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# Creating Quality Communities in Premier Locations



**ESSEX**

PROPERTY TRUST, INC.

## ESSEX

Every Story is Unique.  
Every Home is Different.



Essex is committed to compliance with all federal, state, and local fair housing laws.

### About this Report

Welcome to the second Corporate Social Responsibility (CSR) Report for Essex Property Trust, Inc. This report provides an update and overview of our Company-wide CSR activities. Since 2008, we have pursued continuous improvements that have strengthened our commitment to the four pillars to creating quality communities: improving our residents' well-being, creating a positive work experience for our employees, reducing our environmental footprint, and delivering long-term results for our investors. This second report presents an opportunity to demonstrate our achievements in 2019, report on our progress in integrating CSR into our core business, and efforts to improve every aspect of our Company.

This CSR report meets industry standards in accordance with the Global Reporting Initiative (GRI) standards: Core option. Please review the index at the end of this report for further information. If you have any questions concerning this report, please contact our Corporate Social Responsibility team at [CSR@essex.com](mailto:CSR@essex.com).



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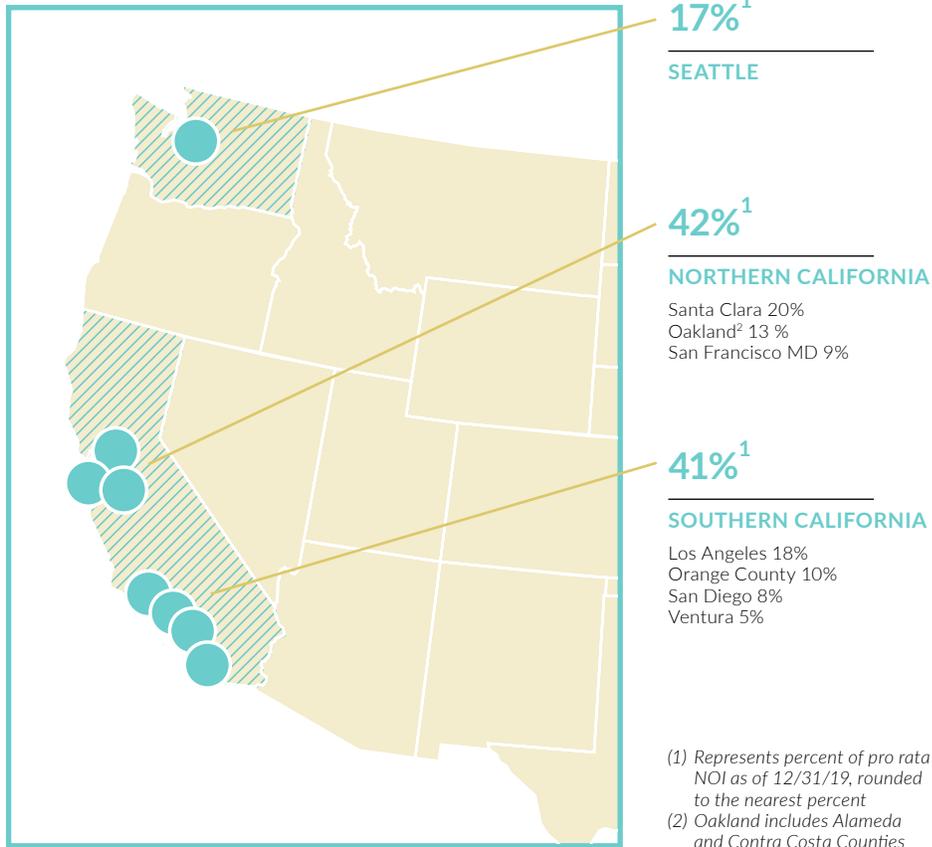
# About Essex

Essex is the only public multifamily REIT dedicated exclusively to the coastal metropolitan areas in California and Washington – areas with favorable demographics, strong job growth, diverse demand drivers, and limited new housing production.

Our unique portfolio and disciplined capital allocation process sets us apart from our peers, while also contributing to the highest total return of all public REITs in existence from our initial public offering in 1994 through year-end 2019. Our experienced management team, research-driven approach to portfolio management, and strong financial condition contribute to the creation of long-term value for our shareholders. If you would like more information, please visit our website at [www.essex.com](http://www.essex.com).



DEDICATED EXCLUSIVELY TO THE WEST COAST



- Established in **1971**
- Focused on **eight major metropolitan** markets located in the coastal areas of California and Washington, each having **high barriers to new housing production**
- Long track record of success with **highest total return of all public U.S. REITs** in existence at its IPO in 1994 through year-end 2019
- S&P 500 Dividend Aristocrat with a 26-year history of **increasing cash dividend**
- Top executives share an **average tenure of roughly 20 years**
- **S&P 500** Company
- **Investment Grade** rated

KEY FIGURES 2019



**100,000+**

NUMBER OF RESIDENTS



**1,800+**

NUMBER OF EMPLOYEES



**250**

NUMBER OF APARTMENT COMMUNITIES



**\$100+**

DIVIDENDS PER SHARE FROM 1994 TO 2019

VALUE CREATION PROCESS



ACQUISITIONS & DISPOSITIONS

Acquisition and disposition transactions represent most of our external growth, allowing the Company to modify portfolio allocations pursuant to our proprietary research process.



DEVELOPMENT

Development provides the potential for higher risk-adjusted returns compared to acquisitions, while also allowing greater control of the overall quality of the portfolio.



CO-INVESTMENT PLATFORM

The co-investment platform provides an alternate form of capital, with the potential for providing a better financial outcome compared to investments using the Company's balance sheet.

# President's Letter

We're delighted to present you with our second Corporate Social Responsibility (CSR) Report, containing an overview of our many Environmental, Social, and Governance (ESG) accomplishments through 2019. Over the course of the year, we made substantial progress in implementing ESG mandates, while further building and refining the principles that define ESG at Essex and establishing a foundation for future opportunities.

We divide our CSR strategy into a framework comprised of four pillars when evaluating and implementing programs relating to CSR: Providing better communities to call home, providing a better place to work, providing a better environment, and delivering better returns. We have found that many CSR programs are not mutually exclusive as to their impact on the four pillars. For example, reducing energy consumption often lowers our environmental impact, while also improving resident and employee experiences, and resulting in an attractive return on investment. We continue to identify and aggressively pursue these opportunities. Other CSR strategies have notable impacts on the four pillars, and implementing these strategies requires thoughtful consideration and planning.

In 2019, we started a companywide effort to recreate our mission statement to align our employees to our expanded goals and mandates. Our updated mission statement 'Creating Quality Communities in Premier Locations' and revised core values emanated from our CSR program. Other notable accomplishments in 2019 include publishing our first CSR report, hiring a dedicated CSR manager, adopting a CSR charter, creating two Committees (CSR and Diversity & Inclusion), and establishing both short and long-term goals.

Our primary achievements in 2019 with respect to our four pillars of CSR are as follows:

## **Providing better communities to call home:**

The essence of our mission is to provide the best possible resident service and be the reliable landlord that can thoughtfully and promptly respond to a variety of resident concerns and needs. Significant progress was made on our digital transformation, seeking to integrate technology into all aspects of our business. Last year, we completed

a pilot evaluation of our Smart Home initiative, which was introduced to 11 communities. This improved the resident experience, lowered overall costs, and improved environmental impacts. Our goal is to expand our Smart Home initiative to as many as 20,000 apartments in 2020. We also continued to improve the vitality and livability of our portfolio by organizing resident engagement events, investing \$604,000 in these experiences.

## **Providing a better place to work:**

We invest in our associates by encouraging them to develop professional and personal skills. During 2019, we provided over 36,000 hours of training for our associates and implemented a Diversity & Inclusion Committee to strengthen and further promote diversity, equal opportunity, and fair treatment for all Essex associates. These initiatives prepared our workforce for career advancement and created a flexible, diverse, and dedicated team to support our mission. Additionally, we demonstrated our collaborative team efforts by participating in community events, supporting local charities, and providing sponsorships.

## **Providing a better environment:**

We actively engage in reducing our environmental impact by, among other things, testing and installing new products and processes to decrease our carbon footprint, energy consumption, water use, and waste generation. In 2019, nearly half of the Essex portfolio participated in the Energy Star Portfolio Manager program, an online tool to measure and benchmark energy and carbon impacts at Essex communities. In 2019, we invested \$8.5 million in renewable energy projects, which led to almost 5,000 MWh of clean energy generated on-site, an increase of over 100% compared to last year.

## **Delivering better returns:**

Our leading financial performance in the real estate and REIT industries has been consistent and compelling for many years. With over 26 years of consecutive increases in cash dividends, we have continued to outperform and produce sustainable returns for our investors. In 2019, we were the only apartment REIT that joined a very elite group of companies that comprise the S&P 500 Dividend Aristocrats Index.



SKYLINE AT MACARTHUR PLACE IN SANTA ANA, CA

As this report is being prepared for publication, the Coronavirus/Covid-19 pandemic is spreading around the globe, with unpredictable and unprecedented challenges for people, businesses, health systems, and governments. Consistent with our social responsibility strategy, we endeavor to mindfully implement government mandates and protocols recommended by health officials in the pursuit of key objectives, including helping slow the spread of the disease, pursuing a safe workplace for our employees, and providing essential housing services amid chronic housing shortages.

I am pleased with our accomplishments in 2019 and believe that our approach to CSR is firmly embedded in the Essex culture. Expanding our decision-making process, consistent with the four pillars of CSR, makes us stronger, more adaptable, and better prepared for an ever-changing business environment. We remain committed to our vision and core values, as we believe over time they will perpetuate our extraordinary history of accomplishment.



*“Our decade-long commitment to Corporate Social Responsibility gives us a competitive advantage, adding a new investment opportunity that adds value for shareholders. Furthermore, CSR creates an attractive workplace for our associates to develop their careers, provides quality homes for our residents to pursue opportunities, supports our local communities, and aids the protection of the environment.”*

**MICHAEL J. SCHALL**

*President and Chief Executive Officer*

*"At Essex, Corporate Social Responsibility (CSR) goes hand in hand with our business and contributes to the success of the Company. We commit ourselves to providing a great place to live for our residents, a positive work environment for our employees, and to simultaneously minimize our impact on the environment."*



# CSR Strategy

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## PROVIDING BETTER COMMUNITIES TO CALL HOME

Over 100,000 residents live in our communities and we seek to maintain their well-being by fostering a community atmosphere, as well as providing a healthy living environment. We aim to create exciting communities where residents want to live, play, exercise, and connect with their neighbors. We invest in community activities and deliver quality services. We focus on connecting our properties to sustainable modes of transportation so our residents can commute responsibly. These efforts, combined, make our communities a place our residents are proud to call home.

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## PROVIDING A BETTER ENVIRONMENT

We seek to reduce our environmental footprint through resource management initiatives and by developing new communities that meet high environmental standards. We invest in our properties to minimize energy and water consumption with, for example, solar energy installations and water-saving devices. At Essex, our mission is to create better communities that have a positive impact on the environment, society, and the local community.

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## PROVIDING A BETTER PLACE TO WORK

We have over 1,800 employees at Essex – our “E-team.” Our associates are credited with creating better communities every day, and many of them also call our communities home. Within the various local and corporate teams, we aim to create a better and more collaborative workplace. We strive to provide a safe and sound work environment for our employees to maximize productivity and satisfaction while helping us realize long-term objectives. We invest in their personal and professional development, making sure the associate journey is positive and memorable, rewarding them for their efforts, giving ownership of their responsibilities, and creating a team environment.

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## DELIVERING BETTER RETURNS

With a strong reputation in leadership and ethical guidelines, we provide sustainable returns for our shareholders. Our financial track record is a testament to our disciplined investment process.

# Creating Better Communities



## Our Journey to Date

More than 10 years ago, we began pursuing new initiatives aimed at integrating sustainable practices into our communities. These initiatives spanned from our development and renovation projects to all aspects of our business. In 2008, we completed our first Green-certified development project. Since then, we have achieved Green or LEED certifications on 26 additional development projects, representing 8,173 sustainable apartments. We also established our Resource Management Department in 2008, which organized partnerships with local communities to participate in energy efficiency programs and complete countless energy conservation projects throughout our portfolio.

## Corporate Social Responsibility

At Essex, we all work hard to create better communities, and that's reflected in our integrated CSR strategy. Effective and measurable, our CSR roadmap incorporates a responsible way of working into our daily operations, supporting and improving our general business strategy. We monitor the environmental performance of our portfolio and continually strive to improve our environmental impact. Our CSR strategy guides us in our CSR efforts and reporting, helping us to be future proof and stand out in our sector.

## CSR Governance

Our E-Team is encouraged to take CSR into consideration each day. At the property level, community managers and maintenance team members are depended on to oversee the management of their property's environmental impact as well as engaging with residents and the local community.

At the corporate level, our CSR committee defines the strategy, sets long-term targets, and monitors environmental and social performances across the portfolio. Senior management and various departments are represented in this committee, which is chaired by the CEO and sends a clear message about Essex's commitments to achieve CSR goals. The CSR committee was established in April 2019 and meets monthly. During 2019, the average attendance level was 93% for all committee members. With the increased focus on CSR spreading to different parts of our company, a CSR manager was appointed in 2019 to align our efforts and keep track of achievements across our communities.

# CSR Goals

## PROVIDING BETTER COMMUNITIES TO CALL HOME

### RESIDENTS

- 🔄 Increase residents' feedback through surveys.
- 🔄 Improve our residents' experience by offering events and desirable amenities.
- Implement 100% paperless lease and work orders by 2020.
- Develop and launch green programs focused on our residents.
- 🔄 Expand affordable apartment programs where financially feasible.
- 🔄 Actively participate in voluntary affordable apartment programs.

### COMMUNITY

- Double charitable efforts by 2022 from 2016 levels.
- Implement an in-kind charity donation match program with our associates of up to \$500k.
- Implement special discount programs that will provide up to 15% discount on rent to teachers, police officers, and firefighters, to help them live and work within the same city.

## PROVIDING A BETTER PLACE TO WORK

### ASSOCIATES

- ✓ By 2019, increase the minimum wage of all associates to \$15 per hour.
- By 2020, over 75% of our on-site associates participate in the Steps to Success career development program.
- 🔄 Continue our commitment to associates' charitable organizations and support their volunteer activities.
- 🔄 Continue our commitment to training and development programs and will continue to attract, cultivate, and retain a diverse workforce.

## PROVIDING A BETTER ENVIRONMENT

### DIRECT WATER USE

- Between 2016 and 2022, spend at least \$6 million to complete water reduction improvement projects.
- By 2021, increase the efficiency of water usage by utilizing benchmarking solutions to monitor usage and track utility data.

### INDIRECT WATER USE

- By 2020, formalize and implement green initiatives to promote awareness among residents and associates on water conservation programs.
- By 2022, over 50% of our communities will have installed water efficient plumbing fixtures, toilets, or leak detectors.

### ENERGY CONSUMPTION

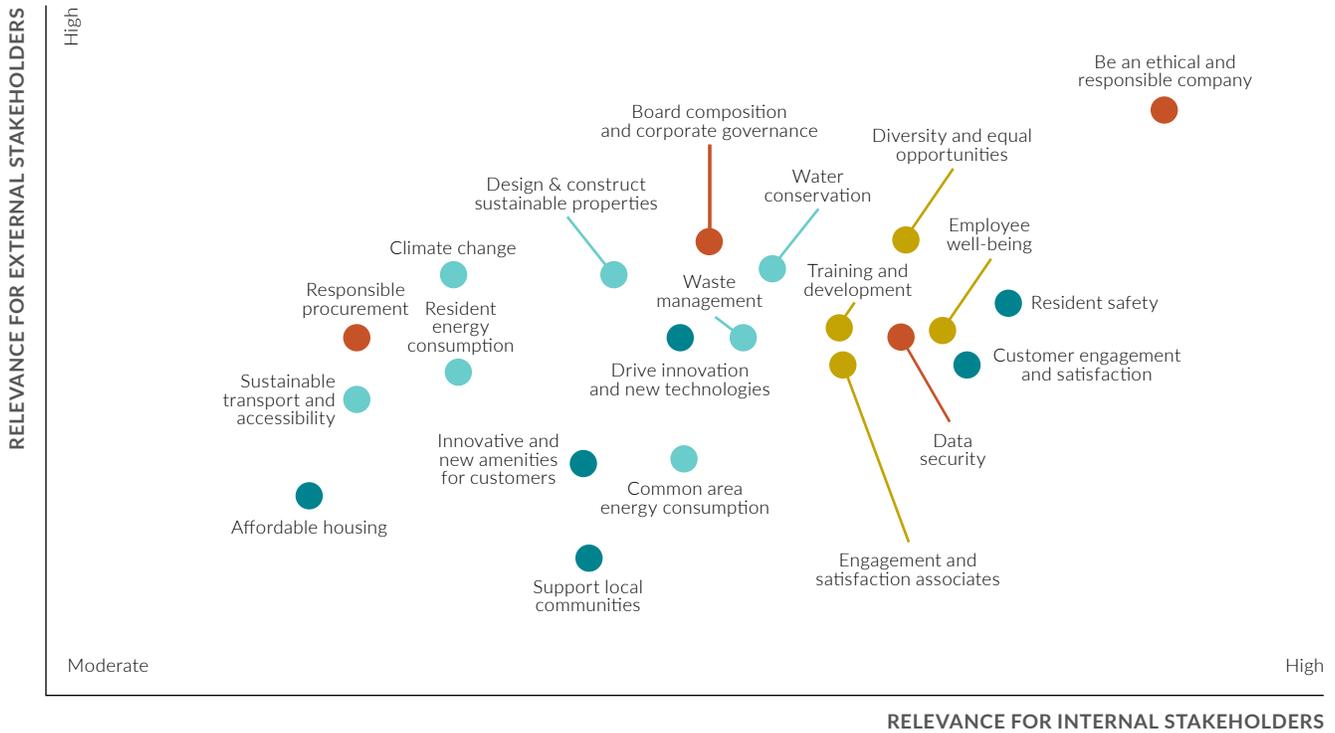
- By 2022, 10% of electricity usage within Essex's control will be from renewable sources.
- By 2022, electricity consumption within Essex's control will be reduced by 10% of our 2016 levels.
- 🔄 Install energy-efficient lighting fixtures, smart thermostats, and other energy saving devices for renovations and new development projects.

### SUSTAINABLE HOMES

- 🔄 Endeavor to achieve green building certifications on all new development projects.



# Materiality Matrix



- Providing better communities to call home
- Providing a better place to work
- Providing a better environment
- Delivering better returns

# Materiality Assessment





## PROVIDING BETTER COMMUNITIES TO CALL HOME

At Essex, our core business involves people. The focus of every Essex associate is to ensure residents enjoy living at our communities by listening to their feedback, upgrading our portfolio to make our properties more attractive places to live, and providing the most desirable amenities and services.

### Great Places to Live

We take the extra step to make sure each resident feels at home. We actively monitor resident engagement levels, and resident satisfaction is a focus point for us. In 2018, we collected over 64,000 resident responses through engagement surveys which provided feedback on Essex services, amenities, and overall satisfaction.

In 2019, we piloted a new resident engagement survey for two communities, Park 20 and The Galloway. The residents' increased response rate and simplified feedback process allows our associates to create action plans tailored to our residents. Further roll-out for the remainder of our communities is expected in 2020.

### Creating a Sense of Community

As customer service has increasingly become more important, we strive to do the right thing. For example, we organize various events to welcome residents into the community. These events include barbecues, yoga, seasonal festivities, and local charity events where residents meet their neighbors. We invested \$604k on community events in 2019, demonstrating our commitment to community engagement.

### Residents' Health, Safety, and Well-being

Not only do we strive to provide safe and healthy living areas, we promote a healthier lifestyle for our residents. We offer high-quality wellness amenities; as of 2019, 87% of our communities had a fitness center and 83% had a swimming pool. Additionally, we offer smoke-free apartments.

In case of emergency, our internal emergency manual describes how to act during natural hazards (floods, earthquakes, and fires), medical emergencies, loss of services, and other asset related risks. An Emergency Preparedness Kit is available at every community. In 2019, we rolled out new wireless emergency phone technology to monitor our elevators and increase reliability.

Our most important assets are the local teams that implement policies and take ownership and responsibility to handle emergencies quickly and efficiently. Health and Safety training is provided to local teams and emergency procedures are in place and tested frequently.



### Our Response to the Coronavirus

In light of the challenges resulting from the COVID-19 pandemic, Essex has implemented a wide range of policies to protect and support its residents, employees, and local communities. Essex's top priorities remain the health and safety of its residents and employees, as well as providing the necessary resources and flexibility to assist during this unprecedented time.

To help residents deal with uncertainties including job loss, reduction of work hours, business closures, and health impact, we have provided additional flexibility for those in need. In addition to abiding by all local, federal, and state laws, our policies include halting evictions for 90 days for residents who have been financially impacted, avoiding rent increases for 90 days by offering a lease renewal with no rent increase, creating payment plans, and waiving late fees.

Essex developed the Resident Response Team, comprised of 50 on-site and corporate associates, to provide financial assistance for residents who have been impacted by COVID-19. Every resident who submitted a hardship form was personally contacted by a team member to assist them during this difficult time. Additionally, we set up the Essex Resident Relief Program, a matching contribution program.

For our communities, we identify and share government and community resources to help residents secure food, financial assistance, and healthcare, and we support the local economy and protect jobs by halting evictions for 90 days for commercial tenants whose businesses have been financially impacted. We will provide more details in our next CSR report.

# PROVIDING BETTER COMMUNITIES TO CALL HOME

Investing in community engagement activities and innovation creates communities where people want to live and feel at home. Our local teams are able to achieve a sense of belonging for our attractive multi-family portfolio.

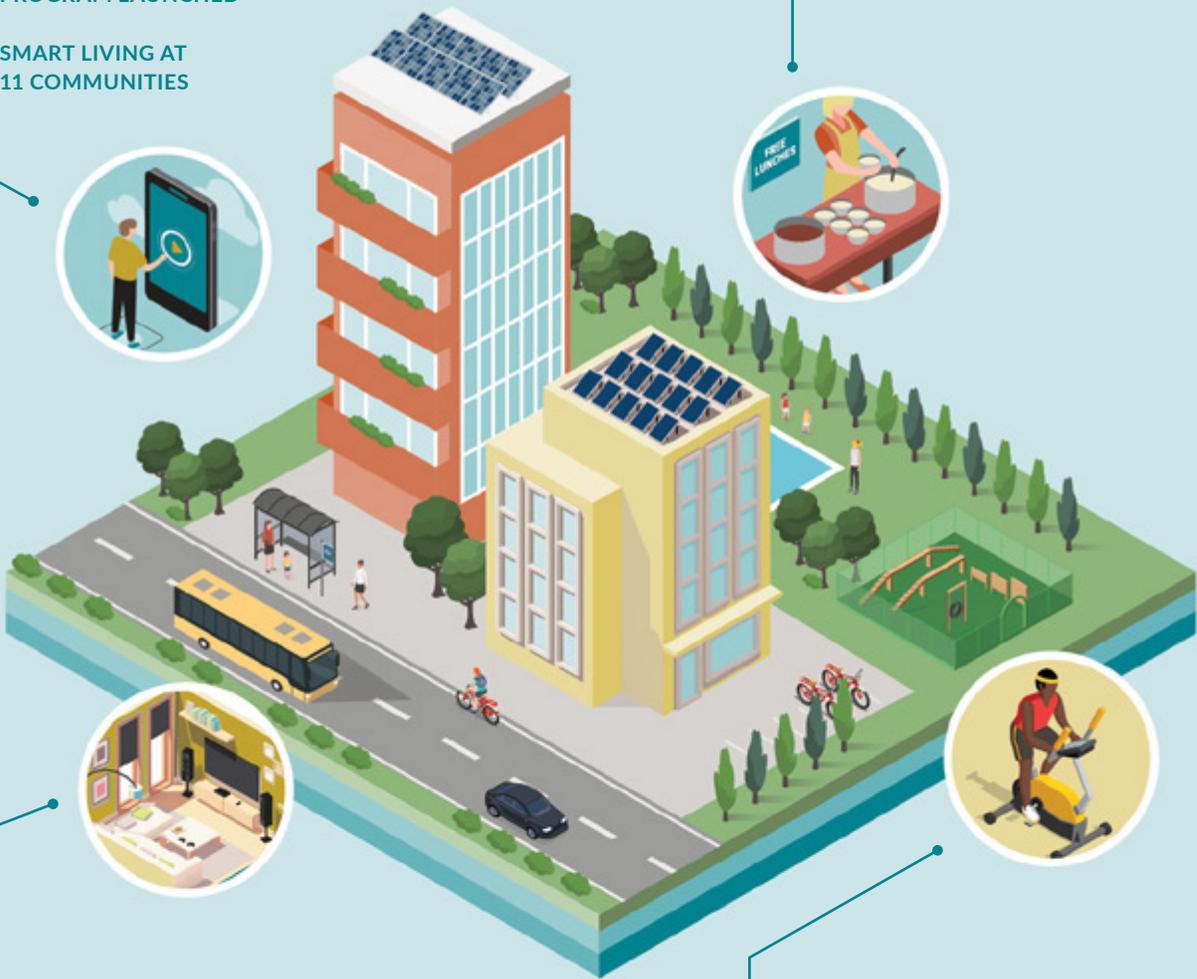
## SMART LIVING



2019 SMART HOME PROGRAM LAUNCHED



SMART LIVING AT 11 COMMUNITIES



## RESIDENT ENGAGEMENT



100,000+ RESIDENTS



NEW ENGAGEMENT SURVEY

## COMMUNITY ENGAGEMENT



OVER 5,300 AFFORDABLE HOUSING APARTMENTS



165 ESSEX COMMUNITIES DONATED TO OR RAISED MONEY FOR CHARITIES AND FUNDRAISERS

## AMENITIES



83% OF OUR COMMUNITIES HAVE SWIMMING POOLS



100% OF OUR COMMUNITIES ARE PET-FRIENDLY AND 29% HAVE DOG PARKS



87% OF OUR COMMUNITIES HAVE A FITNESS CENTER



## MYLO SANTA CLARA, CA

Located in the heart of Silicon Valley, Mylo Santa Clara is a 476-unit apartment building with a 40,000 square foot landscaped roof-deck including a swimming pool, spa, and outside lounge areas. A state-of-the-art fitness center, multiple BBQ stations, and luxurious community rooms complete this spectacular living experience.

Mylo is conveniently located near many of the valley's top employers, including Apple's 'Spaceship Campus'. Over 27% of the occupied office space in the San Jose Metropolitan Statistical Area is within a 4-mile radius of the community.

After demolition of the Kohl's site built in 1972, we underwent a significant amount of soil remediation related to the historic agricultural usage common in this area. Construction was substantially complete at the end of 2019 and we are currently on track to receive 'GreenPoint Rated - Silver' certification. These energy-efficient buildings feature low-flow plumbing fixtures, Energy Star appliances, LED lights as well as electric vehicle charging stations. During construction, roughly 58% of non-hazardous construction and demolition materials were recycled.

Mylo Santa Clara truly represents Essex's commitment to develop sustainable and neighborhood-friendly projects.





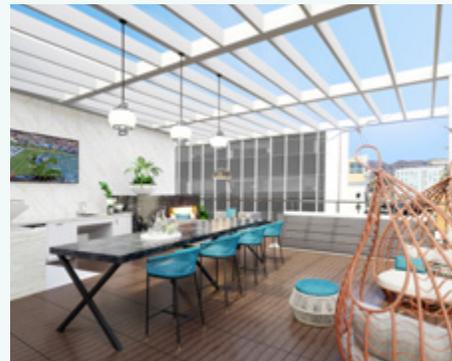
## WALLACE ON SUNSET HOLLYWOOD, CA

**Situated in the heart of Hollywood, steps away from the Hollywood Walk of Fame, Wallace on Sunset is pursuing a LEED Silver certification.**

Wallace on Sunset consists of 200 residential units and 4,700 square feet of new retail and multiple amenity spaces, including a two-level gym, a yoga & boxing studio, a pool, spa, outdoor lounge space, a community room, and a Sky Deck with views of the Hollywood sign. Essex worked closely with the City of Los Angeles and various community groups to understand the wants and needs for the site, including an agreement to restore the historically significant facade of the Earl Carroll Theatre.

Wallace on Sunset is another example of an Essex community that is well-connected, located a ¼ mile from the Metro Hollywood/Vine Station with a walk score of 96 out of 100. The project is served by over eight nearby bus routes and provides ample on-site bicycle parking. This convenience has earned Wallace on Sunset the LEED Outstanding Community Resources credit, by reducing automobile dependency and parking.

Additionally, the building is over 15% more energy-efficient compared to similar baseline buildings in California. The project includes highly efficient heating and cooling ventilation systems, efficient hot water boilers, Energy Star appliances, LED lights, and electric vehicle charging stations. Water-efficient building features include native and drought tolerant landscape plantings, a water-efficient irrigation system, and low-flow plumbing fixtures. Furthermore, during construction at least 65% of non-hazardous construction and demolition materials were recycled.



### Smart Living is the Future

At Essex, we continuously invest in the future of living comfortably. Our Digital Transformation Program includes various technology initiatives and the Smart Home Program. For example, RentCafe reduces the amount of printed material and manual efforts by enabling our residents to see their lease information online, pay rent, submit work order requests, receive package notifications, and see property calendars.

Our innovative Smart Home Program is implementing new technologies in our communities including electronic door locks, remote thermostats, water leak sensors, and smart plugs, enabling residents to create a smart home. This transformation strategy automates our apartments by utilizing the latest technologies that are scalable, future-proof, and high performing. The Smart Home Program was introduced at 11 communities in 2019, totaling 2,587 units. The goal for 2020 is to roll out the Smart Home Program to as many as 20,000 units.

### Commitment to the Community

Essex believes volunteering can create positive change in the communities where we live and work. Our volunteer program is aimed at supporting and encouraging eligible associates to become actively involved in their communities.

In 2019, we provided \$31.7 million in rent subsidies covering over 5,300 affordable apartments, 50% of these units will provide homes for our lower income residents. We will create a new program that provides rental discounts up to 15% at selected communities for public workers that contribute to local communities such as teachers, police officers, and firefighters. This gives them the opportunity to work and live in the same city and is Essex's way of saying "thank you for your service" and giving back to the communities. Throughout 2019, 165 communities donated to or raised money for charities and fundraisers like Toys for Tots, Salvation Army, Children's Hospital, and homes for women and children affected by domestic violence.



## COMMITTED TO COMMUNITY ENGAGEMENT

Associates and residents of Essex communities in the Pacific Northwest, Northern California, Los Angeles, San Diego, and Orange Country supported local food banks again in 2019.

Monetary donations from associates and residents were matched by Essex to support those in need. Over 80,000 meals were provided to feed hunger in our communities. Every Essex community competed with each other, striving to be the top contributor to an important cause. Skyline at MacArthur Place claimed the top spot by securing the highest contribution per unit during the drive.

As Amber Verrette, Regional Assistant says: "Our team takes pride in setting the standards for the Company, even within their own region. We had fun with this friendly competition and were determined to win. Everyone reached out to friends, family, vendors, residents, etc. to help with donations. We all understood the greater cause in all of this, and I highlighted to the team how many meals we raised and how many families it helped during the holidays. Orange County is ready for it again this year, anticipating the return."



SKYLINE TEAM



## PROVIDING A BETTER PLACE TO WORK

Thousands of residents rely on the E-team of over 1,800 associates to do the right thing every day. Essex provides a better place to work through training and career development programs, team building, and ensuring all associates are treated fairly. For all of us at Essex, it's about being proud of where we work and doing the right thing.

### EssexNext

At Essex, we engage, enable, and empower our associates to thrive. We aim to ensure these three key aspects are integrated into every process of the associate journey. In 2019, we restated our mission and vision statements and developed corresponding new values for Essex. During this process a Culture Committee was appointed, and different internal groups participated to set the agenda for the years to come. Senior management, community managers, focus groups, and key executives examined crucial drivers and motivators to continue creating a company where associates can thrive.

Main outcomes included stronger focus on innovation and technology, caring for our residents and fellow associates, and working for a responsible and sustainable organization. The new values support the vision, shape the culture at Essex and reflect what the Company believes to be the most essential criteria to meet our long-term success.

### Digital Transformation

In a rapidly changing era, consumers demand more technological and innovative tools, and associates need to be fully equipped to keep up demand and work more effectively. For example, SmartRent enables associates to control thermostats and locks in vacant units using their smart phones.

In 2019, we piloted SightPlan, a digital platform allowing residents and our associates to view and process work orders and provide real-time updates.

### Training and Development

We value the diversity within our teams and encourage people to share different experiences and ideas. The Steps to Success program is a unique learning program that supports associates with their career growth by providing the fundamental knowledge required for top performance in any given specialty. In 2019, 762 on-site associates actively participated in the program, benefiting from this online learning service which provides over 80 courses. We aim to increase participation in the Steps to Success career development program from 50% in 2019 to 75% in 2020.

Over 36,000 hours of training and development programs were provided to associates, totaling investment in human capital of \$305k in 2019. These programs include: leadership training, communication training, individual learning plans, Community Manager and Maintenance Manager training, The Berkeley Executive Leadership Program, and mentorship programs.

### An Engaged E-Team

At Essex, we strive to provide better places to work every day with meaningful jobs in a positive team environment. Engagement surveys help us measure our success in these areas. In our 2019 engagement survey, 83% of associates participated and scores increased compared to the previous year. Over 75% of associates are actively engaged, with a high sense of pride in working at Essex.



### Connecting to Communities

In 2019, several associates continued to take the extra step and supported local communities and charity initiatives with the Essex Volunteer Program. Launched in 2019, the program's policy permits eligible associates to take up to eight paid work hours per year to participate in volunteer work. Over \$47k in charitable contributions were donated to qualified charitable organizations, non-profits, and/or vulnerable groups. We are currently developing a program to exceed our 2022 targets by doubling charitable efforts from 2016 levels and implementing an in-kind charity donation match program for all our associates of up to \$500k per year.

# ESSEX NEXT

**Mission**

**CREATING QUALITY COMMUNITIES  
IN PREMIER LOCATIONS**

**Vision**

**WE PROVIDE GREAT COMMUNITIES IN WHICH  
TO LIVE, WORK, AND INVEST**

**Values**

1. Act With Integrity
2. Care About What Matters
3. Do Right With Urgency
4. Lead at Every Level
5. Seek Fairness

## EMPLOYEE JOURNEY AT ESSEX

**Engaging**

We provide several methods for our associates to communicate among their teams and across all departments. With our Speak Up initiative, we provide a great way for our associates to communicate to anyone within our organization when they want to share their thoughts, ideas, and concerns.

**Enabling**

The best ideas and initiatives are recognized during our annual Awards Ceremony. Associates who have shown a special winning mentality, remarkable innovation, or those who went the extra mile are awarded.

**Empowering**

Serving the large spectrum of resident needs in this industry is challenging and requires great teamwork, a coordinated effort, and the circulation of good ideas and processes. Our Excellence Program allow us to value and reward Essex associates for their outstanding performance.

## BEHAVIORAL VALUES

1. We are driven by purpose
2. We embrace honesty
3. We pursue excellence
4. We see it/own it/do it
5. We attract and develop the best
6. We do great together
7. We support work-life balance
8. We are respectful and dependable

## EXCELLENCE PROGRAM AWARDS FOR OUTSTANDING PERFORMANCE

**Operational Excellence**

For proposing new ideas to save the community money, discovering (in)efficiencies, or finding a way to save the day.

**Team Player Awards**

For helping or training fellow teammates, or assisting a sister community in times of need.

**Customer Service Excellence**

For receiving a high review online or through resident engagement studies.

**Community and Corporate Super Star**

For recognition of associates that have gone above and beyond.



**2,912**

TOTAL EXCELLENCE AWARDS ISSUED



**\$271,961**

TOTAL SPEND IN SPOT BONUSES



**\$146,873**

IN STRETCH BONUSES



**209**

ANNUAL AWARDS ISSUED



**\$419,500**

IN TENURE BONUSES

### We Go the Extra Mile

We extend our associates great opportunities and an attractive benefits package that includes competitive compensation and equal pay. Main offerings for 2019 include:

- Tenure Program – a cash gift beginning at 5 years of service and every 5 years thereafter.
- Internal transfers and promotions. Internal promotion rates in 2019 increased 12%, providing great opportunities for professional growth.
- All employees earn a minimum of \$15 per hour.
- Minimal health care cost increase for associates.
- Tuition Reimbursement Program (up to \$3,000).
- 103 referral bonuses, totaling \$87,000, were provided for new positions filled through associates' networks.
- Spot recognition program - 67 stretch and 402 spot bonuses provided to associates as a token of appreciation for their work.
- Essex performed an annual compensation study to align with market standards.
- Housing discount for associates that live at Essex communities - over 571 associates have taken this opportunity and choose to live in one of our communities totaling over \$4.6 million of annual subsidization.
- Work from home policy – giving some associates the flexibility to work remotely.
- Internship Program for college students.
- Commuter benefits – pre-tax benefit offered to all associates. Corporate office provides discounted commuter train passes.
- Life/AD&D insurance – 100% Company sponsored.
- Vitality and Wellness Credit programs.
- Retirement support:
  - Automatic enrollment at 3% (401k).
  - Company matches up to \$6,000 annually (401k).
  - Free financial advice.
- Voluntary benefits offered – legal, life insurance, identity theft, accident, disability.
- Associate discount programs – AT&T, Verizon, Whirlpool, etc.
- Legal services.
- Pet insurance.



STEPHANIE PELLETIER

## COMMUNITY MANAGER OF THE YEAR

My team is very open to giving and receiving feedback. This means my team is comfortable coming to me if I could have done something better so I have the opportunity to improve.

“My team feels like a family and there is a lot of laughter accompanying the hard work.”

**Stephanie Pelletier**  
Community Manager

# PROVIDING A BETTER PLACE TO WORK

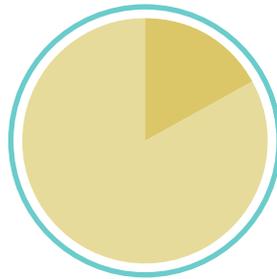
Our 1,800+ associates are key to our ongoing success and in 2019 we made a number of investments to create a diverse, skilled, and engaged workforce. We've created a culture where people want to work and grow. Essex has one of the most diverse workforces among its peers in the industry.



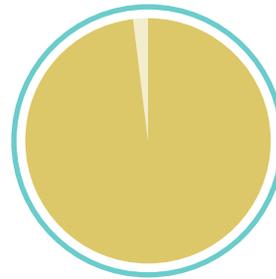
# People Performance Indicators 2019



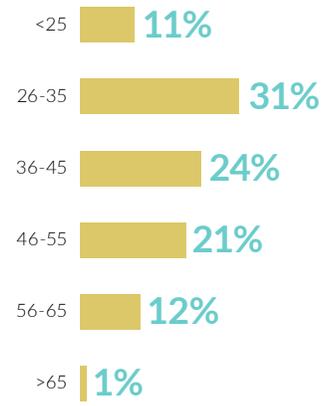
TOTAL WORKFORCE



ROLE



FORM OF EMPLOYMENT



AGE GROUP

## TRAINING & DEVELOPMENT



36,296

TOTAL TRAINING HOURS FOR ALL EMPLOYEES



20 hours

AVERAGE TRAINING HOURS PER EMPLOYEE



2,316\*

EMPLOYEES RECEIVED TRAINING

\*Includes turnover

All associates received preventing workplace harassment training and ethics training. EPA regulated training was provided to community team members.

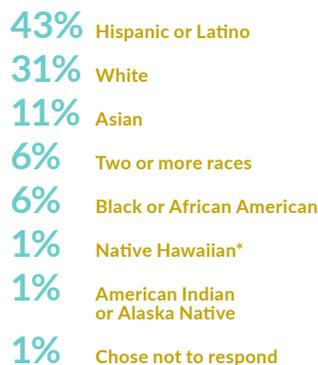
## EMPLOYEE TURNOVER



31%

TURNOVER RATE

## DIVERSE WORKFORCE



ETHNICITY

\*or other Pacific Islander



## Our Response to the Coronavirus

The COVID-19 pandemic has impacted the way we operate at Essex. The teams made quick decisions to ensure employees are protected while continuing to provide essential housing services. We have taken thoughtful measures to reduce direct contact and promote social distancing. All of our leasing offices and non-essential shared amenities are currently closed to the public. We reduced on-site staff to essential functions that interact with residents and prospects via online and telephone. For associates that have to respond to emergencies and provide essential housing services, we protect them with personal protective equipment and training for proper sanitizing practices. We made self-tours and digital tours available to prospects and 100% of our residents can submit work orders and payments digitally.

We have supported employees with additional paid leave to help provide flexibility to meet family and other personal needs that may have arisen as a result of the COVID-19 situation. All corporate staff has the ability to work from home and are provided the right tools to continue their daily operations. Keeping our associates healthy and safe has always been the top priority at Essex, and we hope our actions contribute toward minimizing the impact of this pandemic.

### Health and Well-being

The well-being of our associates is a priority to us and providing tools to create a healthy work-life balance leads to happy and healthy employees.

Vitality was introduced in 2018 and encourages associates to organize their lives in a healthier way. Vitality provides financial incentive to increase engagement and offers team-based wellness challenges, health questionnaires, goal setting, and healthy lifestyle education. In 2019, 68% of associates registered and 30% participated in the free yearly biometric screening – along with Weight Watchers vouchers, discounted gym memberships, and a Company-sponsored Employee Assistance Program with free individual and crisis counseling.

### Safe Workspaces

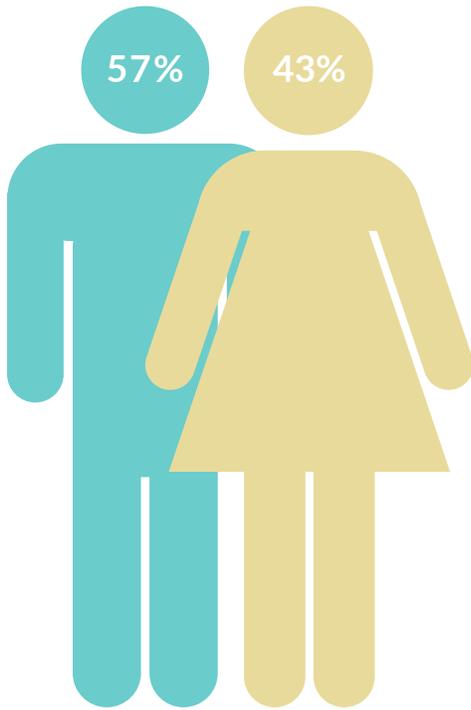
We have safety policies in place that coincide with an Injury & Illness Prevention Program (IIP Program) which reduces the number of accidents and ensures our associates' health



Essex is dedicated to providing associates a safe working environment. Essential components of our Safety Policy include:

- No associate should undertake a job until he/she has received instructions on how to do it properly and safely and is authorized to perform the job.
- No associate should undertake a job that appears to be unsafe.
- No associate should undertake any job or use any machine or vehicle while under the influence of any substance that impacts the associate's attention, alertness or ability to safely operate any equipment or to perform tasks.
- Every associate is required to promptly report to a manager any unsafe condition encountered during work.
- Every associate must take all of the breaks provided to him/her during the workday.
- An associate must promptly report to management any work-related injury or illness that the associate sustains, no matter how slight.
- Associates must promptly report any accident or injury sustained by a visitor to a manager.
- Associates in non-compliance with the safety policy may be subjected to discipline, up to and including termination, for violating the safety rules.

**EQUAL OPPORTUNITIES**

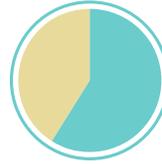


**TOTAL WORKFORCE BY GENDER**



45% male  
55% female

**CORPORATE ASSOCIATES**



59% male  
41% female

**ON-SITE ASSOCIATES**



34% male  
66% female

**MANAGERS AND HIGHER**

0%

**EQUAL PAY GAP BETWEEN MEN AND WOMEN**

43% male  
57% female

**NEW HIRES**

is given proper attention. Health and Safety training is provided to those employees performing key functions that have the largest exposure to health risks and who can assist on-site in case incidents occur. In 2019, almost 1,900 hours of safety training was provided to Community Managers, Maintenance Supervisors, and Maintenance Technicians. Safety topics included Industrial Safety and Health, Confined Space Awareness, Electrical Safety and Protection, Active Shooter Event, Fire Extinguishing, Safe Lifting the E-Way, and Heat Stress in the Workplace.

**Diversity and Inclusion**

Our Company promotes and encourages diversity and inclusion throughout the organization. In 2019, we formed a Diversity and Inclusion Committee to monitor the activities and to promote diversity, equal opportunity, and fair treatment for all Essex associates. The appointed Committee Chairperson reports to the CEO regarding the Committee's activities.

The Diversity and Inclusion committee is preparing a roadmap to be rolled out in the coming three years. In 2019, 43% of our associates, 33% of our Governance bodies, and 57% of our new recruits were female.

Essex supports a diverse and inclusive working environment and fair treatment of all individuals, regardless of race, color, national origin, ancestry, creed, religion, sex, familial/marital status, physical or medical condition, age, genetics, sexual orientation, gender identity/expression, political views, military status, domestic violence victimhood, source of income, handicap, disability, citizenship status, immigration status, primary language spoken, or any other protected classification under local, state, or federal law.

The Essex Handbook for Associates describes more policies and procedures to ensure the organization is compliant with labor laws and regulations at Local, State, and International levels in accordance with the Universal Declaration of Human Rights. Any forced or child labor is forbidden, and our anti-discrimination policy protects minority groups working at Essex. An anti-harassment policy and training on this subject is provided to associates and fair compensation for all associates is in place.



CITY CENTRE IN HAYWARD, CA

## PROVIDING A BETTER ENVIRONMENT

Essex works toward a better environment by taking sustainable actions. By reducing our use of natural resources and managing waste responsibly, we limit our environmental impact and lower operating costs. This will improve resident satisfaction and increase Shareholder value.

## Environmental

Environmental issues have been on the Essex agenda for many years. Our initiatives include paper reduction policies for communities and the corporate offices, enabling associates to telecommute and encouraging them to travel by public transportation. Our communities, the root element of our business, are our largest potential to increase our sustainability efforts and reduce our environmental impact.

## Resource Management

A specialized Resource Management department has been managing the resource consumption of our properties since 2008. Their focus is to ensure we invest strategically in proven technologies and solutions that increase the quality of living for our residents and reduce their utility costs. They have achieved remarkable results over the years, implementing different energy and water conservation programs, as well as improving waste management and recycling options. Over the last 10 years, 96% of our properties received sustainability investments totaling \$96 million.

Resource Management's focus includes solar, LED retrofit, EV charging stations, and equipment upgrades. Community waste management plans were reviewed and updated with third party services to better manage trash, recycling, and composting. They also completed 180 revenue generating projects delivering an estimated annual savings of \$1.5 million.

## Energy and Carbon Impact

During 2019, we continued to actively monitor electricity, water, and gas consumption. We have an active program in place to improve and/or update HVAC systems and lighting, and we're committed to finding opportunities to reduce our energy consumption. In 2019, we consumed 276,714 MWh of energy throughout our whole portfolio. Within our like-for-like communities, our total energy usage was 228,135 MWh, a 5% reduction from 2016 levels. We established a goal to achieve a 10% reduction in electric energy usage in like-for-like communities between 2016 and 2022 and, as of 2019, we have already reached an 8% decrease.

In 2019, we invested \$8.5 million in solar projects that contributed to the generation of 4,984 MWh of clean energy. Additional investments will be made in 2020 to increase our installed capacity, transforming our assets even further into sustainable communities. Solar photovoltaic (PV) systems help us generate on-site clean energy and cool roofs to minimize the usage of air conditioning. Our LED retrofits reduce energy consumption in our common areas, and we incorporate Energy Star appliances and upgrade lighting fixtures in our apartments.

## Water Consumption

Water conservation is important to Essex and we have prioritized this effort for over a decade. To date, 120 Essex communities have water-saving irrigation and landscaping, and 33% of our communities have water-efficient fixtures. In 2019, we invested \$660k on water efficient improvements including low-flow toilets, plumbing fixtures, and appliances.

Water is a precious commodity, especially at our California properties. We put strategies in place to reduce our water consumption throughout our portfolio. We accomplished this by installing native landscaping, 2-way smart irrigation systems, and other water-saving devices. In 2020, we will implement a resident outreach program to raise awareness on water usage and communicate water saving ideas and best practices.

## Waste Management

At Essex, we are committed to finding the best waste management solutions in every region that will encourage our associates and our residents to recycle, reduce, and separate on-site waste. In 2019, we worked with third party vendors to optimize the waste processes at 155 communities. This action goes on to help us achieve savings and increase recycling rates.

We provide our residents with accessible separation bins and, regular tips on waste separation. In 2019, we collected over 75 thousand tons of waste, of which 40% was redirected from landfill.

# PROVIDING A BETTER ENVIRONMENT

Essex creates a sustainable environment and minimizes our impact on the environment. Since 2008, we've invested over \$96 million in sustainable solutions, renovations, and technologies.

## ENERGY & CLIMATE CHANGE

- 92 COMMUNITIES WITH SOLAR ENERGY SYSTEMS
- 4.4 MW OF INSTALLED CAPACITY OF PV ENERGY SYSTEMS
- \$16 MILLION INVESTED IN THE PAST 4 YEARS IN SOLAR ENERGY SYSTEMS



## NATURAL RESOURCES

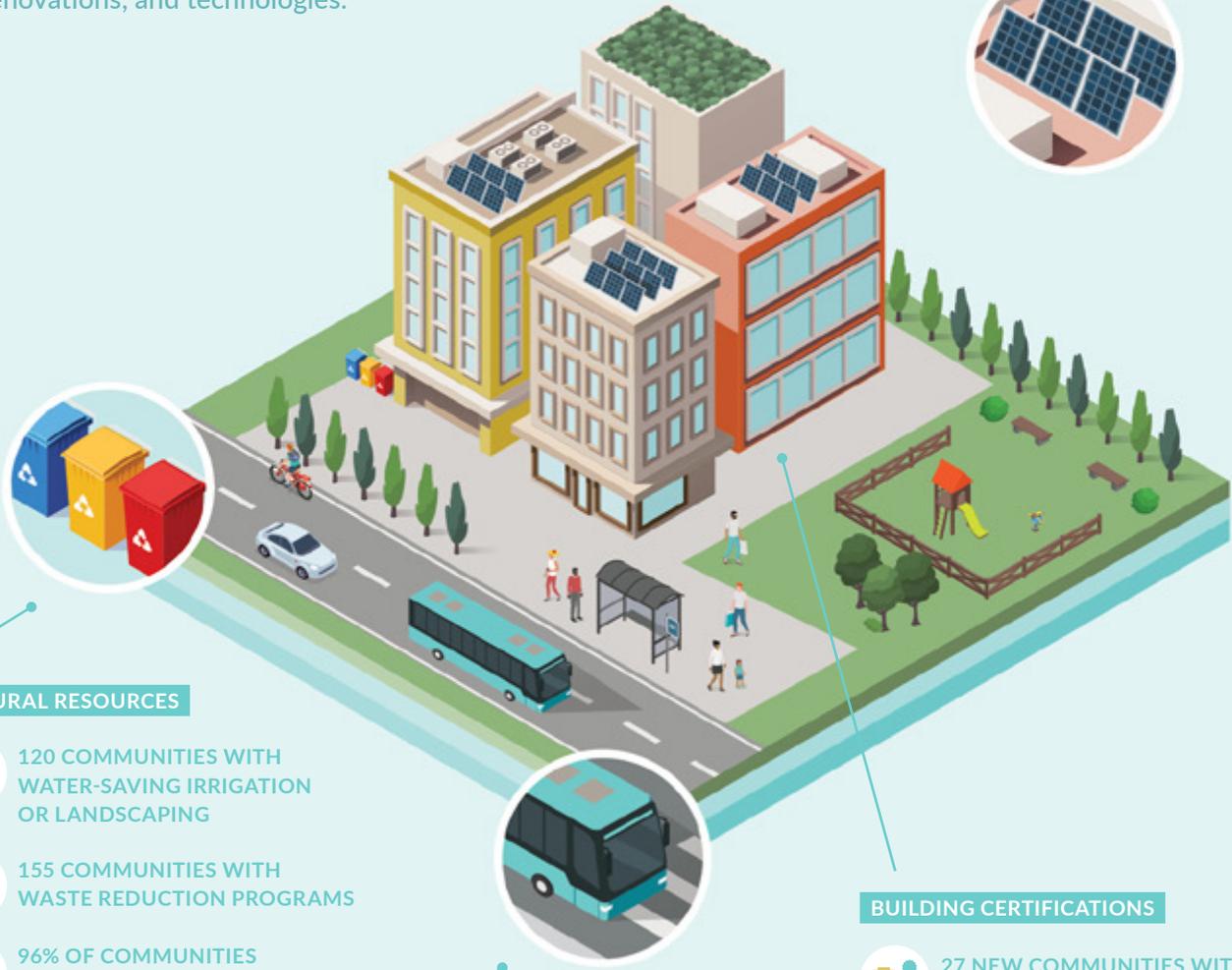
- 120 COMMUNITIES WITH WATER-SAVING IRRIGATION OR LANDSCAPING
- 155 COMMUNITIES WITH WASTE REDUCTION PROGRAMS
- 96% OF COMMUNITIES HAVE RECEIVED SUSTAINABILITY UPGRADES IN THE LAST 10 YEARS

## SUSTAINABLE TRANSPORT

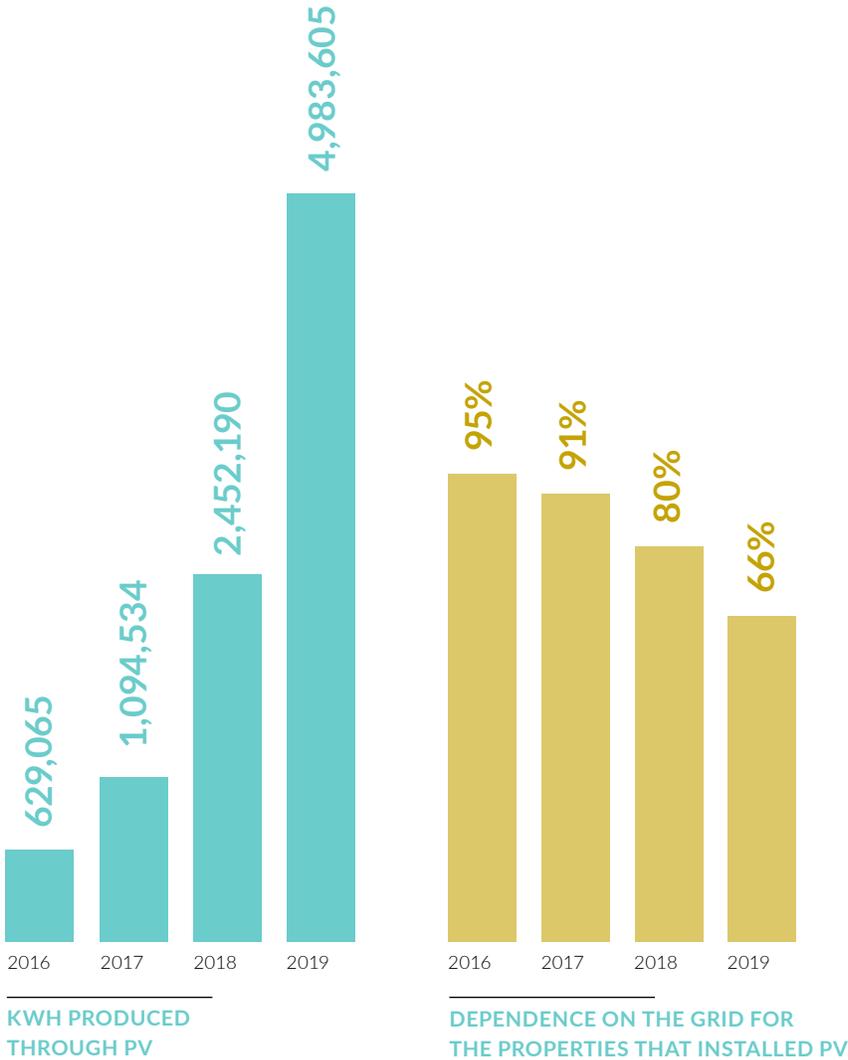
- 65 AVERAGE WALK SCORE
- 61 AVERAGE BIKE SCORE
- 63 COMMUNITIES WITH EV CHARGING STATIONS
- 97% OF ESSEX APARTMENTS ARE WITHIN HALF A MILE OF PUBLIC TRANSPORTATION

## BUILDING CERTIFICATIONS

- 27 NEW COMMUNITIES WITH GREEN BUILDING CERTIFICATIONS IN THE LAST 10 YEARS
- 49% OF COMMUNITIES PARTICIPATE WITH ENERGY STAR (76 AVERAGE SCORE)



RENEWABLE ENERGY GENERATION



SOLAR PROJECTS

The PV projects that Essex has implemented in the past 4 years have led to the **annual generation of nearly 5 million kWh of renewable energy** for our communities making them less dependent on the grid.



REDUCING CARBON IMPACT

By installing our new PV projects, we **reduced our carbon footprint**. The mitigation of greenhouse gas (GHG) emissions achieved by these projects is **equivalent to removing over 760 vehicles from circulation**.



SYSTEM SIZE OF PV INSTALLATIONS

Between 2016 and 2019, we have significantly **increased the installed capacity of PV energy systems** by tenfold, from **0.4 MW to 4.4 MW**.

Environmental Compliance

Following stricter EPA regulations in the state of California regarding performance metrics for U.S. buildings, our properties comply with Energy Star. Through the Energy Star Portfolio Manager®, an online tool to measure and track energy and water consumption and greenhouse gas emissions, Essex submitted 122 properties in 2019 energy consumption data. Portfolio Manager® benchmarks the performance of one building or a whole portfolio of buildings. The average Energy Star score for our properties in 2019 was 76, compared to 73 in 2018. These average scores are well above the average performance of comparable communities in the same region.

Creating Awareness

Although we may have limited control over our resident's usage, Essex replaces and upgrades equipment during renovation including Energy Star appliances, lighting fixtures, and water efficient plumbing fixtures. To promote awareness among residents, we will develop and launch green programs in 2020 that focus on energy and water conservation. We engage with our residents by signing paperless leases and educating them on the effects of acting responsibly on their energy consumption and utility bills.

# Environmental Impact 2019



276,714

## ENERGY USAGE\*

in Megawatt-hour (MWh)

Through the implementation of on-site efficiencies and the installation of PV solar systems in our communities, we improved our energy efficiency and reduced our greenhouse gas emissions.

On a like-for-like basis, our 2019 total energy usage was 228,135 MWh and our greenhouse gas emissions reached 44,420 metric tons CO<sub>2</sub>eq, a reduction of 5% and 8% from 2016 to 2019.



53,713

## GHG EMISSIONS\*

in metric tons of CO<sub>2</sub>eq



2,858,640

## WATER USAGE\*

in Kgallons

Many of our communities are in California where drought is an issue. At Essex, we are doing the right thing and aim to reduce our water consumption significantly at every community through various implementations.



60% Trash  
36% Recycling  
4% Compost

75,234

## WASTE MANAGEMENT\*\*

in tons

In 2019, we worked with third party vendors to optimize the waste processes in 155 communities.



CROW CANYON IN SAN RAMON, CA

\* The Energy Usage, GHG Emissions, and Water Usage indicators cover 100% of residential portfolio.

\*\* The Waste Management indicator covers 95% of residential portfolio.



**Sustainable Connections**

Reaching beyond our direct environmental impact, we reduce the impact of our residents even further by selecting well-located properties. Ninety-seven percent of our communities are within half a mile of public transportation and many are near urban areas, employment centers, and entertainment venues.

Our urban communities allow our residents to walk to nearby destinations within minutes, and many of our communities include bicycle storage facilities. Additionally, 63 communities have EV charging stations installed, providing a sustainable alternative for those that need to use their cars.

**DEVELOPMENT COMMUNITIES WITH SUSTAINABILITY CERTIFICATIONS**



Since the inception of green building certifications such as LEED, GreenPoint, and Built Green, Essex has created sustainable homes. We have over \$1 billion committed to projects currently under construction.

Through our new development and construction activities, Essex creates sustainable homes for the future and is driven to ensure these projects achieve a green building certification whenever possible. In the last five years, 85% of the properties we built have received, or are currently targeting, green building certification.



**NUMBER OF CERTIFIED PROPERTIES DEVELOPED BY 2020**



**27**

**DEVELOPED COMMUNITIES WITH GREEN BUILDING CERTIFICATIONS AS OF 2019**



EMERSON VALLEY VILLAGE IN VALLEY VILLAGE, CA

## DELIVERING BETTER RETURNS

At Essex, our Corporate Social Responsibility strategy is linked tightly to our business strategy and investment decisions. We established high standards for performance and ethical behavior, while continuing our relentless pursuit of organizational excellence and improvement. As a publicly traded company, it's our responsibility to prudently manage our shareholders' investment.

### Sustainable Returns

Essex has generated higher returns for their shareholders than any other public REIT since our IPO in 1994 through year-end 2019. We've grown our FFO per share and Dividend per share at compounded growth rates of 8.4% and 6.4% respectively. The Company announced its 26th consecutive dividend increase in February of 2020, leading to Essex being selected by Standard and Poor's for inclusion in its S&P 500 Dividend Aristocrats Index. Our long-tenured management team developed a capital allocation process that drives our financial results.

Essex seeks to invest in markets with the highest long-term rent growth and our development and acquisitions teams bring decades of transaction experience in identifying and pricing potential investments. This results in thoughtful investment decisions that bring stronger financial results, which in turn help us reinvest and create better communities. With over 250 properties in our portfolio, no two communities are alike. We improve our resident profile by investing in properties at a variety of rental price points. We focus on market selection, local supply levels, employment growth, infrastructure, and traffic patterns that influence where people want to live.

### Keeping Data Secure

Given our investments in innovative smart homes and data storage, we increased focus on cyber security policies and coordinated procedures to elevate associate awareness to the threats of cybercrime and protecting data. In 2019, 100% of our associates reviewed and acknowledged our cyber security policy. We work closely with a recognized third-party specialist to support our organization in keeping our data safe and secure.

### Corporate Governance

Essex has been recognized for our secure and robust Corporate Governance strategy which includes the following best-practice policies:

- Board consists mostly of independent directors
- Board oversight
  - Separate Chairman and CEO
  - Independent Lead Director
  - Annual election for all directors
  - Regular executive session of independent directors
  - Annual performance evaluations of directors and committees

- Proxy access
- Shareholders' right to amend bylaws
- Executive compensation
  - Compensation clawback policy
  - Executive compensation focused on alignment and pay-for-performance
- Succession planning
- Anti-pledging and anti-hedging policies
- Director and executive stock purchase guidelines
- No tax gross-ups in change of control policies/agreements

### The Executive Committee

This Committee's authority is delegated by the Board. The Executive Committee has the authority to execute certain contracts and agreements with unaffiliated parties. However, they cannot declare dividends or other distributions on stock, elect directors, issue stock other than in certain limited circumstances, recommend to the stockholders any action which requires stockholder approval, amend the Bylaws, or approve any merger or share exchange which does not require stockholder approval.

### Audit Committee

The Audit Committee recommends appointing an independent registered public accounting firm to audit the Company's financial statements for the fiscal year in which they are appointed. This committee also reviews audit reports and takes appropriate action when needed. They monitor the effectiveness of the audit effort, the Company's financial and accounting organization, and its system of internal controls over financial reporting. They also review allegations of wrongdoing that involve Company personnel. The Board of Directors determined that no Audit Committee members have any financial or personal ties to the Company (other than director compensation and equity ownership as described in the Company's proxy statement) and meet the New York Stock Exchange standard for independence.

### The Nominating and Corporate Governance Committee

This Committee assists the Board of Directors in recommending nominees for election to the Board and monitors the composition of the Board. The Board of Directors determined that all members of the Nominating and Corporate Governance Committee meet the independence requirements of the rules and regulations of the New York Stock Exchange.

# CREATING VALUE FOR OUR STAKEHOLDERS

At Essex, we deliver better returns for all of our stakeholders by investing in our communities, having strong governance, developing and acquiring sustainable communities, and procuring responsibly.

## STRONG GOVERNANCE

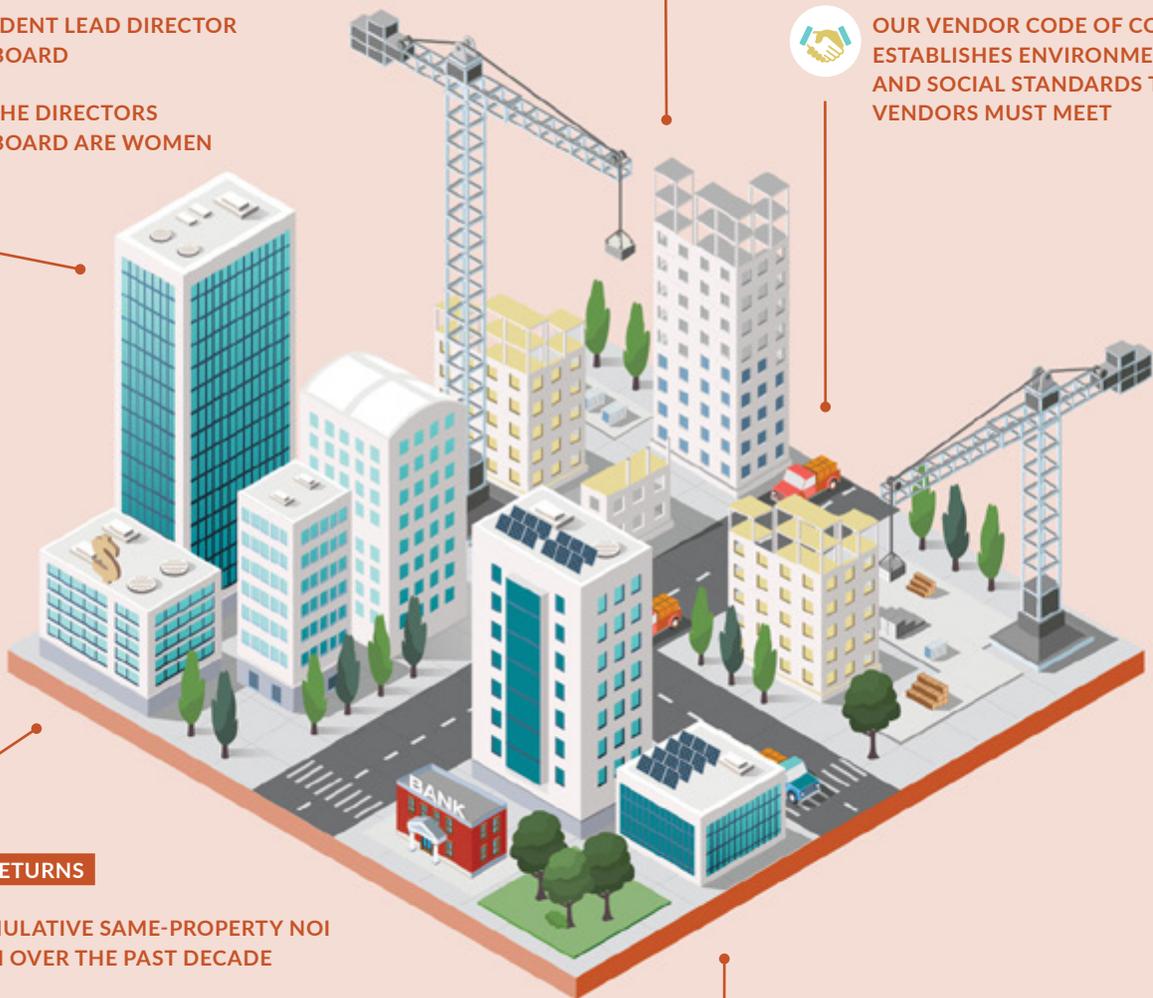
-  78% OF THE DIRECTORS ON THE BOARD ARE INDEPENDENT
-  INDEPENDENT LEAD DIRECTOR ON THE BOARD
-  33% OF THE DIRECTORS ON THE BOARD ARE WOMEN

## NEW DEVELOPMENTS

-  \$1.3 BILLION IN NEW SUSTAINABLE CONSTRUCTION PROJECTS\*
-  1,960 NEW ENERGY-EFFICIENT UNITS

## RESPONSIBLE PROCUREMENT

-  INVESTING IN LOCAL COMMUNITIES: OVER 80% OF SUPPLIERS ARE LOCAL
-  OUR VENDOR CODE OF CONDUCT ESTABLISHES ENVIRONMENTAL AND SOCIAL STANDARDS THAT ALL VENDORS MUST MEET



## SUSTAINABLE RETURNS

-  71% CUMULATIVE SAME-PROPERTY NOI GROWTH OVER THE PAST DECADE
-  \$507.8 MILLION IN DIVIDENDS WERE PAID IN 2019
-  26-YEAR INCREASE IN DIVIDENDS\*\*
-  THE ONLY APARTMENT REIT IN THE S&P 500 DIVIDEND ARISTOCRATS INDEX

## ACQUISITIONS AND REDEVELOPMENT

-  \$856.5 MILLION INVESTED IN SUSTAINABLE ACQUISITIONS IN 2019\*\*\*
-  \$157.9 MILLION INVESTED IN PORTFOLIO UPGRADES, MAKING THEM MORE ATTRACTIVE FOR RESIDENTS

\* Total estimated cost of development pipeline as of 12/31/19.  
 \*\* Announced in February 2020.  
 \*\*\* Includes joint-venture acquisitions represented at total contract price.

**Internal Audit**

Essex performs internal, independent reviews and audits on key activities on a continuous basis to improve and maintain the effectiveness of risk management, control, and corporate governance. Some audits also include Sarbanes-Oxley (SOX) compliance. Internal auditors oversee and execute complete audit tests, evaluate the Company’s internal controls by looking for both control gaps and opportunities to identify process efficiencies, and identify internal control issues to ensure they are well-defined, among others. The internal auditor also prepares internal audit reports for the Audit Committee, senior management, and key process owners. Additionally, these auditors make recommendations for internal control and process enhancements and obtain management’s feedback to be included in the final audit reports.

**Ethical Company**

At Essex, we believe it is critical to adhere to integrity and ethical values in our corporate culture. In 2019, every associate received business ethics training to increase awareness on acting ethically and to communicate Essex’s Code of Business Conduct. We monitor compliance for all associates, officers, and directors. We put various systems and procedures in place to enforce the code. To maintain confidentiality, we also established an anonymous hotline, AlertLine.

We have the right systems and procedures to minimize unethical behavior and our Political Contributions Policy makes it clear that any direct or indirect contribution towards political campaigns needs to be approved by the Compliance Manager.

Other policies described in our Associate Handbook are:

- Essex maintains high standards for financial reporting to its stakeholders. The Anti-Fraud Policy directs associates to report any suspected improper accounting, false or misleading public statements, securities fraud, or any other similar misconduct.
- Our Anti-Bribery Policy includes clear guidelines for associates regarding gifts and favors. No associate will accept any type of payment or gift, including kickbacks or bribes, which are intended to influence favorable decisions and/or governmental actions.
- Our Conflict of Interest Policy states that associates and directors are expected to avoid situations that create a potential conflict. A conflict of interest exists when associates’ loyalties or actions are divided between Essex’s interests and those of third parties including competitors, suppliers, or customers.

**UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**

Our CSR strategy is aligned with international goals set by the United Nations to provide a sustainable future for all. We have integrated these UNSD goals where we can have a positive impact towards creating a better future.

	 <p>5 GENDER EQUALITY</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	 <p>13 CLIMATE ACTION</p>
<b>TARGETS</b>	Achieve gender equality and empower all women and girls.	Ensure access to affordable, reliable, sustainable, and modern energy.	Make cities and human settlements inclusive, safe, resilient, and sustainable.	Take urgent action to combat climate change and its impacts.
<b>RELEVANCE</b>	Essex is an equal opportunity employer that stimulates a diverse workforce, providing leadership positions to female associates.	Essex contributes to a cleaner energy mix by providing direct renewable energy to its communities and increasing the energy efficiency of its operations.	Essex supports creating sustainable cities and communities by stimulating the use of more sustainable modes of transportation and integrating properties near major job nodes.	Essex contributes to reducing its direct carbon footprint and promote a more sustainable way of living for its residents, minimizing indirect carbon impact.
<b>ACTIONS IN 2019</b>	Essex developed a Diversity Charter and set up a Diversity Committee in 2019 to promote equal opportunities for all associates. See page 27 for more information.	During 2019, Essex increased its capacity (system size) to generate renewable energy on-site by 40%. Read more on page 31.	Essex has connected 63 communities with EV charging stations, and 97% of our communities are near public transportation.	Essex reduced its electric energy usage in like-for-like communities by 8% between 2016 and 2019, and doubled its PV energy generation in the last year.

# Sustainable Returns

The Company's CSR initiatives and focus on sustainability have helped drive superior financial returns over the long run.

## TOTAL SHAREHOLDER RETURN SINCE IPO



8.4%

**FFO PER SHARE CAGR  
FROM IPO IN 1994  
THROUGH 2019**



6.4%

**DIVIDEND GROWTH CAGR  
FROM IPO IN 1994  
THROUGH 2019**



26th

**CONSECUTIVE INCREASE  
IN THE ESSEX DIVIDEND  
ANNOUNCED IN  
FEBRUARY 2020**



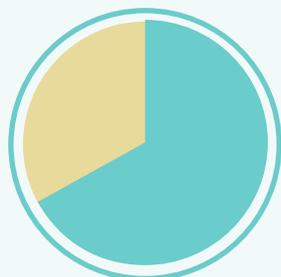
**A S&P 500 DIVIDEND  
ARISTOCRAT  
ONLY APARTMENT  
REIT IN INDEX**

### Responsible Procurement

We collaborate with different parties to keep our properties safe, clean, and well-maintained, and investing in responsible ways of working is important to us. We choose to work with responsible vendors and all our current vendors have acknowledged and signed our latest Vendor Code of Conduct. In 2019, over 80% of our third-party vendors were local which supported our communities and reduced the amount of travel time and carbon impact.

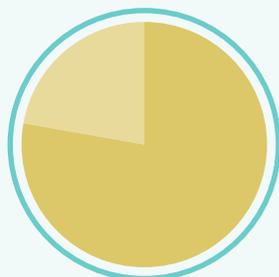
All vendors must meet and comply with the environmental and social standards in our Vendor Code of Conduct that can be found on our website. Vendors must self-monitor their compliance with the code, and Essex may immediately remove any vendor who acts contrary to the code. Vendors are encouraged to report possible violations by Essex employees and service providers, and can do so anonymously through AlertLine or by contacting our Internal Audit Department.

# Corporate Governance



67% male  
33% female

## BOARD DIVERSITY



78% 7 out of 9

## INDEPENDENT DIRECTORS

Named a 2020 Women to the Board's "W" Winning Company in honor of the Company's commitment to board diversity.

## DIVERSITY RECOGNITION

11.7 years average tenure

68 years average age

## BOARD EXPERIENCE

### BALANCE BETWEEN LONG-TERM AND NEW DIRECTORS

- In 2017, the Nominating Committee initiated a plan focused on Board refreshment and bringing more diversity (gender, experience, and expertise) to the Board.
- The Nominating Committee reduced long-tenured board members and increased its gender diversity, experience, and expertise by adding two female Board members, one of which has extensive technology experience.

### DIRECTOR STOCK OWNERSHIP REQUIREMENTS

Essex Stock Ownership Guidelines: The Company adopted new guidelines and set a goal for each independent director to own a number of shares of the Company's stock equal in value to five (5) times that director's annual cash retainer.

### BOARD EVALUATION/ACCOUNTABILITY

Performance evaluations of the Board and Board Committees are conducted annually.

### ALERTLINE

Our third-party hotline, AlertLine, provides an anonymous method to communicate issues to the Company. Significant and actionable calls are reported directly to our Board of Directors. Furthermore, because Essex employs a strict Anti-Retaliation Policy, associates have the space to come forward with a report or complaint in good faith.

### CODE OF BUSINESS CONDUCT

We remain committed to our Code of Business Conduct and we expect all our associates, officers, and directors to support this commitment by acting honestly, fairly, and with full personal integrity in every aspect of their job. All of us at Essex strive to always do the right thing and create better communities, and our Code of Business Conduct and Ethics helps keep us on course.

Our policy requires all associates, officers, and directors to comply with our [Code of Business Conduct and Ethics](#).



## SUPPLEMENTAL INFORMATION / ENVIRONMENTAL\*

INDICATOR	UNIT	2016	2017	2018	2019
Absolute Energy Usage - Electric	MWh	86,940	87,322	86,592	85,748
Absolute Energy Usage - Natural Gas	MWh	182,436	190,048	194,947	190,966
Total Energy Usage	MWh	269,375	277,370	281,540	276,714
Like-for-Like Energy Usage - Electric	MWh	73,300	70,904	68,551	67,209
Like-for-like Energy Usage - Natural Gas	MWh	166,724	164,119	165,651	160,926
Total Like-for-Like Energy Usage	MWh	240,023	235,023	234,202	228,135
Percentage of Electric Energy Usage Derived from On-site Renewable Sources	% of Total Energy Usage	0.72%	1.25%	2.83%	5.81%
Total renewable energy generation	MWh	629	1,095	2,452	4,984
Installed Capacity of Solar Power	KW (system size)	434	3,206	3,178	4,438
Direct GHG Emissions (Scope 1)**	Metric Tons of CO <sub>2</sub> eq	33,064	34,443	35,331	34,610
Indirect GHG Emissions (Scope 2)**	Metric Tons of CO <sub>2</sub> eq	21,547	21,512	20,955	19,103
Total investment in low carbon opportunities	USD				\$19,142,367
Absolute Whole Building Water Usage	Kgal	2,792,425	2,918,318	2,991,666	2,858,640
Like-for-like Whole Building Water Usage	Kgal	2,496,694	2,536,866	2,527,245	2,468,474
Like-for-Like Water/Occupant Ratio	Gallons	27,084	27,220	26,801	26,394
Total waste generated in like-for-like community operations	Metric tons			75,303	73,973
% of community waste recycled in like-for-like community operations	% of community waste			36%	36%
% of community waste composted in like-for-like community operations	% of community waste			4%	3%

## SUPPLEMENTAL INFORMATION / SOCIAL

TOTAL WORKFORCE BY CONTRACT TYPE	2017		2018		2019	
Permanent	1806		1822		1846	
Temporary	2		5		3	
Total	1808		1827		1849	

TOTAL WORKFORCE BY EMPLOYMENT TYPE (FULL-TIME AND PART-TIME)	2017		2018		2019	
Full-time	1777		1794		1815	
Part-time	31		33		34	
Total	1808		1827		1849	

TOTAL WORKFORCE BY GENDER	2017		2018		2019	
	#	%	#	%	#	%
Male	1022	56%	1035	57%	1047	57%
Female	787	44%	792	43%	802	43%

NEW HIRES BY GENDER	2017		2018		2019	
	#	%	#	%	#	%
Male	260	54%	230	53%	248	43%
Female	220	46%	207	47%	332	57%

\* The environmental indicators include managed areas for which Essex has direct control. The absolute indicators (energy, GHG emissions and water) include all communities that are owned and in operation in that reporting year. Like-for-like data includes communities that are managed and operational in all four reporting periods. This means the like-for-like data provides the best indication of the efficiencies achieved during 2016-2019.

\*\* The greenhouse gas emissions inventory has been developed using the GHG Protocol Corporate Accounting and Reporting Standard of the World Resources Institute and the World Business Council for Sustainable Development, including the use of regional emission factors provided by the Environmental Protection Agency.

## SUPPLEMENTAL INFORMATION / SOCIAL

TOTAL WORKFORCE BY AGE GROUP	2017		2018		2019	
	#	%	#	%	#	%
<= 25	198	11%	165	9%	202	11%
26-35	568	31%	582	32%	573	31%
36-45	438	24%	449	25%	437	24%
46-55	380	21%	385	21%	387	21%
56-65	205	11%	218	12%	224	12%
> 65	20	1%	28	2%	26	1%

NEW HIRES BY AGE GROUP	2017		2018		2019	
	#	%	#	%	#	%
<= 25	108	23%	86	20%	133	23%
26-35	198	41%	179	41%	226	39%
36-45	82	17%	87	20%	107	18%
46-55	55	11%	51	12%	70	12%
56-65	36	8%	33	8%	36	6%
> 65	1	0.2%	1	0.2%	8	1%

GENDER REPRESENTATION BY POSITION	2019			
	Male #	Male %	Female #	Female %
Corporate - Top Executives, VPs, Assistant VPs, Directors, & Managers	74	53%	66	47%
Corporate - Below manager position	72	40%	109	60%
Field - Regional Directors/Managers, Community Managers and Assistant Managers	116	27%	308	73%
Field - Leasing Specialists, Leasing Managers, Relationship Reps, Bookkeepers	125	35%	229	65%
Field - Maintenance Supervisors and Techs	545	98%	10	2%
Field - Porter, Landscaper, Painter, Security Guard, Amenities Attendant	115	59%	80	41%

TRAINING AND CHARITABLE CONTRIBUTIONS	UNIT	2017	2018	2019
Total training hours	# of man-hours	64,732	46,272	36,296
Total investment in training & development	USD	\$236,396	\$307,092	\$305,105
Total Charitable Contributions	\$	\$53,331	\$24,910	\$47,816

## GRI CONTENT INDEX

GRI	DESCRIPTION	PAGE NUMBER(S), URL(S), AND/OR RESPONSE
<b>GRI 102: GENERAL DISCLOSURE</b>		
<b>102: ORGANIZATIONAL PROFILE</b>		
102-1	Name of the organization	About this Report - p. 2
102-2	Activities, brands, products, and services	About Essex - p. 4-5
102-3	Location of headquarters	Back cover
102-4	Location of operations	About Essex - p. 5
102-5	Ownership and legal form	About this Report - p. 2
102-6	Markets served	About Essex - p. 4-5
102-7	Scale of the organization	About Essex - p. 5 <a href="#">2019 10-K</a> - p. 72-73
102-8	Information on employees and other workers	People Performance Indicators - p. 25 Supplemental Information / Social - p. 41-42
102-9	Supply chain	Responsible Procurement - p. 38
102-10	Significant changes to the organization and its supply chain	<a href="#">2019 Annual Report</a> - p. 4, 14, 15
102-11	Precautionary Principle or approach	Mylo - p. 17 Wallace on Sunset - p. 18
102-12	External initiatives	Development Communities with Sustainability Certifications - p. 33
102-13	Membership of associations	<i>California Apartment Association (CAA), Housing Industry Foundation (HIF), National Association of Home Builders (NAHB), National Association of REITs (Nareit), National Multifamily Housing Council (NMHC), San Francisco Apartment Association (SFAA), Urban Land Institute (ULI).</i>
<b>102: STRATEGY</b>		
102-14	Statement from senior decision-maker	President's Letter - p. 6-7
102-15	Key impacts, risks, and opportunities	CSR Goals - p. 11 CSR Governance - p. 10 CSR Strategy - p. 9 Stakeholder Engagement - p. 12 Materiality Assessment - p. 13
<b>102: ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	EssexNext - p. 21-22 Ethical Company - p. 37 <a href="#">Essex Code of Business Conduct and Ethics</a>
102-17	Mechanisms for advice and concerns about ethics	AlertLine - p. 39
<b>102: GOVERNANCE</b>		
102-18	Governance structure	CSR Governance - p. 10 Corporate Governance - p. 35-37, 39
102-20	Executive-level responsibility for economic, environmental, and social topics	CSR Governance - p. 10
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement - p. 12 Materiality Assessment - p. 13
102-22	Composition of the highest governance body and its committees	Corporate Governance - p. 35-37, 39
102-26	Role of highest governance body in setting purpose, values, and strategy	CSR Governance - p. 10
102-29	Identifying and managing economic, environmental, and social impacts	Stakeholder Engagement - p. 12 Materiality Assessment - p. 13
102-32	Highest governance body's role in sustainability reporting	CSR Governance - p. 10 Stakeholder Engagement - p. 12 Materiality Assessment - p. 13

GRI	DESCRIPTION	PAGE NUMBER(S), URL(S), AND/OR RESPONSE
<b>102: STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	Stakeholder Engagement - p. 12
102-41	Collective bargaining agreements	<i>No employees covered by collective bargaining agreements.</i>
102-42	Identifying and selecting stakeholders	Stakeholder Engagement - p. 12 Materiality Assessment - p. 13
102-43	Approach to stakeholder engagement	Stakeholder Engagement - p. 12 Materiality Assessment - p. 13
102-44	Key topics and concerns raised	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13
<b>102: REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	<a href="#">2019 10-K</a>
102-46	Defining report content and topic Boundaries	About this Report - p. 2 Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13
102-47	List of material topics	Materiality Matrix - p. 13
102-48	Restatements of information	<i>Absolute natural gas usage and Scope 1 GHG emissions for the 2018 reporting period have been restated due to adjustments in data provided by a third-party billing service provider.</i>
102-49	Changes in reporting	<i>No significant changes in material topics and topic boundaries.</i>
102-50	Reporting period	<i>All information in this CSR Report covers the 2019 calendar year unless otherwise stated.</i>
102-51	Date of most recent report	About this Report - p. 2
102-52	Reporting cycle	About this Report - p. 2
102-53	Contact point for questions regarding the report	About this Report - p. 2
102-54	Claims of reporting in accordance with the GRI Standards	About this Report - p. 2
102-55	GRI content index	GRI Content Index - p. 43-46
102-56	External assurance	<i>This CSR Report has not been externally assured.</i>
<b>GRI 200: ECONOMIC ASPECTS</b>		
<b>201: ECONOMIC PERFORMANCE</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Health and Well-being - p. 26 Environmental Stewardship - p. 29
103-2	Management Approach: The management approach and its components	ECSR Goals - p. 11
103-3	Management Approach: Evaluation of the management approach	Environmental Impact 2019 - p. 32 Supplemental Information / Environmental - p. 41 Environmental Compliance - p. 31
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">2019 10-K</a> - p. 15-16
201-3	Defined benefit plan obligations and other retirement plans	Health and Well-being - p. 23, 26
<b>GRI 300: ENVIRONMENTAL ASPECTS</b>		
<b>302: ENERGY</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Environmental Stewardship - p. 29
103-2	Management Approach: The management approach and its components	CSR Goals - p. 11 Energy and Carbon Impact - p. 29 Renewable Energy Generation - p. 31
103-3	Management Approach: Evaluation of the management approach	Environmental Impact 2019 - p. 32 Environmental Compliance - p. 31
302-1	Energy consumption within the organization	Environmental Impact 2019 - p. 32 Supplemental Information / Environmental - p. 41
302-3	Energy intensity	Supplemental Information / Environmental - p. 41
302-4	Reduction of energy consumption	Environmental Impact 2019 - p. 32 Renewable Energy Generation - p. 31 Supplemental Information / Environmental - p. 41

GRI	DESCRIPTION	PAGE NUMBER(S), URL(S), AND/OR RESPONSE
<b>303: WATER</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Environmental Stewardship - p. 29
103-2	Management Approach: The management approach and its components	CSR Goals - p. 11 Environmental Stewardship - p. 29 Water Consumption - p. 29
103-3	Management Approach: Evaluation of the management approach	Environmental Stewardship - p. 29 Environmental Impact 2019 - p. 32
303-5	Water consumption	Environmental Impact 2019 - p. 32 Supplemental Information / Environmental - p. 41
<b>305: EMISSIONS</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Environmental Stewardship - p. 29
103-2	Management Approach: The management approach and its components	CSR Goals - p. 11 Environmental Stewardship - p. 29 Renewable Energy Generation - p. 31
103-3	Management Approach: Evaluation of the management approach	CSR Goals - p. 11 Renewable Energy Generation & Environmental Compliance - p. 31
305-1	Direct (Scope 1) GHG emissions	Environmental Impact 2019 - p. 32 Supplemental Information / Environmental - p. 41
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Impact 2019 - p. 32 Supplemental Information / Environmental - p. 41
305-4	GHG emissions intensity	Supplemental Information / Environmental - p. 41
305-5	Reduction of GHG emissions	Renewable Energy Generation - p. 31
<b>306: EFFLUENT AND WASTE</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Environmental Stewardship - p. 29
103-2	Management Approach: The management approach and its components	Environmental Stewardship - p. 29
103-3	Management Approach: Evaluation of the management approach	Environmental Stewardship - p. 29 Environmental Impact 2019 - p. 32
306-2	Waste by type and disposal method	Environmental Impact 2019 - p. 32 Supplemental Information / Environmental - p. 41
<b>GRI 400: SOCIAL ASPECTS</b>		
<b>401: EMPLOYMENT</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 An Engaged E-Team - p. 21
103-2	Management Approach: The management approach and its components	CSR Goals - p. 11 An Engaged E-Team - p. 21 Employee Journey at Essex - p. 23
103-3	Management Approach: Evaluation of the management approach	People Performance Indicators - p. 25 An Engaged E-Team - p. 21
401-1	New employee hires and employee turnover	People Performance Indicators - p. 25 Supplemental Information / Social - p. 42
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We Go the Extra Mile - p. 23
401-3	Parental leave	We Go the Extra Mile - p. 23

GRI	DESCRIPTION	PAGE NUMBER(S), URL(S), AND/OR RESPONSE
<b>404: TRAINING AND EDUCATION</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Training and Development - p. 21
103-2	Management Approach: The management approach and its components	CSR Goals - p. 11 Training and Development - p. 21
103-3	Management Approach: Evaluation of the management approach	People Performance Indicators - p. 25 An Engaged E-Team - p. 21
404-1	Average hours of training per year per employee (focused personal and professional development hours)	People Performance Indicators - p. 25 Supplemental Information / Social - p. 42
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development - p. 21 Employee Journey at Essex - p. 22 Supplemental Information / Social - p. 42
<b>405: DIVERSITY AND EQUAL OPPORTUNITY</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Diversity and Inclusion - p. 27
103-2	Management Approach: The management approach and its components	Diversity and Inclusion - p. 27
103-3	Management Approach: Evaluation of the management approach	An Engaged E-Team - p. 21 Alertline - p. 39
405-1	Diversity of governance bodies and employees	Equal Opportunities & Diversity and Inclusion - p. 27 Corporate Governance - p. 39 Supplemental Information / Social - p. 42
405-2	Ratio of basic salary and remuneration of women to men	Equal Opportunities - p. 27
<b>413: LOCAL COMMUNITIES</b>		
103-1	Management Approach: Explanation of the material topic and its Boundary	Stakeholder Engagement - p. 12 Materiality Matrix & Materiality Assessment - p. 13 Commitment to Community - p. 19
103-2	Management Approach: The management approach and its components	Commitment to Community - p. 19
103-3	Management Approach: Evaluation of the management approach	Great Places to Live - p. 15 Commitment to Community - p. 19
413-1	Operations with local community engagement, impact assessments, and development programs	Commitment to Community - p. 19

The Company has not sought any external assurance for this report and the data summarized in this report was sourced from responsible business units within the Company. Certain information set forth in this report contains forward-looking statements and although such statements are based on what the Company reasonably believes to be achievable, there can be no guarantee as actual results and future events could differ. This material has been distributed for informational purposes only.



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