

# GOVERNANCE

Our business is built on integrity.





## TEAM MEMBER SPOTLIGHT

Lonnie Ledbetter is the executive responsible for leading ACC's Human Resources, Organizational Development, Culture, Training, and Residence Life programs, and all diversity and inclusion (D&I) and ESG initiatives.

She began her student housing career as a resident assistant. In her many evolving roles at ACC, Lonnie has developed countless people initiatives and managed the strategy and execution of key processes and initiatives across departments. She was also instrumental in developing our InsideTrack Program, a career development program for property team members that helps ACC continue to build student housing expertise, rather than hiring from other real estate sectors. In 2021, Lonnie was promoted to executive vice president and chief purpose and inclusion officer to provide additional oversight related to the company's ESG and D&I initiatives. This was a key step in furthering our important work in both sustainability and inclusion.

“From ACC's inception we have understood that the quality and training of our people was how we will achieve long-term success. That recognition has informed how we approach engagement, development and oversight of this exceptional team of student housing experts rich in diversity of thought, background and experience.”

— **Lonnie Ledbetter**

Executive Vice President

Chief Inclusion & Purpose Officer



# ESG GOVERNANCE

## Our Approach

Our guidelines on governance address significant corporate governance issues such as the board’s role, selection and composition; committees; operation and structure; orientation and evaluation; planning and oversight functions; and stock ownership guidelines.

ACC relies on our multi-functional ESG Committee and our D&I Task Force to keep us aiming higher and to execute on our vision and strategy. These entities pull together teams from across the company to execute key initiatives. They also report our ESG activities and results quarterly to our executive management team and board of directors.

## Board of Directors

In 2021, we continued strong governance practices including board refreshment, the formation of a new independent board Capital Allocation Committee, and investor disclosure and transparency. Our board remains 90 percent independent, and the board chair is independent and separate from our CEO.





























Independent directors make up 100 percent of our board’s primary committees:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee

We were the first U.S.-listed real estate investment trust (REIT) to include a performance component tied to all three pillars of environmental, social and governance in our senior unsecured revolving credit facility.

 **CB:** Chair of the Board  
 **CC:** Committee Chair

 **IM:** Independent Member  
 **Financial Expert**

Directors	Audit Committee	Capital Allocation Committee	Compensation Committee	Executive Committee	Nominating and Corporate Governance Committee	Strategic Planning and Risk Committee
William C. Bayless, Jr. 				 CC		
Herman E. Bulls 						 IM
G. Steven Dawson 	 CC/IM		 IM			
Cydney C. Donnell 		 CB/IM		 CB/IM		
Mary C. Egan 			 IM			 CC/IM
Alison M. Hill 		 IM	 CC/IM			
Craig A. Leupold 		 CC/IM		 IM	 IM	
Oliver Luck					 CC/IM	 IM
C. Patrick Oles	 IM			 IM	 IM	
John T. Rippel 	 IM	 IM				

# Board Diversity

Diversity is a priority in our board nomination process. A diverse board provides a more robust, multidimensional perspective as well as better oversight in driving sustainable financial performance in today's rapidly evolving business environment.

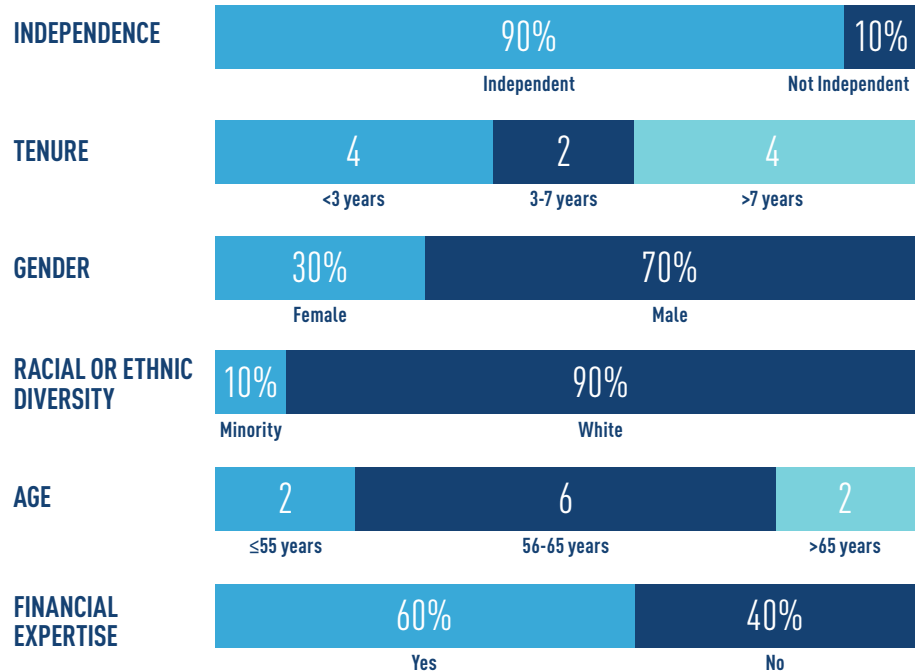
We are proud that 40 percent of our independent board seats, including our board chair, Cydney Donnell, are held by women or people of color. Our Nominating and Corporate Governance Committee not only considers gender, age, race and ethnic diversity but also diversity of thought, background and experience.

In 2021, we formed our Capital Allocation Committee comprised of four independent directors with extensive real estate and capital allocation experience. This committee of experts has increased the breadth of capital allocation expertise.

The "Governance of the Company" section describes the governance framework, which includes the following highlights:

- Separate Chief Executive Officer and Independent Chair of the Board
- Annual election of directors by majority vote, with a plurality carveout in the case of contested elections
- Prohibition on a classified board structure
- 9 of our 10 current Board members are independent and independent directors comprise 100% of the Audit, Compensation, Nominating and Corporate Governance, Capital Allocation and Strategic Planning and Risk Committees
- Regular director performance assessment and annual board and committee evaluations
- Board oversight of environmental, social and governance practices, including human capital management matters
- Risk oversight by full Board and committees and independent Audit Committee and Strategic Planning and Risk Committee
- Ongoing succession planning for directors, the Chief Executive Officer and other executive officers
- Regular executive sessions of independent directors
- Robust board refreshment and director selection process, which resulted in three new independent directors joining the Board during 2021

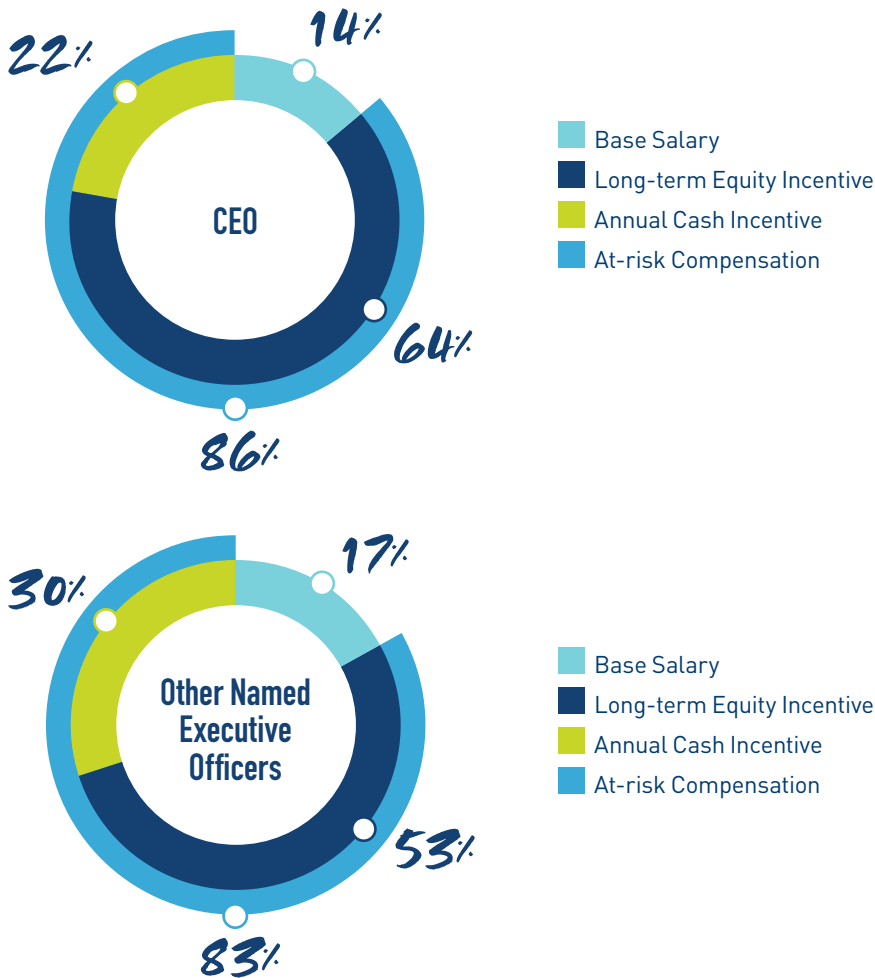
- Gender diversified board with 30% of director nominees being women, including of our independent Chair
- Limits on board service
- Director and senior officer stock ownership guidelines, which include a prohibition on the sale by senior officers of vested restricted stock awards until the applicable ownership guideline has been met, and a requirement that the Chief Executive Officer own common stock having a market value of at least six times his annual base salary
- Prohibition on repricing options and stock appreciation rights, and prohibition on cash buyouts of underwater options and stock appreciation rights
- Anti-hedging and anti-pledging policies
- Clawbacks to recoup compensation
- No directors or executive officers a party to any material related party transactions
- Bylaw provision which permits shareholders to amend Bylaws



# Executive Compensation

ACC's executive compensation programs are designed to attract, retain and motivate talented executives. They reward executives for meeting individual goals, and also link a substantial portion of compensation to the achievement of company goals that drive sustainable shareholder value.

## 2021 Direct Compensation Target



# Ethics & Compliance

Our ethical culture is rooted in our company value to “do the right thing.” We keep this culture strong by providing clear codes and policies for ethical conduct, backed by a company-wide infrastructure that supports compliance. This includes training and resources to help team members understand policies, make good decisions and recognize violations.

All ACC team members must follow our Code of Business Conduct and Ethics, which covers topics such as conflicts of interest, fair dealing and disclosure of proprietary information. All team members must review and affirm the Code each year. We also have a Code of Ethical Conduct for Senior Financial Officers.

Our Internal Audit team performs key functions to support ACC's ethical environment, culture and commitment to integrity. These include conducting an annual, entity-level control assessment based on the Committee of Sponsoring Organizations (COSO) internal control framework, including surveying executives through a COSO-aligned survey, and an annual fraud survey of all Sarbanes-Oxley framework process owners and participants to enhance our risk assessment.

Team members may report workplace concerns through EthicsPoint, an anonymous hotline administered by a third-party service. Any reports made through EthicsPoint are routed directly to our independent Audit Committee chair on the board of directors. Our Internal Audit team, which reports directly to the Audit Committee, administers EthicsPoint and is also immediately notified of any report or complaint. Internal Audit oversees EthicsPoint-based investigations, and if the situation warrants, Human Resources, Internal Audit, Legal, the board or an appropriate board committee will oversee a confidential investigation. Further, our Protection of Whistleblowers policy protects reporting team members against retaliation.

We have not had significant bribery, fraud or corruption issues in 2021 or in any prior reporting years. In addition, we had no legal actions for anticompetitive behavior, anti-trust and monopoly practices in 2021 or any prior reporting years. Finally, we have an anti-harassment policy, which all team members have acknowledged.

Review our Code of Conduct [here](#).



# Stakeholder Engagement

**Our regular engagement with stakeholders enables us to transparently communicate our company’s performance and receive feedback that helps us improve.**

In 2021, our senior vice president/corporate responsibility and development and director/ESG and corporate responsibility hosted ESG-focused meetings that included the board chair, CEO, CFO and our Investor Relations team with governance/responsibility teams for investors holding more than 30 percent of the company’s outstanding shares.

Our board chair held calls with shareholders of more than 20 percent of our outstanding shares. Members of senior management and directors proactively engaged both passive and active shareholders in an ongoing annual review of ACC’s corporate governance policies, board composition, executive compensation program, sustainability initiatives, long-term business strategy and other topics.

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Additional investor touch points include our annual stockholder meeting, quarterly earnings calls, reporting hotlines and investor conferences.

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## Residents

We keep an open, two-way dialogue with residents through our residence life programs, Hi, How Are You Project mental health program, surveys and events. Additional resident engagement programs address topics such as academic success, financial literacy, community engagement, and resident appreciation.

## Communities/Universities

Our definition of “community” goes beyond our communities. We support youth in need with a focus on education through our charitable foundation, as well as encourage volunteerism by our corporate and property staff.



Additional community interaction includes neighborhood and municipality outreach during new development Good Neighbor programs, as well as local volunteer opportunities for residents and on-site team members.

## Team Members

Our quarterly CEO call, Inside Track and other leadership development programs encourage regular discussion of business priorities and gathering of team members’ feedback. Additional team member engagement includes Culture Committee events, wellness programs, and an anonymous EthicsPoint hotline for reporting workplace concerns.



## TEAM MEMBER SPOTLIGHT

“Our job is to understand the university climate and to initiate and steward our relationships in celebration and crisis. We honor our clients’ values and traditions and seek to contribute to their goals and mission. These relationships are core to everything we do. So serving these universities and building relationships is my highest priority.”

— **Teri Bump**

ACC Vice President/University Relations and Student Affairs

Teri, a nationally recognized expert in student affairs and higher education issues, is known for having a positive impact on her peers and puts her knowledge to use in support of our campus partners. Her reach, influence and understanding regarding our university professionals and partners adds immense value to ACC’s approach.

Teri brings vast experience in higher education to our team. Prior to joining ACC, she served Boston University, Oberlin College, University of Illinois Champaign-Urbana, Alfred University and SUNY Oswego in student affairs. She received her master’s in College Student Development from Alfred University.

## Cybersecurity & Data Privacy

The board and the Strategic Planning and Risk Committee oversee the company's management of cybersecurity risk. While ACC has not experienced a material cybersecurity breach, to mitigate the risks posed by cybersecurity incidents and cyber-attacks, we have developed processes and procedures — including incident response plans — which are designed to protect the confidentiality, integrity and continued availability of our data and systems.

To assist in our efforts, we partner with a third-party managed infrastructure and security services provider that operates a dedicated security operations center. Additionally, ACC maintains a cybersecurity risk insurance policy; conducts annual education, training and ongoing assessment of our team members and those with systems access; performs periodic third-party security assessments on our critical systems; and collaborates with peers and industry professionals to stay abreast of cybersecurity matters.

Our chief technology officer, who holds a CERT Certificate in Cybersecurity Oversight, provides quarterly updates to the Strategic Planning and Risk Committee, which regularly briefs the full board on these matters.

## Business Continuity

Our world continues to change rapidly, driven in large measure by COVID-19 and its economic, social and personal impacts. In addition to protecting our team members, residents and others with whom we interact, we have challenged ourselves to remain agile in responding to local conditions and keep doing the right thing.

We have enacted detailed business continuity plans that allow us to continue to serve our residents and create value for shareholders, while protecting the well-being of our people. With our long-term strategy, our focus on residents and the communities we serve, and our performance and operating discipline, we believe we are well-positioned to navigate the future.

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### Additional Resources

- [ACC Environmental Management System \(EMS\)](#)
- [ACC Code of Business Conduct and Ethics & Additional Policies for the Chief Executive Officer and Senior Financial Officers](#)
- [ACC D&I](#)
- [ACC Sustainability](#)
- [ACC Corporate Governance](#)
- [ACC proxy filing](#)
- [ACC Cares](#)
- [SASB Table](#)
- [ACC 10-K](#)