



*“By ensuring that ecologically responsible practices are integrated into our long-term strategy, we can protect the environment while enhancing the lives of our residents.” –AvalonBay<sup>1</sup>*

<b>Ticker</b>	AVB (NYSE) <sup>2</sup>
<b>Headquarters</b>	Arlington, Virginia
<b>Market Cap</b>	USD \$34 billion
<b>Company History</b>	1993 Avalon Properties is Founded 1994 Bay Communities is Founded 1998 The two merge and AvalonBay is formed
<b>Properties</b>	Multifamily apartments: 293 apartment communities 87,416 apartment homes
<b>Green Building Certifications</b>	Over 60 communities with environmental certification  50 properties are LEED certified  10 properties are ENERGY STAR certified  1 property is FITWEL certified

\*Data as of December 31, 2021.



Avalon Hayes Valley apartment communities  
Source: AvalonBay. www.avaloncommunities.com

## Recent Awards



GRESB  
5 Green Stars

Global Regional and  
Sector Leader  
2020



2020 Nareit Leader in the Light  
Award Winner  
Residential/Apartments



A- CDP Grade  
Supplier Engagement Leader



FTSE4Good  
Member of FTSE4Good

## AvalonBay Creates Livable Urban Communities

Looking for a place to live? Want to find a community to join? Perhaps consider an AvalonBay property. With a core purpose of “creating a better way to live,” AvalonBay seeks to create developments that offer people healthier and more sustainable ways to live in pursuance of leading the real estate sector into a low-carbon future. AvalonBay Communities, Inc. is a REIT with decades of experience and success in developing, retrofitting, acquiring, and managing apartment homes throughout the most competitive U.S. markets.

## Affordable Housing Programs

The company provides affordable housing options in all the cities they operate across the US by discounting rents based on regional area median income. For example, Avalon’s Bowery Place in New York City has an affordable housing program that includes studio, one-bedroom and two-bedroom apartments that have reduced rent prices for people and families who earn 40% or less of the area median income.

## Community Impact Initiatives

In 2015 AvalonBay created an annual community investment with a baseline amount of \$1.1M. They then sought to double this commitment in five years, only to surpass their goal in 2020 by increasing their annual community investment to \$2.4M.<sup>3</sup> This annual community investment allows AvalonBay to support nonprofits that impact many of the REITs immediate communities. Last year marked the 6th consecutive year of their partnership with the Red Cross.

## Championing Diversity, Equity, and Inclusion

Internally, AvalonBay has made multiple efforts to improve their corporate governance through diversity, equity, and inclusion. According to the IFC, good corporate governance potentially enhances the performance of companies by increasing their access to outside capital while also reducing their investment and reputational risk.<sup>4</sup> Some of the efforts AvalonBay has made to improve their corporate governance include:

- o Increase representation of Women and POC within leadership team
- o Multi-year national partnership with National Urban League
- o 3 new associate resource groups: Black Associate Coalition, Associate Rainbow Coalition, Latinx Employees of AvalonBay for Diversity

## Project Spotlight: AvalonBay Issues Green Bonds to Invest in Green Building Projects

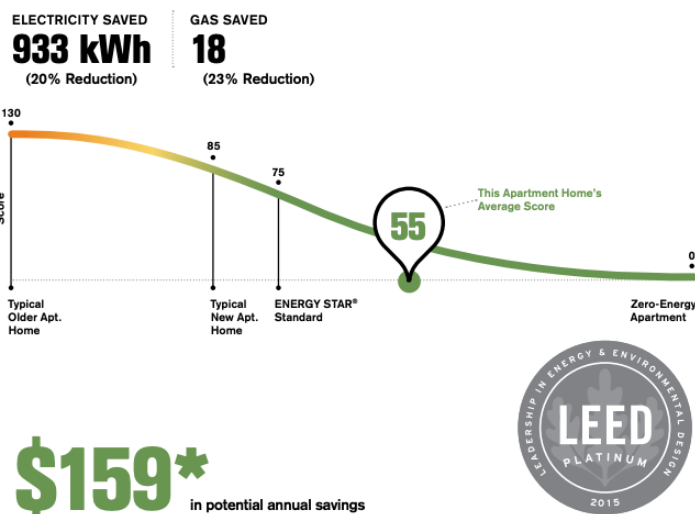
According to the UN Environment Programme, the built environment has the largest potential for reducing greenhouse gas (GHG) emissions by making buildings more energy efficient.<sup>5</sup> Moreover, the US Green Building Council finds that building owners report new or renovated green buildings account for an average 7% increase in asset value over traditional buildings.<sup>6</sup> AvalonBay issued their first Green Bonds in 2021. AvalonBay intends to allocate the estimated \$400 million in net proceeds to “Eligible Green Projects” to increase the overall sustainability of their properties.<sup>7</sup> These projects will help AvalonBay add more LEED certified properties, which have been proven to consume 25% less energy and 11% less water than non-green buildings.

For example, Avalon Hayes Valley in San Francisco, California is a Platinum LEED certified building achieving 20% reduction in energy consumption and a 23% reduction in gas use for a one-bedroom apartment compared to a non-LEED certified building. This investment saves the resident, on average, more than \$150 a year.<sup>8</sup>

The Green Bond proceeds will also increase the energy efficiency of their properties and infrastructure by expanding weather-based irrigation systems.<sup>9</sup> These systems automatically adjust watering schedules based on local weather conditions.

Most significantly, all projects will be reported on to include their quantifiable environmental benefits through key performance indicators (KPIs). These KPIs are aligned with AvalonBay’s commitment to realize their Science-Based Targets Execution Goals (SBTi’s) to reduce their Scope 1, 2, and 3 emissions and their overall energy consumption. Scope 1 and Scope 2 emissions from owned property and purchased energy, respectively, are easily accounted for today. Scope 3 emissions, which often make up a majority of a company’s carbon footprint, are emissions indirectly created by a company through several activities and are difficult to measure. In real estate, Scope 3 emissions are primarily generated during the production of building materials, by leased buildings’ tenants’ energy use, and those created from employee commuting. Corporate disclosure helps investors understand how the company integrates climate into its overall corporate strategy.

### Estimated annual energy use for Avalon Hayes Valley Typical One-Bedroom



\*All calculations and potential savings are based on averages, and may vary based on such factors as region, building code, floor plans, location, rates and other factors. This information is provided for general reference only and should not be relied upon for budgeting purposes. Specific rates and data used in calculations are available upon request. Estimated annual savings of \$159.

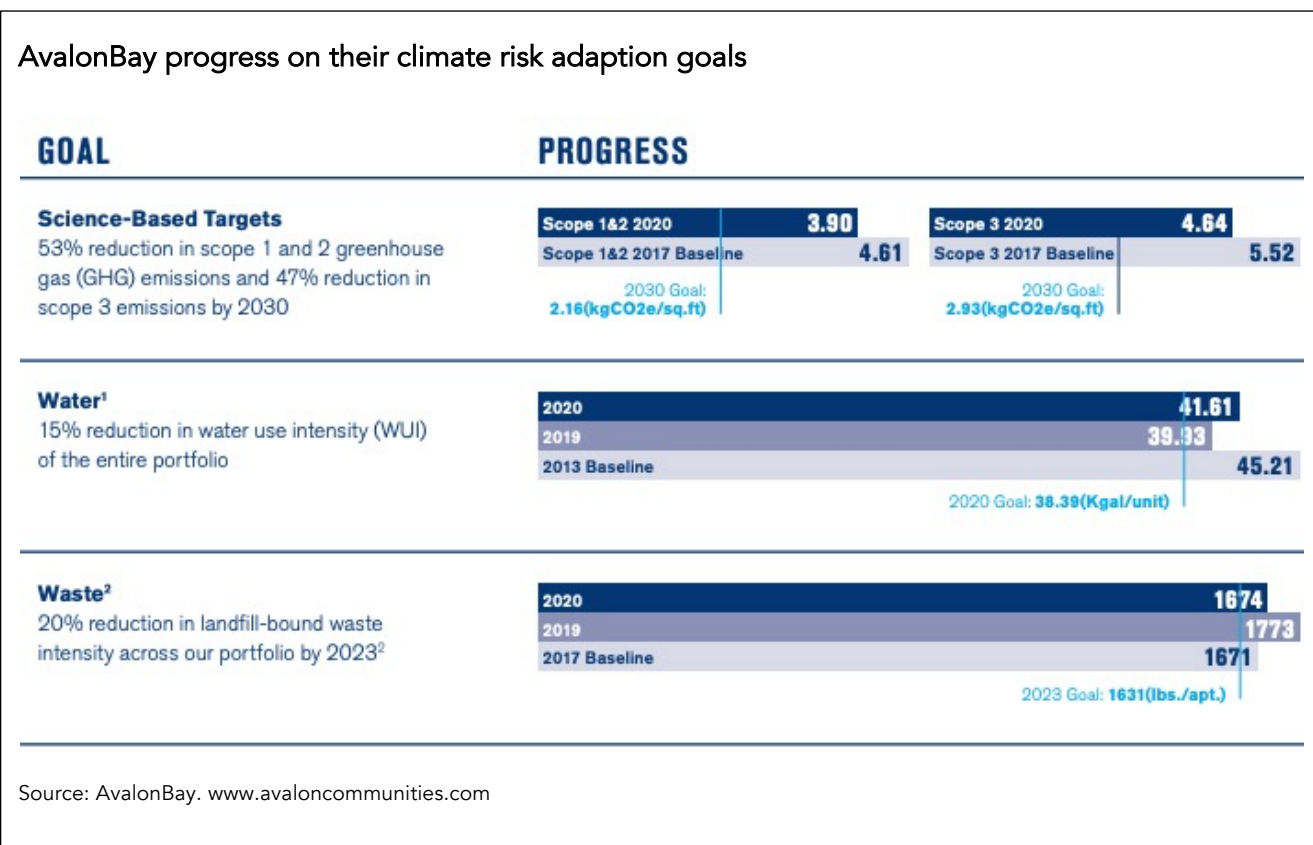
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Avalon Hayes Valley apartment communities  
Source: AvalonBay. [www.avaloncommunities.com](http://www.avaloncommunities.com)

## Project Spotlight: AvalonBay Science-Based Targets and Climate Goals

The World Resources Institute estimates that 75% of the world’s energy related emissions come from cities.<sup>10</sup> With the large majority of AvalonBay’s properties situated in high-density urban areas, AvalonBay’s strategic commitment to reducing their emissions through Science-Based Targets (SBTi’s) shows the company understands the impact their operations. SBTi’s are globally aligned, climate science backed emission reduction goals that seek to reduce carbon emissions to effectively limit the earth’s temperature in compliance with the Paris Agreement.<sup>11</sup> Setting themselves apart from many of their peers, AvalonBay has made an updated commitment in 2020 to reduce their Scope 1 and 2 GHG emissions by 53% and their scope 3 emissions by 47% by 2030. MSCI publishes a metric and their net-zero pathways analysis suggests the company is on target to reduce the company’s emissions by 3% each year.<sup>12</sup>

Additionally, the company has complementary goals around 15% water use reduction and 20% waste reduction. These three indicators - GHG, water, and waste - underpin AvalonBay's climate risk adaptation goals.



## Notes and Sources:

- <sup>1</sup> AvalonBay Communities. (2021) "GREEN LIVING" Available at: <https://www.avaloncommunities.com/-/media/images/community-photos/california/northern-california/avalon-hayes-valley/green-living-label/greenliving-hayesvalley.pdf?rev=e1e0fc60d88f4841a51f026c18b3b8c9>
- <sup>2</sup> AvalonBay Communities, Inc is 3.29% of the Vert Global Sustainable Real Estate Fund (VGSRX) as of December 31, 2021.
- <sup>3</sup> AvalonBay Communities. (2021 December 14). "Creating A Better Way to Live: 2020 Corporate Responsibility Report." Available at: <https://www.avaloncommunities.com/about-us/corporate-responsibility/-/media/4B25C8B90BD543559288F57CC06A8025.ashx>
- <sup>4</sup> International Finance Corporation. (2018). Why corporate governance? Available at: [https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+CG/Why+Corporate+Governance](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+CG/Why+Corporate+Governance)
- <sup>5</sup> Environment, U. N. (2017). *Sustainable buildings*. Available at: <http://www.unep.org/explore-topics/resource-efficiency/what-we-do/cities/sustainable-buildings>
- <sup>6</sup> World Green Building Council. (2017). *The benefits of green buildings*. Retrieved from <https://www.worldgbc.org/benefits-green-buildings>
- <sup>7</sup> AvalonBay Communities. (2021 August 20). "Green Bond Framework". Available at: <https://www.avaloncommunities.com/about-us/affordable-housing/-/media/Files/CorporateResponsibility/AvalonBay-Green-Bond-Framework-Aug-202-1.pdf>
- <sup>8</sup> AvalonBay Communities. (2021) "GREEN LIVING" Available at: <https://www.avaloncommunities.com/-/media/images/community-photos/california/northern-california/avalon-hayes-valley/green-living-label/greenliving-hayesvalley.pdf?rev=e1e0fc60d88f4841a51f026c18b3b8c9>
- <sup>9</sup> AvalonBay Communities. (2021 August 20). "Green Bond Framework". Available at: <https://www.avaloncommunities.com/about-us/affordable-housing/-/media/Files/CorporateResponsibility/AvalonBay-Green-Bond-Framework-Aug-202-1.pdf>
- <sup>10</sup> World Resources Institute. (2022). Making cities work better for everyone. Available at: <https://www.wri.org/cities>
- <sup>11</sup> Science-Based Targets Initiative. "Companies Taking Action". Available at: <https://sciencebasedtargets.org/companies-taking-action?sector=Real%20Estate#table>
- <sup>12</sup> MSCI. (2022). *ESG ratings & climate search Tool—AvalonBay*. Retrieved from <https://www.msci.com/research-and-insights/esg-ratings-corporate-search-tool/issuer/avalonbay-communities-inc/IID000000002140645>

The Vert Global Sustainable Real Estate Fund holds publicly traded REITs.

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*The Vert Global Sustainable Real Estate Fund's investment objectives, risks, charges, and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1-844-740-VERT or visiting [www.vertfunds.com](http://www.vertfunds.com). Read carefully before investing.*

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