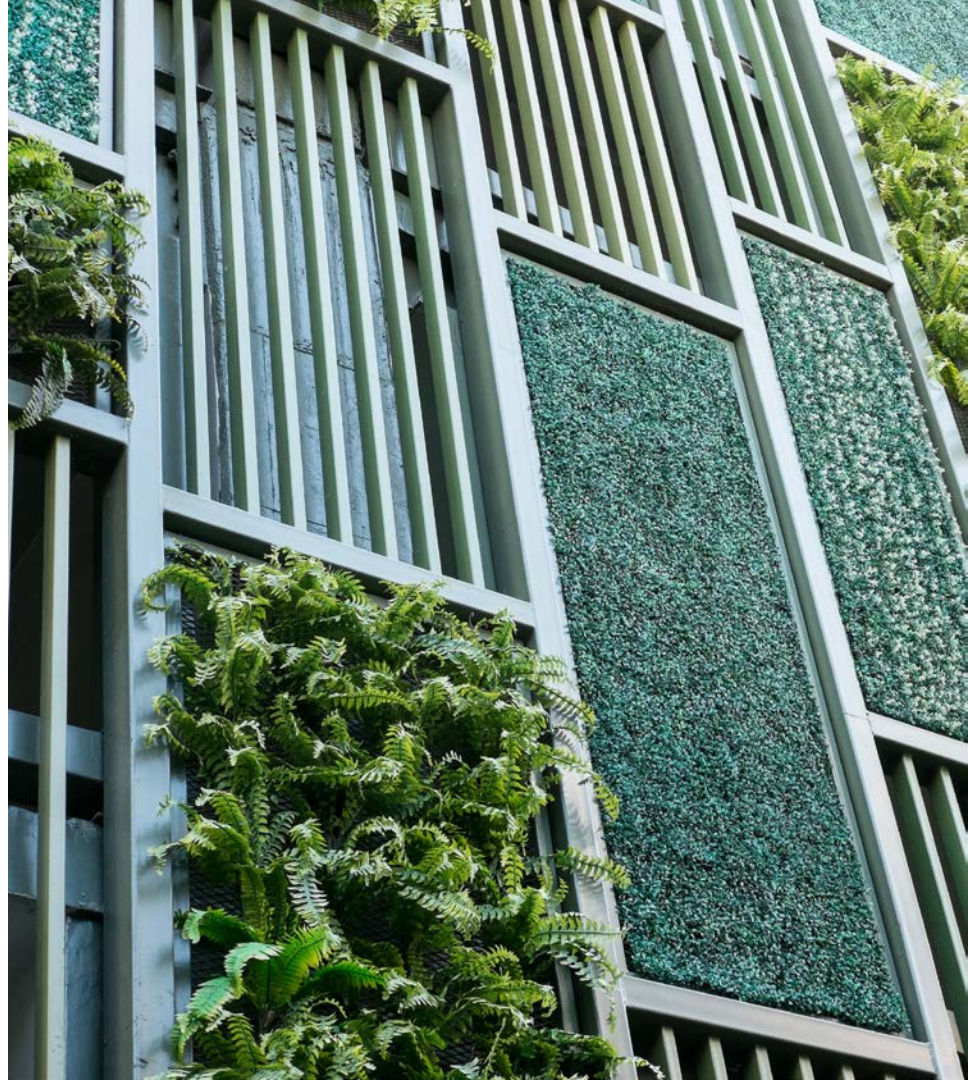


Nareit[®] **ESG** forum

SASB in the 10-K

January 24, 2018



Host's SASB Approach

Reasons for using SASB

- Natural progression of increasing the value and quality of our public CR disclosures
- Host's strong energy and water performance narrative
- Early participation in the SASB real estate working group to provide industry input

Departments Involved

- Executive
- Legal
- Accounting & Financial Reporting
- Development, Design, & Construction

Challenges

- Alignment with Financial Reporting norms and standards
 - Metrics calculations
 - Same Store reporting
- Reliability and auditability of sustainability data
 - Domestic vs. International
- Coordination between various reporting frameworks and timelines

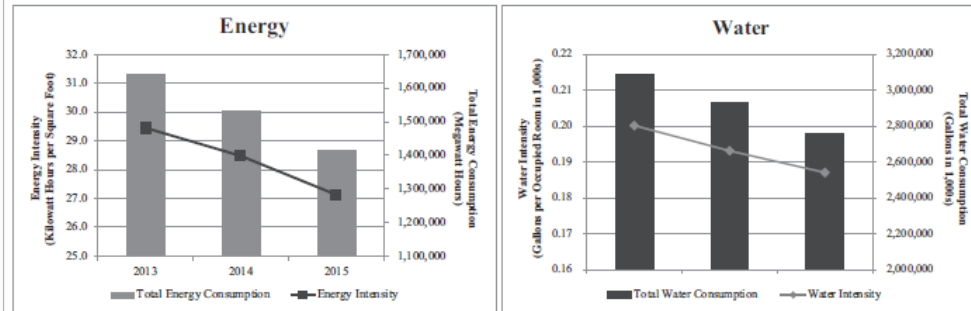
SASB Metrics Selection Criteria

| | | Financial Impact | Business Impact | Verifiable | Business Alignment |
|------------|--------------------------------|------------------|-----------------|------------|--------------------|
| Energy | Energy data coverage | ✓ | ✓ | ✓ | ✓ |
| | Energy consumed | ✓ | ✓ | ✓ | ✓ |
| | Energy Star Rating | — | — | ✓ | ✗ |
| Water | Water data coverage | ✓ | ✓ | ✓ | ✓ |
| | Water withdrawn | ✓ | ✓ | ✓ | ✓ |
| Tenant | Green lease coverage | Not Applicable | | | |
| | Sub-metered spaces | Not Applicable | | | |
| Adaptation | Properties in FEMA flood zones | — | — | ✓ | ✗ |

Host 10-K SASB Section

In March 2016, the Sustainability Accounting Standards Board (“SASB”) issued the provisional standard, Real Estate Owners, Developers & Investment Trusts Sustainability Accounting Standard. The provisional standard outlines proposed disclosure topics and accounting metrics for the real estate industry. The recommended energy and water management metrics that best correlate with our industry include energy consumption data coverage as a percentage of floor area (“Energy Intensity”); total energy consumed by portfolio area (“Total Energy Consumption”); water withdrawal as a percentage of total floor area, or number of units (for our calculation we use occupied rooms) (“Water Intensity”); and total water withdrawn by portfolio area (“Total Water Consumption”). The energy and water data we use is collected and reviewed by third-parties who compile the data from property utility statements. These metrics enable us to track the effectiveness of water and energy reduction ROI projects.

We reference key aspects and metrics of our sustainability efforts through the Global Reporting Initiative (“GRI”) Index, in accordance with the GRI framework and, beginning in 2015, contracted with a third-party to provide further verification of our energy and water consumption data. The charts below detail our Energy Intensity, Total Energy Consumption, Water Intensity and Total Water Consumption for 2013 through 2015, the last three fiscal years for which data is available⁽¹⁾:



(1) Energy and water metrics relate to our consolidated domestic hotels owned for the entire year presented. The water data excludes one domestic hotel in 2013, 2014 and 2015, as reliable utility data was not available.

Key Initial Considerations

Approach

- Educate top management on the added value of SASB metrics
- Begin the internal discussion early involving key stakeholders
- Select metrics that are aligned with business objectives

Data & Metrics

- Verify your data and metrics with 3rd party
- Align methodologies and boundaries with financial reporting expectations
 - Reporting period
 - Data boundaries
 - Calculation methodologies
 - Same-store / Like-for-like reporting

If you have any questions, please contact

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Host Hotels & Resorts

Director, Energy & Sustainability

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AvalonBay 2020 Corporate Responsibility Goals

Energy

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



10.9% drop since baseline year (2013)

Water

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



6.2% drop since baseline year (2013)

Residents

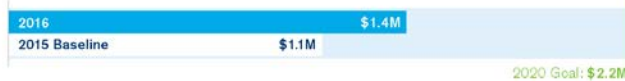
20% increase in our Net Promoter Score from a 2014 baseline



47% increase since baseline year (2014)

Community

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



27% increase since baseline year (2015)

Associates

Achieve 75th percentile or better on associate engagement



ESG

JUMPSTART

AVALON BAY

WHEN, HOW, WHAT KIND, HOW AGGRESSIVE

2015 TRANSPARENCY VS. REPORTING

GOALS

DIFFERENT BASELINES FOR DIFFERENT GOALS

WATER

CAN WE GET THE DATA WE NEED?

AND CAN WE MEASURE IT?

START SOMEWHERE



EMPLOYEE TRAINING

MISSING A GOAL IS IT HARMFUL?

CULTURE OF SAFETY

USING SASB

FINANCIAL IMPACT METRICS

REASONS FOR USING
• QUALITY & VALUE in CR DISCLOSURES
• ENERGY & H2O PERFORMANCE NARRATIVE
• EARLY PARTICIPATION



INVESTORS OFTEN DON'T PAY ATTENTION TO THE DATA UNTIL IT'S IN THE "K"

HIERARCHY IN'S

DIG INTO THE S

1 2 3

ALIGN TO BUSINESS OBJECTIVES

MODERN SLAVERY

QUALITY OF LIFE, FOR OUR PEOPLE, FOR OUR COMPANY

HOW MUCH DO WE CONTROL THE STORY...

SECRET GOALS (MORE OF A CHALLENGE)

TRANSPARENT (SUCCESSFUL AND/OR DEFENSIBLE)

START HERE, TRACK, THEN GO PUBLIC

ENGAGEMENT OPPORTUNITY

INVOLVING THE COMMUNITY

SCOPE AS YOU DIG; SET GOALS SOON, BUT WHEN YOU'RE READY

E

G

S

CAN WE DO MORE?

AUTOCASE



S

METRICS
LIVE WELL, BE WELL, GET INVOLVED

HEALTH & WELLNESS

PEAK TEAMS



ESG JUMPSTART

