day, Memorial Day).

Empower Hours

We also recognize that in order to foster inclusion in the workplace, we need to acknowledge and create space for what associates may be experiencing outside of AvalonBay, which is why we host monthly Empower Hours. These sessions are focused on various topics that allow associates to share and listen to personal experiences and perspectives and support one another.



HOLD OURSELVES ACCOUNTABLE

To support our I&D vision and ensure we remain focused on this commitment, there are several ways we are taking action.

Diversity in Leadership Vision

Building a more diverse leadership pipeline will require a commitment from our current leaders to focus on inclusive strategies for talent acquisition, associate development and promotions, so in 2020 we set a vision to increase the diversity of our leadership team¹ specifically to:

- Increase the representation of women in leadership from our 2020 level of 35% to a level at parity² with the overall presence of women in the relevant workforce by 2025. In 2021, we increased by 2% to 37%.
- Increase under-represented communities³ in leadership from 15%⁴ to 20% by 2025 and to 25% by 2030. In 2021, we increased by 2% to 17%.

Leadership Goals

In 2020, we asked AvalonBay's leadership team¹ to make a personal commitment to I&D and added an I&D goal to Individual Development Plans for all of these associates.

Department Plans

Through an initiative started in 2021, each AvalonBay department has created an I&D action plan specific to their business unit. Working with the I&D team, I&D Champions will support and drive the creation, execution and evolution of these plans together with their senior department leaders.



CONTRIBUTE TO INCLUSION AND DIVERSITY IN OUR COMMUNITIES

We recognize that true inclusion and diversity extends beyond the boundaries of our offices and communities. We support this and seek to make impact in many ways, including:

National Urban League Partnership

In 2021, we kicked off the first year of our partnership with the National Urban League, led by our associate resource group, the Black Associate Coalition (BAC). Through this partnership, we made a \$150,000 annual financial commitment, which supports NUL's work in economic empowerment, equality and social justice and engage our associates in volunteering, mentoring, networking events and memberships with the NUL Young Professionals.

Surveys and Awards

We are also focused on benchmarking and participating in external surveys and indices that evaluate the Inclusion and Diversity practices of large companies. In 2021, for the second year, we participated in the Women in the Workplace study with McKinsey and LeanIn. For the first time we participated in the Human Rights Campaign Corporate Equality Index and received a perfect score of 100.

External Engagement

AvalonBay is a proud signatory of the CEO Action for Diversity and Inclusion pledge, which we joined in 2020, as well as the Human Rights Campaign (HRC) Business Coalition for the Equality Act. In 2021, we were a founding member of the New York Urban League Diversity & Inclusion Lab and the Boston College Center for Corporate Citizenship Diversity, Equity & Inclusion Affinity Group.

¹ Leadership Team is defined as associates with the title of Director and above.

² Please note that parity is defined as achieving a level within +/-2% of the available workforce (41% in 2020, when this vision was set) as determined using third party resources by level and function. Source: TalentNeuron (which uses Census NAICS industry codes, years of experience, education, and 65k sources of data including Census, job boards, proprietary database and Gartner Insights).

³ Please note that under-represented communities is defined as people of color or the EEO "Ethnicity" categories of Asian, African American, Hispanic and Multi-Ethnic (see p. 44).

⁴ Please note that 15% is the baseline, set in 2020.

AVALONBAY MENTORING PROGRAM

The Inclusion & Diversity and Learning & Development teams partnered in 2021 to launch AvalonBay's new mentorship program.



Partnering with a third-party firm that assists with matching associates and developing a guideline for mentorship, the program identifies and matches mentors within the organization who are willing to share knowledge, skills, experience and time, with applicants or mentees who are seeking to invest time and effort to advance their career at AvalonBay. In addition to the assistance provided to mentees, this program benefits mentors by providing mentor training and the opportunity to enhance their coaching and leadership skills. During the year, 199 associates participated in the program as a mentor or mentee through our first two cohorts of the program and we launched cohort 3 in the spring of 2022.



Daniel
Director – Operating Initiatives



Nanah
Manager – Executive Compensation

PAY EQUITY

AvalonBay engages external counsel to conduct pay equity analyses across the entire organization on a regular basis. This includes all full- and part-time positions. The most recent review was conducted in 2021.

DIVERSE SUPPLIER PROGRAM

In 2021, AvalonBay launched a pilot program to increase the number of diverse suppliers hired. The pilot focused on the Mid-Atlantic region and has allowed us to test and demonstrate what methods are effective in recruiting and hiring Disadvantaged Business Enterprises (DBEs), communicate lessons learned and incorporate this into supplier contracting in the region, with a plan to expand the program across AvalonBay.

2021 DIVERSITY, INCLUSION AND EMPLOYMENT METRICS

EMPLOYMENT METRICS

AVB ASSOCIATES (2905 TOTAL — 97% FULL TIME)



NEW HIRES (912 TOTAL)



LEADERSHIP TEAM¹ (229 TOTAL)



EXECUTIVE TEAM (8 TOTAL)



BOARD OF DIRECTORS (12 TOTAL)

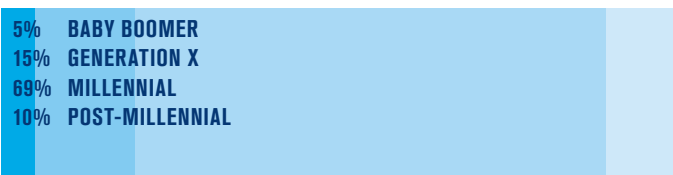


BY AGE

ASSOCIATES



NEW HIRES



LEADERSHIP TEAM¹

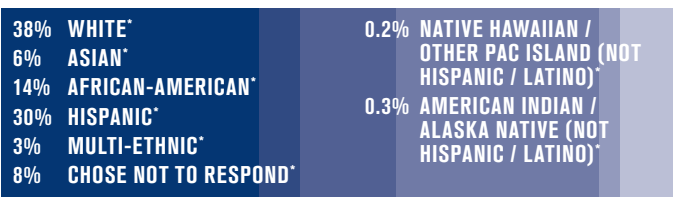


EXECUTIVE TEAM

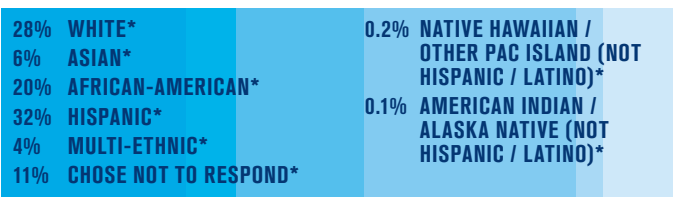


BY ETHNICITY²

AVB ASSOCIATES



NEW HIRES



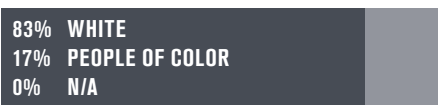
LEADERSHIP TEAM¹



EXECUTIVE TEAM



BOARD OF DIRECTORS



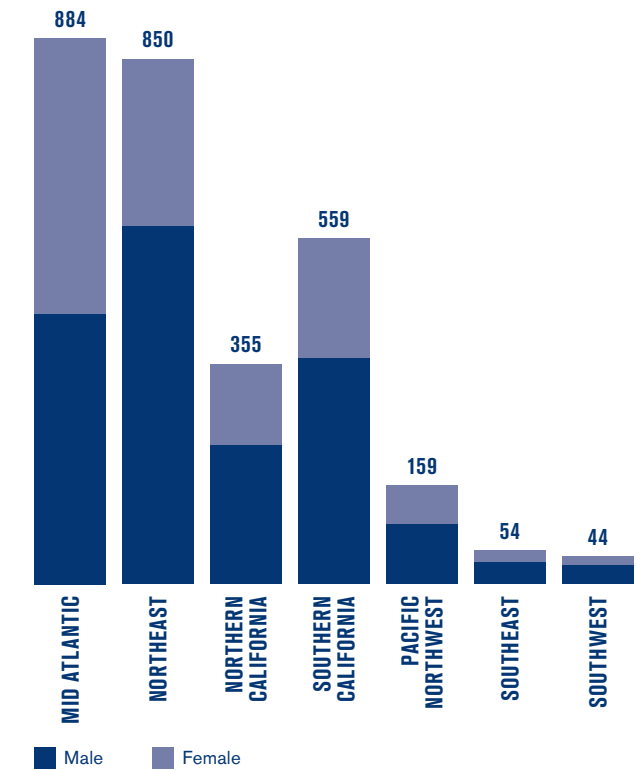
¹ Leadership Team is defined as associates with the title of Director and above.

² Reference EEO categories.

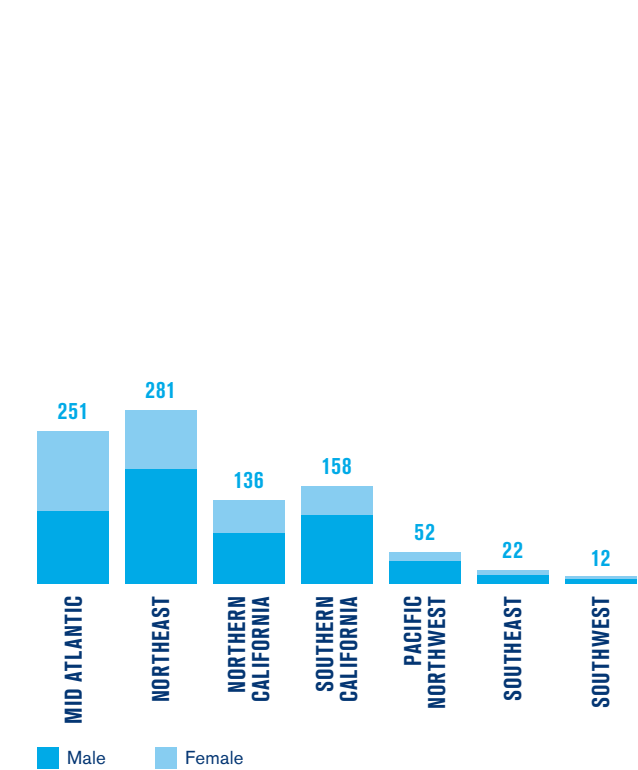
* White includes White, American Indian/Alaska Native and Native Hawaiian. Asian includes Asian, not of Hispanic origin. African-American includes African American. Hispanic includes Hispanic/Latino. Multi-Ethnic includes two or more races. Chose not to respond includes Not Specified and Unknown.

BY GENDER AND REGION

AVB ASSOCIATES (2905 TOTAL — 97% FULL TIME)



NEW HIRES (912 TOTAL)



VOLUNTARY TURNOVER (25% TOTAL)



CUSTOMER CARE CENTER (22%)

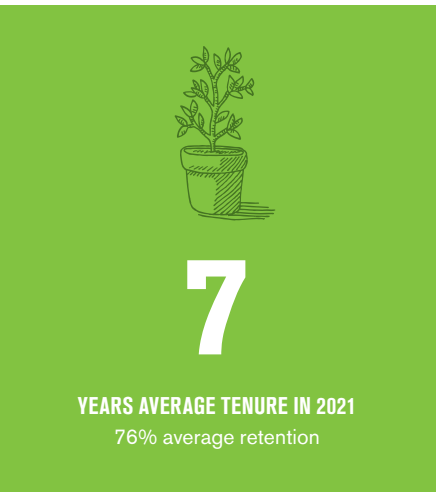
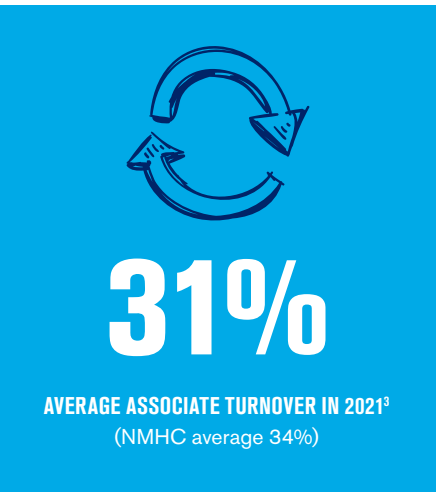


ONSITE RESIDENTIAL SERVICES (29%)

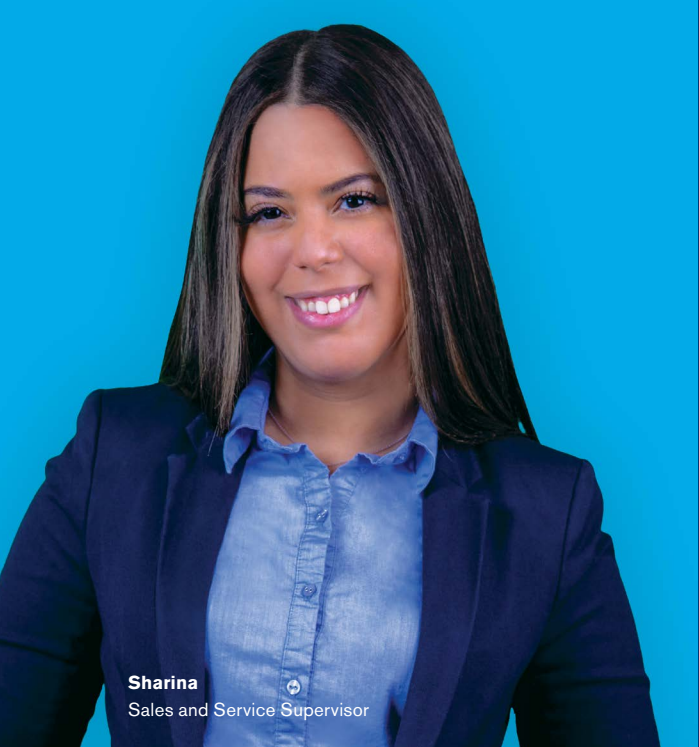


CORPORATE (14%)

EMPLOYMENT HIGHLIGHTS



³ Includes Voluntary and Involuntary Turnover.



Sharina
Sales and Service Supervisor

RESIDENTS

In 2021, we continued to remain aligned with our residents as we all navigated the global pandemic. We found new ways to engage with them, to support them, to keep us all safe, and to support the unique needs they had as they found themselves working and living from home — the home we create for them.

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

LISTENING TO RESIDENTS

We continuously ask customers to share their experiences with us so we understand our strengths and identify areas where we can improve. We do this by surveying residents at various stages of their time with us: following their move-in, midway through their lease and at move-out. We use the Net Promoter Score (NPS), a metric used by leading companies, as our primary measure of customer satisfaction and loyalty. In 2021, our NPS was 31 at stabilized communities, which was an increase of four from 2020. This increase coincided with the easing of COVID-19 restrictions allowing for more normal operations, such as access to community amenities and a return to normal maintenance response.

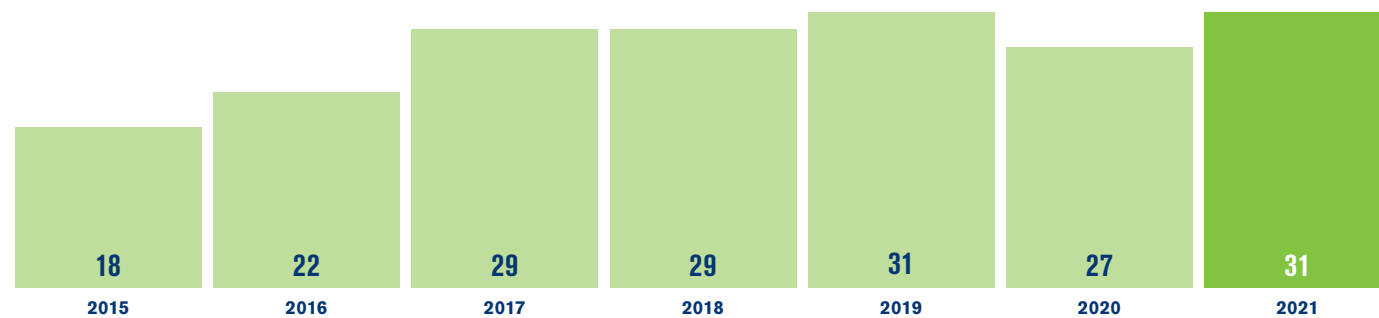
We also monitor social media and review websites. This is particularly important since more than 80% of people searching for an apartment consider online reviews. In 2021, our overall rating for new reviews was 4.6 out of 5 stars, based on 7,935 Google and Facebook reviews received throughout the year.

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

- A dedicated phone queue staffed with specially trained and tenured associates who handle resident concerns

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

NET PROMOTER SCORE*



* For stabilized communities

HEALTH, WELLNESS AND SECURITY

WELLNESS AND HEALTHY BUILDINGS

We strive to create buildings focused on the health and wellbeing of our residents. Below are a few programs outlining some ways we make this happen.

Fitwel

Fitwel continues to be an opportunity for AvalonBay to expand our commitment to health and wellness within the design and operation of our communities. In 2021, we achieved two Fitwel certifications, including Avalon First and M (1 Star) and our Corporate Headquarters (2 Stars), bringing our total Fitwel certifications to three. AvalonBay is currently engaged in a multi-family scorecard pilot program with Fitwel and will be pursuing one additional Fitwel certification in 2022.

AvalonFit and AVAfit

Our AVALONfit and AVAfit resident programs offer a variety of fitness amenities and perks to help residents achieve their wellness goals. Our curated onsite fitness centers and strategic partnerships with companies like Breethe, SpaWeek, Cook Smarts and Pzizz, help support a healthy lifestyle. In 2021, we also supported our residents through a resident promotion, Wellness Tales, that encouraged wellness initiatives surrounding World Mental Health Day on October 10, 2021. In partnership

with WAG, our pet program, we invited residents to share ways in which they maintained their mental health via a photo contest. We received over 1,000 submissions from residents and selected two winners.

Smoke Free Communities

AvalonBay promotes a healthy physical environment throughout our portfolio with communities across the country that offer smoke free living. Communities that offer smoke free living include a Smoke Free Lease Addendum as a means to ensure the best air quality for all residents.

ENSURING DATA SECURITY

AvalonBay's IT Security program is aligned with and audited against the National Institute of Standards and Technology Cyber Security Framework. In accordance with this framework, AvalonBay has implemented policies, procedures and guidelines to ensure the confidentiality, integrity and availability of our data and systems.

ACCESSIBILITY

AvalonBay is fully committed to accessibility compliance in the design, construction and operations of our communities. We have a comprehensive compliance program to help us meet requirements under the Fair Housing Act, Americans with Disabilities Act and all state and local accessibility building codes. The program consists of a

company-wide policy that requires all new construction projects to engage an approved third-party accessibility consultant with a standardized scope of work at multiple stages of drawing development, as well as multiple stages throughout construction. These accessibility review reports are captured in a formalized document management platform and ensure that all stakeholders involved have an opportunity to review them.

We require that all AvalonBay associates involved in the design and construction of our properties complete our accessibility training course at onboarding and every two years thereafter. We also use a formalized reasonable modification request process for our residents who face accessibility challenges to request changes that will enhance their ability to enjoy all aspects of the AvalonBay community in which they live. With this multifaceted approach, AvalonBay ensures that we comply with accessibility at the highest level possible across all areas of our business. In 2022, AvalonBay is updating its company-wide accessibility training to ensure that it is up to date on current requirements as well as producing regional specific accessibility training to help associates understand regional requirements. This is in addition to the overall comprehensive training that focuses on FHA and ADA.

INNOVATION

Upgrading the home experience.

To facilitate our focus on innovation, we have formed an Innovation Council responsible for evaluating enhancements and projects with strategic focus. This group also interfaces with venture capital investment funds focused on "proptech" and ESG, and actively promotes innovation as part of our development plans and focus on the customer. One of the outcomes of our focus on innovation includes a new value-based living concept — Kanso — and our first new development Kanso Twinbrook, stabilized in 2021. With the tagline "Live simply, without sacrifice," Kanso appeals to those seeking a quality home on a budget with fewer amenities,

such as someone new to the workforce or otherwise seeking a cost effective and digital living experience.

A Few Key Highlights from 2021

- Working with smart building software vendors, we have started a wide rollout to enable remote building and apartment access and thermostat control. Depending on the region, smart thermostats will provide for energy savings via demand response programs.
- Working with telecom vendors, we have started retrofitting our buildings for high-speed WiFi.
- Although expansion was impacted by COVID-19, we continue to grow our furnished apartment offering, giving residents a more cost effective "plug and play" living option.
- Working with automated parking vendors, we are retrofitting parking garages to allow for more flexibility by our customers, including guest parking.
- Various other digital initiatives and uses for proptech in adding sustainability efficiency, energy savings or amenities to our portfolio are also in the planning or pilot phases.



SUPPORTING RESIDENTS DURING THE COVID-19 PANDEMIC

Our commitment to COVID-19 health and safety.

We are guided by the Centers for Disease Control and Prevention, the World Health Organization, local governments and our expert consultants and have adapted our practices according to their most up-to-date recommendations. In response to COVID-19, we continued a number of new safety measures to help stem the spread of the virus and keep our residents safe. In addition, we implemented a COVID-19 Vaccine Policy for our associates effective as of December 2021.

FINDING A NEW HOME

We understand that when choosing a home, our residents should feel as comfortable and as safe as possible. From requiring face masks for our associates and anyone entering our communities (when recommended by the CDC and/or required by local jurisdictions), to providing a contactless leasing process, we worked to create a safer environment for everyone including some of the examples below:

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

THE MOVE-IN PROCESS

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

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

AVB'S COMMITMENT TO CLEAN

Our AVB Commitment to Clean program leaves apartments ready for move-in. This service is performed by associates wearing masks while ensuring the apartment is ventilated by opening windows — and covering all apartment surfaces, paying close attention to the over 30 areas including:

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

LIVING WITH US

We are honored that our residents have chosen our communities as their home and we remained resolute in our commitment to providing the best possible living environment, despite the changing circumstances related to navigating implications of the ongoing COVID-19 pandemic. This included:

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



ENGAGING RESIDENTS IN CREATING
A BETTER WAY TO LIVE
IN THE GREATER COMMUNITY

We engage residents in our Building Strong Communities philanthropy program — from fundraisers to our Spirit of Caring Season activities — we constantly look for ways to take an active role with our residents in engaging with the local community. We were proud to sponsor our seventh annual Community Preparedness Week (CPW) in partnership with the American Red Cross. As a national Disaster Responder partner with the Red Cross, and through CPW, we extended Red Cross emergency and preparedness resources to our 140,000 residents.

FOR THE ENVIRONMENT

We engage and support our residents in reducing their environmental impact by promoting energy, water and waste reduction opportunities and tips. We build our apartment homes with energy and water efficiency in mind, selecting efficient appliances, equipment and building materials. We are also committed to providing our residents the ability to recycle, where feasible. Through the GridRewards program, residents in certain markets are able to reduce their electrical consumption during peak times to directly reduce their carbon footprint. Each of these activities supports our science-based emissions reduction targets and overall commitment to environmental sustainability.

AMENITIES AND SERVICES*
RESIDENTIAL DEMAND RESPONSE AND REDUCING
CARBON EMISSIONS

Our demand response and smart building data program can now support residential demand response and carbon emissions reductions tracking in utility districts that support new generation AML smart meters. In partnership with a third-party provider, we launched the GridRewards app at our New York City properties in 2021. Residents can download the free GridRewards mobile app which enables them to track energy usage, utility cost and carbon footprint by the hour each day of the year. This first of its kind, personalized, energy and carbon intelligence software designed for residents, leverages secure integrations into new AML smart meters to personalize energy efficiency insights and recommended actions to lower energy costs and carbon emissions. The application identifies the time of day when electricity has the highest carbon content and notifies residents when reduced utility usage will have the biggest impact on reduced carbon emissions.

There are currently 133 resident GridRewards participants who collectively reduced their electricity consumption by 1.2 mWhs during six (6) demand response events which equates to a rough savings of 351 kgs of CO2e. GridRewards provides AvalonBay the ability to engage residents to reduce Scope 3 emissions. We plan to continue pursuing GridRewards as the program expands into California and Texas in 2022.

BILT

In 2021, AvalonBay launched a partnership with Bilt Rewards to offer the first loyalty program that allows residents to earn points on their rent payments without paying a transaction fee. As a Bilt Rewards loyalty member or a Bilt Rewards credit card holder,



residents can earn points to put towards travel, fitness classes, a rent credit, or apply accrued points towards a down payment on a home purchase.

FURNISHED+ PROGRAM

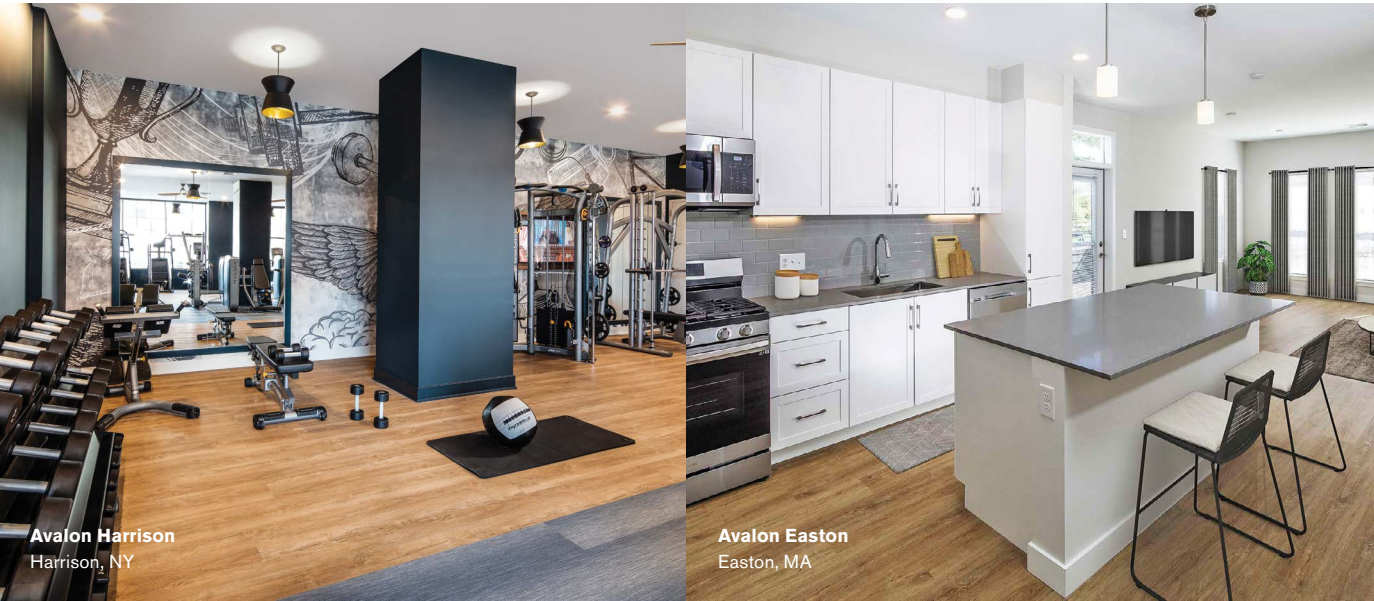
In 2021, we re-imagined our furnished housing program and unveiled Furnished+, which offers residents the comforts, connectivity and convenience of home without the hassle. Residents can move right into a stylish, pre-furnished home, or pick any available home to furnish (select locations). Utilities, including Wi-Fi, are active right at move-in and paid with the monthly rent. Our optional linen and kitchenware kits offer residents a more seamless moving experience.

In 2021, we grew our inventory of existing Furnished+ homes by approximately 50% and added our “on demand” option in three markets, positioning our furnished portfolio for further growth in 2022 and beyond. Additionally, the direct relationship with the furnished resident, versus a third-party provider, offers more convenience and cost efficiency for AvalonBay and our customers.

WAG

We know that pets are family, which is why we don't just offer pet-friendly communities across the country — we created WAG The Pet Program to take pet-friendly living to the next level. We welcome pets home with treats and put an emphasis on clean and safe grounds for both pet and human residents.

We appreciate pets by providing resources and hosting social events for our furry residents. We give back to our pet residents



through a partnership with VCA Animal Hospitals, which provides savings on veterinary visits and supplies.

In 2021, we provided a “back to school” newsletter with tips on how residents could prepare their pet for being home alone again as their owners went back to school and the office. In October, we invited residents to participate in our Wellness Tales photo contest themed around Pet Wellness Month, an initiative by the American Veterinary Medical Association that seeks to educate pet owners about the benefits of regular wellness examinations. We also sent a pet holiday safety newsletter and provided resources for our on-site teams to throw Howl-o-ween events.

BULK WI-FI

We are now offering our residents bulk managed Wi-Fi solutions, which offer seamless, secure and instant high-speed Wi-Fi connectivity throughout the entire community. Residents can move in and log on with no equipment or installation appointments required.

Managed Wi-Fi allows for seamless connections within the home and throughout the entire community via multiple access points. Those connections allow the resident access to various smart home applications like smart locks and smart thermostats. Managed Wi-Fi also allows for AvalonBay to install various smart technologies throughout the building to manage access, energy and building performance and comfort.

TRANSPORTATION ADVANCES

Car Charging

We currently have 718 electric vehicle (EV) charging stations installed at 76 communities across our portfolio.

Car Sharing

We have a total of 14 communities with car sharing amenities, including ZipCar, Enterprise and Whip EV. Whip EV is a minority-owned car sharing company and our newest partnership, which rolled out at Kanso Twinbrook — our new value-based living concept community in Rockville, MD.

EV Task Force

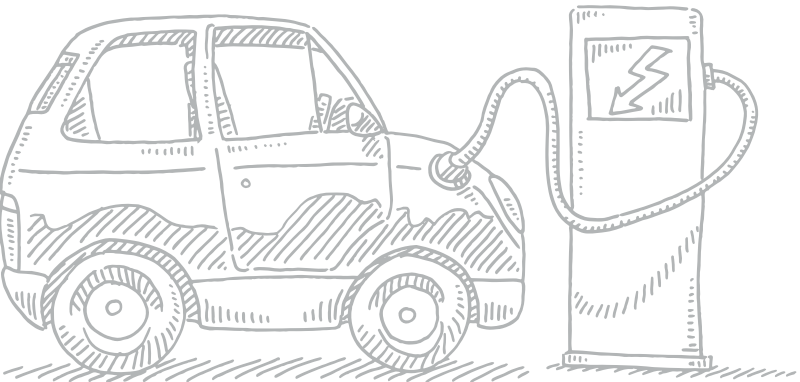
AvalonBay also has an EV Task Force whose purpose is to assess the future trends and expected demands for EV charging by our customers, determine the expected costs and potential for offsetting incentives and develop a long-term strategy and retrofit prioritization list.

Electric Charging Design Standards

In 2020, we updated our design standards to include guidance on electric vehicle charger installation including the requirement of Level 2 charging at all new developments for the number of spaces required by code. If no code is present, our design standard requires that a minimum of 5% of spaces have Level 2 charging.

TRANSIT ORIENTED DEVELOPMENT

Access to transit is not only an important part of selecting a place to live, but it will also play an important part in decarbonizing our future by creating less reliance on individual passenger vehicles. In 2021, we completed three Transit Oriented Developments bringing our total count to 113 communities. Building on the idea of access, the average Walk Score among the communities completed in 2021 is 81, ensuring that residents are able to complete the majority of their errands on foot.



*The amenities and services described are not available in every community, and some are in the pilot or implementation phase.

Melissa
Vice President – Associate General Counsel



IT ALL ADDS UP: DOING WHAT'S RIGHT.

AvalonBay is committed to comprehensive corporate governance practices and the highest ethical standards. Our Board of Directors has twelve members, ten of whom are non-associate directors.

The Company has adopted a variety of best practices in corporate governance, including the following:

- All directors are independent, other than our Executive Chairman and our CEO
- Annual election of directors and majority voting in uncontested elections
- Policy on recoupment of incentive compensation (Clawback Policy)
- Strong lead independent director position
- Stock ownership guidelines for Board Members, Executive Vice Presidents, and Senior Vice Presidents
- Robust policies against hedging of, speculation in, and pledging of Company securities
- Policy regarding stockholder approval of future severance agreements above a set payout threshold
- Policy to hold executive sessions of independent directors at each regularly scheduled Board meeting
- Recurring succession planning
- No shareholder rights plan and policy regarding adoption of future plans
- Internal audit group reports directly to the Audit Committee of the Board of Directors
- Formal conflict of interest and insider trading policies for all associates
- Code of conduct contains an anti-fraud policy that all directors and associates sign and attest to annually
- As a publicly traded Company, our financial statements undergo independent quarterly reviews and annual external audits prior to filing with the SEC
- Annual review of enterprise and fraud risks presented to and discussed with the Audit Committee and/or the full Board of Directors
- Policy on political contributions and government relations
- Responsible procurement principles

- Recurring discussions at the Board level regarding Company diversity, environmental sustainability and climate change and cyber security

CODE OF BUSINESS CONDUCT AND ETHICS

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

In addition, AvalonBay

- Requires that all associates, including full-time, part-time and contract workers, 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 all associates. We conduct periodic training to ensure associates understand our expectations regarding ethical conduct and performance and our commitment to human rights. All AvalonBay associates and contractors must take the standards of business conduct training upon hire, and then every one or two years thereafter, depending on position. Associates in key business positions recertify on an annual basis.

- In 2021, AvalonBay associates completed 5,379 hours of training related to human rights, including courses on respectful workplace, anti-harassment, ethics and fair housing and accessibility.
- All associates are required to read and sign the AvalonBay code of business conduct and ethics annually. Upon hire, associates are provided with an electronic copy of the associate handbook, which also details conduct and behavior expectations. In 2021, all associates were also required to acknowledge the AvalonBay COVID-19 Associate Handbook Addendum and Acknowledgement.

INTERNAL AUDIT

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

The Internal Audit group performs continuous independent audits of key business, corporate, operational, financial and information technology activities. These reviews are focused on key controls, segregation of duties and compliance related matters. This includes, but is not limited to the following areas within the Company – development, construction, capital expenditures, our shared services center (Customer Care Center), IT controls and security, ESG (environmental, social, and governance), risk management, community operations, affordable housing, retail, benefits, payroll and financial and cash management. The group reports the results of its activities, including audit findings and opportunities for internal control enhancement, to the Audit Committee, executive management, senior management and other key management associates and process owners. Additionally, since the beginning of the pandemic, Internal Audit has provided independent oversight and auditing of key areas of the Company’s COVID operating procedures.

Other vital functions performed by Internal Audit are to support an ethical environment, the Company’s core values, cultural norms and its commitment to integrity. Examples include:

- Overseeing the accuracy of certain areas of the Company’s environmental, social, and governance (ESG) disclosures.
- Administering the Company’s Sarbanes-Oxley (SOX) compliance process. This includes testing and verifying the design and operating effectiveness of significant business processes and IT internal controls that reside over the Company’s financial reporting. This process also includes on a quarterly and annual basis, administering and reviewing over 50 process owner certifications and annual internal control/fraud attestations that support the SEC required CEO/CFO internal control certifications, which are required in the 10-Q and 10-K financial statement filings.
- Performing an annual entity-level control assessment based on the Committee of Sponsoring Organizations (COSO) internal control framework, including conducting a yearly fraud risk survey and control assessment based on key risks identified in the Association of Certified Fraud Examiners’ (ACFE) report to the Nations on Occupational Fraud and Abuse report.

- Managing the Company’s anonymous whistle-blower hotline, EthicsPoint, which also allows access to every report to the Audit Committee of the Board of Directors to help ensure full transparency.
- Assisting with reviewing, monitoring and updating the Company’s Code of Conduct, Associate Handbook and required associate annual affirmations. The policies, procedures, requirements, rules and guidelines in these documents help establish and reinforce the Company’s ethical requirements, core values and cultural norms.
- Taking an active and engaged role in helping monitor and oversee the Company’s compliance, risk management, issue mitigation, investigations, IT infrastructure, controls and systems upgrades/implementations. This includes serving on and holding leadership roles on the Company’s Enterprise Risk Management, SOX IT, Cyber Security, Quality Assessment, ESG Disclosure and other compliance and governance-related committees.

INFORMATION SECURITY

In response to the growing risk related to the cyber threat landscape, AvalonBay IT teams have placed increased focus on our cyber security posture. Over the course of the last year our teams have worked with various third-party experts to align our cyber security strategies with best practices and enhance our ability to defend against or recover from cyber threats. These enhancements align with our focus on continuous improvement and prioritizing cyber security efforts.

SOUND INVESTMENT MANAGEMENT

New investment proposals, including development, acquisition, redevelopment, disposition activity and newly implemented investment programs, such as our Structured Investment Program and our Developer Funding Program, are submitted to the Management Investment Committee or a designated subcommittee for review and approval. The investment packages are compiled with independent input from different functional groups within the Company and include operating and capital budgets, detailed schedules and pro formas and an assessment of major risks and opportunities, including climate and emissions-related risks. Transactions that exceed certain size thresholds are also submitted to the Investment and Finance

Committee of the Board of Directors, or to the full Board in certain cases.

ETHICS POINT HOTLINE

AvalonBay uses EthicsPoint, an anonymous, third-party managed hotline,

available 24/7 for associates to report workplace concerns and issues. Because EthicsPoint is a third-party service, it is independent of AvalonBay and will never communicate or reveal an associate’s identity (unless they explicitly choose to

do so). AvalonBay’s Internal Audit team, which reports directly to the Company’s Audit Committee of the Board of Directors, administers EthicsPoint and is immediately notified of any report or complaint. The Audit Committee also has independent

POLICIES REFERENCED IN ESG REPORT

Words we live by.

Vendor Code of Conduct and Responsible Supply Chain Principles

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

- Accurate record keeping and reporting
- Safeguarding of assets and information
- A prohibition against bribes and kickbacks and limits on gifts
- Avoidance of conflicts of interest
- A prohibition against insider trading

- A prohibition against AvalonBay associates directly conducting personal business with any vendor

- A requirement for prompt reporting of any violation to AvalonBay

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

We continue to make progress on the integration of our Responsible Procurement Principles into business processes. In 2021, we surveyed 38 AvalonBay vendors of strategic importance against our principles and ensured compliance with their requirements. Vendors are generally required to sign the principles in all contracts. <https://www.avaloncommunities.com/about-us/corporate-responsibility/-/media/ea7a783755184af3bb45ff01186d5ab2.ashx>

Code of Conduct

Our Code of Business Conduct and Ethics is designed to provide associates with a standard of behavior that must be followed in all of our business dealings or relationships. In addition to the Code of Business Conduct, our Core Values, the Associate Handbook, and other Company policies are readily available to all Company employees to support their decision-making. https://s1.q4cdn.com/777653952/files/doc_downloads/governance/2022-Code-of-Business-Conduct-and-Ethics-including-Waivers-Granted.pdf

Bribery / Anti-Corruption

We hold ourselves to high standards of integrity and ethical conduct and seek to avoid even the appearance of impropriety. To that end, both our Code of Business Conduct and Ethics and our U.S. Economic Sanctions Compliance and Anti-Corruption Policy strictly prohibit all forms of corruption and bribery, and outline employees’ disclosure and compliance obligations with respect to such matters. More details regarding the provisions in our Code of Business Conduct and Ethics can be found here: https://s1.q4cdn.com/777653952/files/doc_downloads/governance/2022-Code-of-Business-Conduct-and-Ethics-including-Waivers-Granted.pdf and details of our U.S. Economic Sanctions Compliance and Anti-Corruption Policy can be found here: https://s1.q4cdn.com/777653952/files/doc_downloads/governance/2022/AvalonBay-Sanctions-Compliance-and-Anti-Corruption-Policy_final.pdf

Human Rights Statement

AvalonBay is committed to the protection and advancement of human rights and ensuring that our operations in all of our regions function with integrity. The principles outlined in our Human Rights

Statement relate to and confirm key commitments and principles in both our Code of Business Conduct and our Responsible Procurement Principles. <https://www.avaloncommunities.com/about-us/corporate-responsibility/-/media/f163ebf5058e4e9298d34f995cff351f.ashx>

Political Contributions

We recognize the need to control and limit the amount of political spending conducted by our organization. To formalize this expectation, we created our Policy on Political Contributions which ensures that specific types of political contributions by or on behalf of the Company are prohibited. More detail can be found by following the following link: https://s1.q4cdn.com/777653952/files/doc_downloads/governance/Policy-on-Political-Contributions-and-Government-Relations.pdf

Building Certified and Climate Resiliency Policy

Our AvalonBay Building Certified and Climate Resiliency Policy ensures we are integrating climate risk assessment and environmental certification into the business. This policy requires prior to start of construction or acquisition that most new developments and acquisitions must complete a 3rd party resiliency risk assessment that evaluates the climate risk associated with a particular location across fourteen different categories. In terms of certification, the policy requires that we pursue environmental certification on most new mid- and high-rise communities and evaluate existing environmental certification during underwriting for acquisition communities. <https://www.avaloncommunities.com/about-us/corporate-responsibility/-/media/7C92D6B00E8A4D17B7A8A4631FC50734.ashx>

direct access to all EthicsPoint reports if they desire. Internal Audit administers and oversees EthicsPoint based investigations and formally issues a summary of all reports, their status and the result or resolution of each investigation on a quarterly basis. EthicsPoint can be accessed either through the Internet at www.avalonbayhotline.com, or by telephone at 866-292-2076.

AVALONBAY'S BOARD OF DIRECTORS

Our Board of Directors has 12 members, 10 of whom are non-associate directors. Within the Board there are three female members (25% of the Board) and two members that identify as people of color (17% of the Board). We have three Board committees, all consisting completely of independent Board members.

AUDIT COMMITTEE

The tracking and availability of ESG data has improved tremendously and is now being incorporated in the Company's financial and investment decisions. To help ensure ESG data is presented in a reliable and adequate manner, the Audit Committee charter has been amended to include the oversight of ESG data reported in the Company's SEC filings and annual ESG report. In addition, the Audit Committee's role in reviewing cybersecurity risks, controls and procedures has been clarified, and the Audit Committee meets periodically with personnel from the Company's information technology group to discuss trends in cyber risks and the Company's strategy and standards to defend its IT networks.

NOMINATING, GOVERNANCE, AND CORPORATE RESPONSIBILITY (NGCR) COMMITTEE

Given the importance of ESG matters to our stakeholders, the charter of our NGCR Committee was amended to clarify that the NGCR shall assist the Board in overseeing ESG matters, including initiatives and policies related to inclusion and diversity, health and safety, philanthropy, human capital, culture and engagement, political activities, environmental goals and climate change. The NGCR receives periodic reports from management on these matters and meets with relevant personnel.

INVESTMENT AND FINANCE COMMITTEE

As climate-risk has become more distinguishable, it is more important than ever to identify these risks on our current portfolio and future acquisitions. As such, our investment process now requires a comprehensive climate and emissions assessment of all new acquisitions. The Board and the Investment and Finance Committee (IFC) of the Board, receive regular updates on all development and acquisition activity, and the Board and/or IFC must approve investment proposals that are outside of pre-determined limits and criteria.

ESG GOVERNANCE

The ESG and Energy Management function (ESG) reports to our Chief Financial Officer (CFO) and leads both the environmental and social programs for AvalonBay. The ESG function is responsible for:

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

In 2021, we established two full-time roles that lead our I&D strategy and programs, including a Director of ESG, Inclusion and Diversity and a Manager of Inclusion and Diversity.

The process related to risks and opportunities includes integration of asset-level concerns and initiatives designed either to mitigate risks or take advantage of opportunities (or both) which are funded through maintenance Capex

funds, redevelopment funds or a dedicated Sustainability Capex Fund.

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

The process for identifying risks and opportunities includes a periodic survey of Company officers and less frequent surveys of a wider group of Company stakeholders, including customers, associates, suppliers, investors and Board members, among others. In 2017, we conducted a comprehensive review of our portfolio to consider matters relating to climate change, stronger storms and other natural disasters. This review was presented to the AvalonBay Board of Directors in 2018. In 2019, the Science Based Targets initiative approved two targets addressing Scope 1 and 2, and Scope 3 emissions. And in 2020 we created a new Climate and Emissions Risk Dashboard to collate in one place these risks across our portfolio. In 2021, we were successfully able to integrate the dashboard data into our ESG strategy. This has allowed us to identify areas of our portfolio susceptible to climate risk and implement mitigation measures or pursue emissions reduction measures in line with our Science Based Targets. For more details on this effort refer to the Environmental section of this report.

RENUMERATION TIED TO ESG PERFORMANCE

ESG performance and metrics are included in the Corporate Component of the Company's annual bonus received by all eligible full- and part-time associates, which underscores our focus on these goals and metrics and their importance to the Company's overall success.



Breanne
Manager – Capital Projects

Kara
Coordinator – Capital Projects

ESG GOVERNANCE STRUCTURE

ESG governance includes the following deliberative bodies:

Board of Directors, Nominating, Governance and Corporate Responsibility Committee

- Engages in an annual dialogue with the CFO and other managers on the ESG platform to review Board progress towards ESG goals as well as public reporting and disclosure. The Board's Audit Committee reviews the adequacy and reliability of ESG disclosures in SEC filings and the ESG report.
- Provides input on strategic direction

ESG Committee

Comprised of a select interdisciplinary group representing multiple functional groups

- Responsible for implementing the ESG strategy and steering initiatives throughout the year
- Meets quarterly

Philanthropy Committee

Comprised of the Chief Executive Officer & President, Chief Investment Officer (CIO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Executive VP of Capital Markets, Senior VP of Human Resources, Senior VP of Brand Strategy and Marketing and Director of ESG, Inclusion & Diversity

- Steers our strategic philanthropy investments and Building Strong Communities program
- Meets at least two times a year
- Engages regional leadership from development and residential services, to create a strategic regional community investment plan and partnering approach

Inclusion & Diversity (I&D) Steering Committee

Chaired by the Director of ESG, Inclusion & Diversity, and includes Chief Investment Officer (I&D Executive Sponsor), Senior VP of Operations , Senior VP of Human Resources, Senior VP of Brand Strategy and Marketing, Senior VP – Associate General Counsel and Senior VP – Chief Digital Officer

- Provides oversight and streamlines the approval process for new programs and initiatives
- Meets monthly
- Each member serves as a sponsor to one of our Associate Resource Groups

Inclusion & Diversity (I&D) Council

Chaired by the Director of ESG, Inclusion & Diversity, this includes 20 associates from diverse personal, functional and geographic backgrounds

- With a purpose of leading and implementing I&D strategy and programming to promote and create an inclusive and diverse environment where everyone can thrive

STAKEHOLDERS

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

Our most recent materiality analysis, conducted in early 2022, asks a variety of stakeholders for input on our ESG priorities and follows this section.

A summary of our communication with, and efforts related to other key stakeholder groups is outlined here.

STAKEHOLDER GROUP	ESG ENGAGEMENT
Investors	Engage with both our equity and fixed income investors in a dialogue on key ESG metrics and our strategy relative to key areas such as climate risk, emissions reductions through our Science Based Targets implementation plan and inclusion and diversity.
Vendors/Suppliers	Interface routinely with vendors to ensure they can comply with our procurement standards consistent with our ESG Goals. Annually surveyed to ensure compliance with our Responsible Supply Chain principles (see Vendors section below)
Local Communities/Governments	Routinely engage with local communities and governments through our development and operations teams. We deploy our Building Strong Communities Philanthropy and Volunteer program to ensure there is positive and meaningful community participation beyond the “four walls” of our properties. We also monitor updates and maintain adherence to local ESG reporting and benchmarking programs.
Residents	Engage residents in both our environmental sustainability and community investment programs. Regularly participate in our national Red Cross partnership and through onsite programs like Community Preparedness Week, which focuses on life-safety education.
Associates	Communicate clearly and regularly providing associates insights into all of our ESG activities, including Inclusion and Diversity, Environmental Sustainability and our Building Strong Communities philanthropy program. Associates are core to everything we do to make sustainable ESG progress as a Company.
Officers	Our officers are integral to our ESG progress and strategic direction. We have engaged the leadership of the Company on ESG strategy and our innovation platform.
Board	Engaged routinely throughout the year to provide a review of pertinent ESG information and to seek input on strategy.

INVESTORS

To increase transparency for investors on ESG issues, we publish this annual ESG report, and respond to the Global Real Estate Sustainability Benchmark (GRESB), which provides us with an industry benchmark against which to measure our ESG initiatives and programs. We also publicly respond to the TCFD-aligned CDP with a transparent accounting of our environmental performance. Each year we have our environmental data third-party verified and we also align with the Sustainability Accounting Standards Board (SASB, pages 71–72) and the Task Force on Climate-related Financial Disclosures (TCFD, page 73). This year we have expanded the verification process to include the full ESG report in addition to our environmental data. And, as noted

above, we periodically meet with investors to provide transparency on our efforts and discuss relevant ESG metrics and strategy. Beginning in 2022 we will also publish an annual attestation report in connection with our Green Bond issuance until all proceeds have been appropriately allocated according to our Green Bond Principles.

VENDORS, SUPPLIERS, CONTRACTORS

AvalonBay spends roughly \$1.275 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 expenditure 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 often sourced centrally via an RFP process and then purchased indirectly through contractors. Traditionally, property operations categories with a total spend of over \$200,000 that are scalable across multiple communities are sourced and contracted via an RFP process. The Procurement and RS Operations teams work together on contracted categories which are reviewed to ensure competitive pricing, service and value.

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

In 2021, we continued to integrate the principles we implemented in 2020 into our Procurement and Sourcing processes. In addition, below are highlights of the procurement/sourcing team’s continuing efforts in 2021:

- Followed standardized sourcing strategy guidelines and process
- Leveraged our Financial and Safety vendor prequalification questionnaire as a tool to mitigate risks in onboarding new suppliers
- Produced our annual survey of top vendors to understand their responsible procurement and supply chain behaviors
- Supported programs to implement LED replacements, solar installation and partnered with national providers to continue optimization of recycling and waste streams
- Worked with corporate stakeholders, analyzing current purchasing processes for contracts not managed by Procurement and started to develop a Contracting Policy for Corporate overhead departments

- Launched our Supplier Diversity Program pilot in the 3rd quarter of 2021, to establish our baseline process and increase the percentage of Disadvantaged Business Enterprises (DBE) — e.g., women-owned, minority-owned, veteran-owned, etc. that are included in bids. The pilot focuses on the Mid-Atlantic region. This baseline will be the foundation for setting Supplier Diversity Goals

As we continue to evolve our responsible procurement practices, below are some highlights for 2022 plans:

- Broaden the scope of the Contracting Policy for Corporate level activity and develop an Enterprise-Wide Policy
- Continue to pilot our Supplier Diversity Program to provide a foundation for expanding across the Company and setting Supplier Diversity Goals
- Begin enhancing our Vendor Code of Conduct to raise the standard applied to suppliers and vendors.

LOCAL COMMUNITIES Support for Community Infrastructure and Services

In addition to giving back through our Building Strong Communities philanthropy program, we continue to invest in community infrastructure and services as we grow our portfolio with over \$434M spent in 2021 related to our ongoing development activity, including:

- Local permits, fees and taxes paid on projects under development: \$22.9M, with an additional \$73.4M to be spent through completion
- \$14.4M for neighborhood infrastructure (roads, sidewalks, improvements to water/sewer/storm drainage), with an additional \$29.8M to be spent through completion, excluding reimbursements
- \$246K for municipal sewer/water connections, with an additional \$2.3M to be spent through completion
- \$730,475 to local parks/recreation
- \$4.2M to support local school districts, with an additional \$3.1M to be spent through completion

We also paid property taxes across the entire portfolio (not just for new development communities) of: \$283M.

Affordable Housing

We own and operate 116 communities that include a designated affordable housing component, intermingled with our market rate rental housing. In 2021, rent subsidies totaled \$66M to more than 8,700 residents in 4,531 affordable apartment homes across these communities.

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

MATERIALITY ANALYSIS

In early 2022, we conducted an updated, in-depth materiality analysis with key AvalonBay stakeholders: associates, residents, suppliers and vendors, investors, local government and community leaders, Company officers and the AvalonBay Board of Directors.

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

Some key highlights from the 2022 ESG Materiality assessment can be seen listed below:

- “Resident Health and Safety” continues to receive the highest score again in 2022
- “Energy Consumption during Construction” saw the largest average score increase compared to the 2018 assessment, the most recent survey conducted
- “Customer Service” showed the largest score decrease moving from the second highest scored item in 2018 to the 8th highest in 2022 getting overtaken by topics like “Data Security”, “Ethics & Anti-Corruption”, and “Employee Wellbeing/Health & Safety”
- Eleven new topics were added to the assessment in 2022

This materiality analysis forms our GRI-G4 reporting structure in all reports and will be taken into account as we contemplate future strategic planning and goal setting.

MATERIALITY MATRIX



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

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

ABOUT AVALONBAY

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

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

As of December 31, 2021, the Company owned or held a direct or indirect ownership interest in 297 apartment communities containing 81,378 apartment homes with more than 148,000 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 2021, we employed 2,905 associates.

OUR POLICY ON CONTRIBUTIONS

AvalonBay's policy on political activities and contributions is communicated to all associates and complies with federal and state regulations governing political contributions by corporations. A copy of AvalonBay's Policy on Political Contributions and Government Relations is posted on the Company's Investor

Relations website. Contributions, whether in cash, services or otherwise, and whether to a political candidate, political action committee (PAC) or other political organizations, whether made directly or indirectly, can only be made on behalf of AvalonBay after obtaining specific internal approvals.

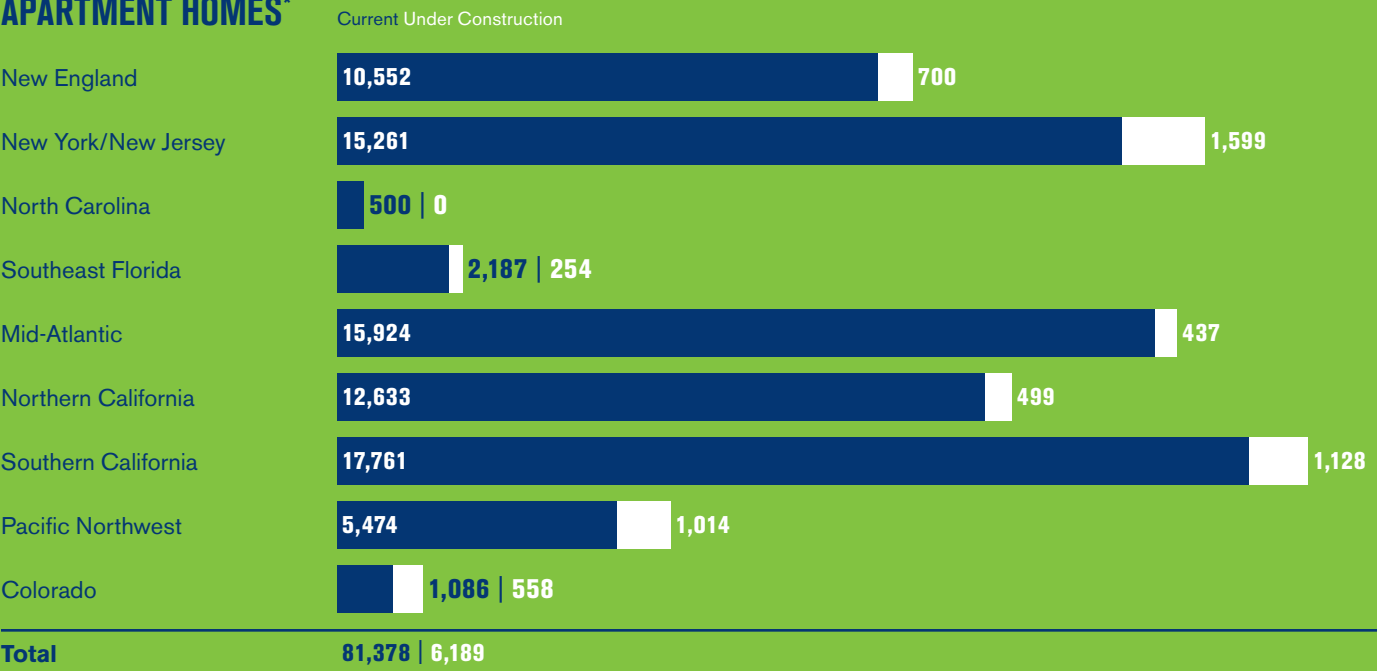
The established approval procedures ensure any contributions are (i) consistent with AvalonBay's business philosophy and values and (ii) within the limits allowed by law. These procedures also ensure all required regulatory filings are timely and contributions are accounted for, for financial reporting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

Total contributions approved and reported in 2021 were \$65,177 composed of (i) a contribution in July to the California Apartment Association Independent Expenditures Committee ("CAAIEC") of \$2,943.75 and (ii) a contribution in November of an additional \$62,233.75 to the CAAIEC.

CORPORATE AND REGIONAL OFFICE LOCATIONS

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

APARTMENT HOMES*



*As of December 31, 2021.

APPENDIX

Global reporting initiative content index

GRI-G4 GENERAL STANDARD DISCLOSURES

Strategy and Analysis

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-1	CEO statement about the relevance of sustainability to the organization and its strategy	From the CEO, p.2–4
G4-2	Approach to the construction of new assets versus retrofits, upgrades and refurbishments, and the effect this has on impacts, risks and opportunities OR Provide a description of key impacts, risks and opportunities OR Targets for next reporting period	ESG Goals, p.7 2022 Initiatives, p.8–9

Organizational Profile

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-3	The name of the organization	About AvalonBay, p.61
G4-4	Primary products and services	About AvalonBay, p.61
G4-5	Location of the organization's headquarters	Corporate and Regional Office Locations, p.61
G4-6	Countries where the organization operates	About AvalonBay, p.61
G4-7	Nature of ownership and legal form	About AvalonBay, p.61
G4-8	Markets served	About AvalonBay, p.61
G4-9	Scale of the reporting organization	About AvalonBay, p.61
G4-10	Employee diversity and data	Diversity, Inclusion and Employment Metrics, p.44–45
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Other GRI Indicators, p.76
G4-12	Describe the organization's supply chain	Vendors, Suppliers, Contractors, p.58
G4-13	Significant changes during the reporting period regarding the organization's size, structure and ownership	Report Parameters, p.77; From the CEO, p.2–4
G4-14	Commitment to external initiatives (LEED, Energy Star, GRESB)	From the CEO, p.2–4; 2021 Environmental Sustainability Highlights, p.15
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	From the CEO, p.2–4; 2021 Environmental Sustainability Highlights, p.15
G4-16	Memberships in associations and advocacy organizations	From the CEO, p.2–4; 2021 Environmental Sustainability Highlights, p.15

Identified Material Aspects and Boundaries

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-17	List all entities included in the organization's consolidated financial statements. Report whether any entity included in the organization's consolidated financial statements is not covered by the report	2021 AvalonBay Annual Report
G4-18	Defining the report content and the Aspect Boundaries	Report Parameters, p.77; Aspect Boundaries, p.69–71
G4-19	Material Aspects identified in the process for defining report content	Materiality Analysis, p.59–60
G4-20	Reporting Boundary	Report Parameters, p.77; Aspect Boundaries, p.69–71
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.69–71
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	2021 Environmental Sustainability Highlights, p.15
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	2021 Environmental Sustainability Highlights, p.15

Stakeholder Engagement

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-24	List of stakeholder groups at the organizational level and engagement at a project or asset level	Stakeholders, p.58
G4-25	Basis for identification and selection of stakeholders with whom to engage	Materiality Matrix, p.60
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Materiality Matrix, p.60
G4-27	Topics and concerns that have been raised through stakeholder engagement	Materiality Matrix, p.60

Report Profile

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-28	Reporting period	Report Parameters and GRI-G4 In-Accordance Option, p.77
G4-29	Date of most recent previous report	Report Parameters and GRI-G4 In-Accordance Option, p.77
G4-30	Reporting cycle	Report Parameters and GRI-G4 In-Accordance Option, p.77
G4-31	Contact point for questions about the report	Contact, p.77
G4-32	GRI content index	Global Reporting Initiative Content Index, p.62
G4-33	External assurance	Assurance Statement, p.4 and repeated on p.77

Governance

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-34	Governance structure of the organization	Governance, p.52
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	ESG Governance, p.57
G4-36	Appointed an executive-level position with responsibility for economic, environmental and social topics	ESG Governance, p.57
G4-38	The composition of the highest governance body and its committees	Governance, p.52
G4-39	Indication of whether the chair of the highest governance body is also an executive officer	Governance, p.52
G4-42	The highest governance body sets the tone for the organization and has a major role in defining its purpose, values and strategy	Governance, p.52
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	ESG Governance, p.57
G4-45	Risk management identification and management of economic, environmental and social impacts, risks and opportunities	ESG Governance, p.57
G4-46	Role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	ESG Governance, p.57
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	ESG Governance, p.57

Ethics and Integrity

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-56	Codes of conduct and codes of ethics	Code of Business Conduct and Ethics, p.53; Ethics and Compliance Training, p.54; Internal Audit, p.54; Vendor Code of Conduct and Responsible Supply Chain Principles, p.55
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior	Code of Business Conduct and Ethics, p.53; Internal Audit, p.54
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.53; Internal Audit, p.54

GRI-G4 SPECIFIC STANDARD DISCLOSURES

Disclosures on Management Approach

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material b. Report how the organization manages the Material Aspect or its impacts c. Report the evaluation of the management approach, including <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, p.59–60

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.74
G4-EC2	Financial and reputational risks and opportunities related to climate change, in addition to other sustainability issues	ESG Governance, p.57

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.25
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.25

Environmental

ASPECT: ENERGY

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-EN3	Energy consumption within the organization	Environmental Performance, p.74–75
G4-EN5	Energy intensity	Environmental Performance, p.74–75
G4-EN6	Reduction of energy consumption	Environmental Performance, p.74–75
G4-EN7	Reduction in energy requirements of products and services	Environmental Performance, p.74–75; 2021 Environmental Sustainability Highlights, p.15

ASPECT: WATER

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-EN8	Total water withdrawal by source	Environmental Performance, p.74–75
CRE2	Building water use intensity	Environmental Performance, p.74–75

Environmental (continued)

ASPECT: EMISSIONS

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental Performance, p.74–75
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental Performance, p.74–75
G4-EN17	Other indirect greenhouse gas (AHG) emissions (Scope 3)	Environmental Performance, p.74–75
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Performance, p.74–75

ASPECT: EFFLUENTS AND WASTE

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-EN23	Total weight of waste by type and disposal method	Environmental Performance, p.74–75

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.76

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.76; 2021 Environmental Sustainability Highlights, p.15

ASPECT: COMPLIANCE

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Other GRI Indicators, p.76

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.55; Vendors, Suppliers, Contractors, p.58–59

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.44–45
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Wellbeing and Benefits, p.31

Labor Practices and Decent Work (continued)

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.44–45

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.31–33
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	Health and Safety, p.31–33

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.29–30
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Learning and Development, p.29–30
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Learning and Development, p.29–30

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Diversity, Inclusion and Employment Metrics, p.44–45

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.55; Vendors, Suppliers, Contractors, p.58–59

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.54

ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Environmental Performance, p.74–75

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.25

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.54
G4-S04	Communication and training on anti-corruption policies and procedures	Code of Business Conduct and Ethics, p.53; Ethics and Compliance Training, p.54

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.61

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.76

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.55; Vendors, Suppliers, Contractors, p.58–59

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.31–33; Safety and Health Qualification Tables, p.76

ASPECT: PRODUCT AND SERVICE LABELING

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Residents, p.46–51

ASPECT: CUSTOMER PRIVACY

GRI INDICATOR	DESCRIPTION	REPORT SECTION
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Residents, p.46–51

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
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

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

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

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

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

G4 CATEGORY: PRODUCT RESPONSIBILITY

G4 MATERIAL ASPECTS	MATERIAL WITHIN THE ORG.	MATERIAL EXTERNAL TO THE ORG.	RELEVANCE OUTSIDE THE ORGANIZATION	SPECIFIC STANDARD DISCLOSURES
CUSTOMER HEALTH AND SAFETY		•	This directly impacts the quality of life of our residents and ties into our responsibility toward them	G4-PR2
PRODUCT AND SERVICE LABELING	•	•	Increasing our resident Net Promoter Score is one of our 2020 goals and is important both internally and to our residents' quality of life	G4-PR5
CUSTOMER PRIVACY	•	•	This is important internally from a risk and reputation perspective and externally to our residents. We are highly focused on the security of their data	G4-PR8

SASB

SASB CODE	TOPIC	DESCRIPTION	UNIT OF MEASURE	RESPONSE
IF-RE-130A.1	Energy Management	Energy consumption data coverage as a percentage of total floor area, by property subsector	Percentage (%) by floor area	98.43%
IF-RE-130A.2	Energy Management	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Gigajoules (GJ), Percentage (%)	(1) 863,192 GJ for Common Area, 3,920,756 GJ for common and residential, (2) 65.3%, (3) 24.1% (Includes all solar and Green-e RECS) 1.1% if just solar
IF-RE-130A.3	Energy Management	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Percentage (%)	Environmental Performance (p. 75)
IF-RE-130A.4	Energy Management	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Percentage (%) by floor area	(1) 21% of eligible portfolio that has an energy rating and (2) 3% of eligible portfolio is certified to ENERGY STAR
IF-RE-130A.5	Energy Management	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	n/a	Building energy management forms one component for consideration of property investments and operational strategy. For example, all redevelopments must have an ASHRAE Level II energy audit completed which is then used to inform potential investments. In addition, high energy use intensity properties are assessed to determine potential energy reducing/sustainable investment options for retrofits, installations, or/ and equipment efficiency improvements such as LEDs, Solar, and Battery Storage.
IF-RE-140A.1	Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Percentage (%) by floor area	(1) 97.08%, (2) 34.48%
IF-RE-140A.2	Water Management	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Thousand cubic meters (m³), Percentage (%)	(1) 12,706,753.94 m3, (2) 40.0%
IF-RE-140A.3	Water Management	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector	Percentage (%)	Environmental Performance (p. 75)
IF-RE-140A.4	Water Management	Description of water management risks and discussion of strategies and practices to mitigate those risks	n/a	See Water (p. 20) and Energy Efficiency (p. 17) and Environmental Performance (p. 75)
IF-RE-410A.1	Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency related capital improvements and (2) associated leased floor area, by property subsector	Percentage (%) by floor area, Square feet (ft²)	0%

SASB (continued)

SASB CODE	TOPIC	DESCRIPTION	UNIT OF MEASURE	RESPONSE
IF-RE-450A.1	Climate Change Adaptation	Area of properties located in 100-year flood zones, by property subsector	Square feet (ft²)	16,113,550 sqft (This was properties listed as high on FEMA Flood Risk)
IF-RE-410A.2	Management of Tenant Sustainability Impacts	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Percentage (%) by floor area	(1) 2.87%, (2) 86.86%
IF-RE-410A.3	Management of Tenant Sustainability Impacts	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	n/a	We engage our residents (tenants) around their sustainability impact in a variety of ways, including our Earth Day programming and communications as well as our Green Label program. Moving forward, and as a result of our approved Science-Based Targets, we now have a resident engagement “track” as one component in our execution strategy for the SBTs. This track will include engaging residents on shifting their apartment home consumption to renewable sources and the potential of offering whole building solar electricity to residents.
IF-RE-450A.2	Climate Change Adaptation	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	n/a	See AvalonBay's 2021 Public CDP Response (Go to https://www.cdp.net/en/search and search for “AvalonBay”)
IF-RE-000.A	Activity Metric	Number of assets, by property subsector	Number	297
IF-RE-000.B	Activity Metric	Leasable floor area, by property subsector	Square feet (ft²)	77,893,609 ft²
IF-RE-000.C	Activity Metric	Percentage of indirectly managed assets, by property subsector	Percentage (%) by floor area	3.72%
IF-RE-000.D	Activity Metric	Average occupancy rate, by property subsector	Percentage (%)	96%

TCFD

TOPIC	DISCLOSURE	RESPONSE
GOVERNANCE	Describe the board’s oversight of climate-related risks and opportunities	AvalonBay's Board of Directors p.56-57, and see AvalonBay's 2021 Public CDP Response: Section C1.1 (Go to https://www.cdp.net/en/search and search for “AvalonBay”)
GOVERNANCE	Describe management's role in assessing and managing climate-related risks and opportunities	See AvalonBay's 2021 Public CDP Response: Sections C1.2 and C1.3
STRATEGY	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	See AvalonBay's 2021 Public CDP Response: Section C2
STRATEGY	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	See AvalonBay's 2021 Public CDP Response: Section C3
STRATEGY	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	See AvalonBay's 2021 Public CDP Response: Section C3
RISK MANAGEMENT	Describe the organization's processes for identifying and assessing climate-related risks	See AvalonBay's 2021 Public CDP Response: Section C2.2
RISK MANAGEMENT	Describe the organization's processes for managing climate-related risks	See AvalonBay's 2021 Public CDP Response: Section C2.2
RISK MANAGEMENT	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	See AvalonBay's 2021 Public CDP Response: Section C2.2
METRICS AND TARGETS	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	See AvalonBay's 2021 Public CDP Response: Section C4 & C6
METRICS AND TARGETS	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See Climate (p. 18) and Environmental Performance (p. 75)
METRICS AND TARGETS	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	See AvalonBay's Science-Based Targets: ESG Goals (p. 7), 2021 Environmental Sustainability Highlights (p. 15) and Climate and Emissions (p. 18)

ESG DATA

Economic, Community and Development Performance (Dollars in thousands)

ECONOMIC (\$000)	2021	2020	2019	2018
Operating revenues	\$2,294,850	\$2,301,261	\$2,324,626	\$2,284,535
Operating costs (excluding employee compensation)	\$107,340	\$160,810	\$143,755	\$164,294
Employee compensation	\$271,044	\$251,933	\$249,703	\$236,037
Property and other taxes	\$283,089	\$273,189	\$252,961	\$241,563
Dividends and interest	\$1,160,890	\$1,160,779	\$1,118,297	\$1,112,519
Retained earnings	\$201,443	\$202,617	\$310,207	\$294,085

TOTAL COMMUNITY/APARTMENT COUNT	2021	2020	2019	2018
Number of properties	297	294	275	291
Number of apartment homes	81,803	80,094	79,886	85,158

AFFORDABLE COUNT	2021	2020	2019	2018
Number of designated affordable homes	4,531	4,515	4,667	4,575

CONSTRUCTION COUNTS	2021	2020	2019	2018
Properties under construction at year-end/homes	17/5,386	18/5,931	22/6,960	21/6,609
Completed properties at year-end/homes	9/2,752	8/2,095	7/2,027	7/1,915

REDEVELOPMENT COUNTS	2021	2020	2019	2018
Properties under redevelopment at year-end/homes	9/3,225	6/1,935	5/1,859	12/4,356
Completed redevelopments at year-end/homes	4/1,210	3/1,215	12/4,203	12/6,038

Environmental Performance

EMISSIONS	2021	2020	2019	2013 (BASELINE)
Like-for-like CO ₂ emissions Scope 1 (mtCO ₂ e)	12,769	12,580	13,863	12,874
Like-for-like CO ₂ emissions Scope 2 (mtCO ₂ e)	25,033	34,880	39,760	50,402
Like-for-like total CO ₂ emissions (mtCO ₂ e)	37,802	47,460	53,623	63,276
Percentage change (total emissions like-for-like) since baseline year	-40.3%	-25.0%	-15.3%	
Total CO ₂ emissions Scope 1 (mtCO ₂ e)	15,402	19,280	22,568	17,729
Total CO ₂ emissions Scope 2 (mtCO ₂ e)	34,408	49,548	57,834	55,873
Total CO ₂ emissions Scope 3 (mtCO ₂ e)	4,326	5,268	5,869	6,293*
Total (Scope 1 and Scope 2) CO ₂ emissions (mtCO ₂ e)	49,810	68,828	80,402	73,603
Percentage change (Scope 1 and Scope 2) since baseline year	-25.7%	-6.5%	9.2%	
Construction CO ₂ emissions (mtCO ₂ e)	1,765	2,796	6,312	4,228

Percentage change (construction emissions) since baseline year	-58.3%	-33.9%	49.29%	
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Environmental Performance (continued)

EMISSIONS (CONTINUED)	2021	2020	2019	2013 (BASELINE)
Total Scope 1 and 2 emissions intensity (mtCO ₂ e/FTE)	17.68	19.41	22.94	21.95
Total Scope 1 and 2 emissions intensity (mtCO ₂ e/\$ revenue)	0.0000217	0.0000251	0.0000300	0.0000311

RENEWABLE ENERGY	2021	2020	2019	2013 (BASELINE)
NJ and DC Production- Subject to SRECs (kWh)	1,087,820	1,082,438		
California Non-SREC Production (kWh)	1,474,982	117,912		
Total Solar Production (kWh)	2,562,802	1,200,350		

ENERGY	2021	2020	2019	2013 (BASELINE)
Like-for-like energy consumption (kWh)	208,353,233	208,590,394	217,227,616	219,249,000
Percentage change since baseline year	-5.0%	-4.9%	-0.9%	
Total energy consumption (kWh)	241,471,624	280,500,431	290,775,218	268,100,000
Percentage change since baseline year	-9.9%	4.6%	8.5%	
Construction energy consumption (kWh)	7,367,346	12,496,486	27,646,821	11,820,775
Percentage change since baseline year	-37.7%	5.7%	133.9%	

WATER	2021	2020	2019	2013 (BASELINE)
Like-for-like water consumption (Kgal)	3,064,124	3,048,284	2,833,242	3,047,233
Percentage change since baseline year	0.6%	0.0%	-7.0%	
Total water consumption (Kgal)	3,302,907	3,310,508	3,039,121	3,296,733
Percentage change since baseline year	1.0%	0.4%	-7.8%	
Construction water consumption (Kgal)	10,854	14,130	75,491	23,678
Percentage change since baseline year	-54.2%	-40.3%	218.8%	
Like-for-like water use intensity (Kgal/unit)*	42.07	41.61	39.93	45.21
Percentage change since baseline year	-7%	-8%	-11.7%	
On-Site Water Reuse (M3)	181,781	179,578	167,722	

WASTE	2021	2020	2019	2017 (BASELINE)
Like-for-like waste consumption (lbs/apartment home) [†]	1,639	1,674	1,773	2,039
Percentage change since baseline year	-19.6%	0%	6.1%	
Non-hazardous waste (MT) [†]	92,557	121,782	145,399	39,887
Percentage non-hazardous waste recycled	28.6%	43.7%	54%	45%

DATA COVERAGE	2021	2020	2019	2017 (BASELINE)
Portfolio Data Coverage	98.87%	98.87%		

*This number only represents our employee commuting and travel Scope 3 emissions.

[†]Our waste reported represents 92.5% of our community waste, and 100% of our construction waste (communities under construction in 2019).

[†]Our Waste Goal is calculated on a like-for-like set of communities which are stabilized for a full 24 months and then normalized for occupancy and for regions where recycling is no longer an option.

Other GRI Indicators

	2021	2020	2019	2018
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	None	None	None	None
Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None	None	None	None
Percentage of employees covered by collective bargaining agreements	None	None	None	None

Learning and Development

DEPARTMENT TRAINING	HOURS
Construction/Development	1,756
Corporate	2,578
RS on-site	44,701
RS overhead	961
CCC	4,289
Cross-departmental	4,050
Total:	58,335

Safety

U.S. BUREAU OF LABOR STATISTIC	AVERAGE
Lost Time Incident Rate (DART): AVB Employees ¹	1.46
Total Recordable Incident Rate (TRIR): AVB Employees ¹	3.42
Total Recordable Incident Rate (TRIR): Construction / Subcontractors ²	1.95
Hours of Safety Training	15,926

Health Qualification

QUALIFICATION/CERTIFICATION	PROFESSIONALS
Certified Safety Professional	2
Associate Safety Professional	2
Certified Health and Safety Technologist	3
Safety Trained Supervisor—Construction	2
Licensed (NYC) Safety Manager	1
Bilingual—English/Spanish	3
Authorized OSHA Construction Safety Outreach Trainer	4

¹ Includes Residential Services, Overhead Departments, and Construction Personnel.

² Includes Construction Staff including Subcontractors.

Development and Construction

DEVELOPMENT IN 2020	
Number of communities beginning construction	10
Expected investment	\$1.25B
Remediation of preexisting environmental contamination	\$4.11M
Remediation spend projected through completion	\$7.79M
Development communities under construction as of year-end	17
Average walk score for completed transit-oriented developments (total portfolio)	81
Total transit-oriented communities	113
Transit-oriented development communities completed in 2021	3
Capital cost for all development under construction as of year-end	\$2.14B

REDEVELOPMENT IN 2020	
Communities completed	4
Apartment homes represented	1,210
Capital cost	\$208M
Communities under redevelopment as of year-end	9
Capital cost for all redevelopment under construction as of year-end	\$115M

ABOUT THIS REPORT

This is AvalonBay’s eleventh annual ESG report and summarizes our environmental, social and governance (ESG) performance and activities during calendar year 2021.

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 2021 calendar year and builds on the progress outlined in our most recent report for the 2020 calendar year. The data in this report was sourced internally from responsible business units in the Company. The selected GRI performance indicators are those most relevant to AvalonBay’s business and its ESG impacts and are based on our updated materiality analysis. We are reporting against the Core GRI-G4 in-accordance option.

ASSURANCE STATEMENT

Assurance Content and figures referenced in AvalonBay’s filed financial statements have been externally audited by a third-party auditor. As in prior years, we had our 2021 energy, greenhouse gas emissions, water and community waste data independently verified by Lloyd’s Register Quality Assurance (LRQA). In 2021, for the first time, LRQA conducted a full audit of our ESG Report. Lloyd’s Register Group Limited is a leading provider of independent assessment services with recognition from over 50 accreditation bodies around the world. The full accreditation reports and assurance statement are aligned with the ISO14064-3 standard and can be found on our website at: <https://www.avaloncommunities.com/verificationreport> ; <https://www.avaloncommunities.com/assurancestatement> ; <https://www.avaloncommunities.com/esgreportassurance>.

TRADEMARKS

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements, which you can identify by the Company’s use of words such as “expects,” “plans,” “estimates,” “anticipates,” “projects,” “intends,” “believes,” “outlook,” “may,” “shall,” “will,” “pursue” and similar expressions that predict or indicate future events and trends and that do not report historical matters, are based on the Company’s expectations, forecasts and assumptions at the time of this release, which may not be realized and involve risks and uncertainties that cannot be predicted accurately or that might not be anticipated. These could cause actual results, performance or achievements to differ materially from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company’s filings with the Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 under the heading “Risk Factors” and under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements” and in subsequent quarterly reports on Form 10-Q. The Company does not undertake a duty to update forward-looking statements.

CONTACT

KEVIN O’SHEA

Chief Financial Officer
ESG@avalonbay.com

AvalonBay Communities Inc.
4040 Wilson Blvd, Suite 1000
Arlington, VA 22203

