

# Sun Communities



Sun Communities has made substantial progress in several key social categories showing material improvements in community & tenant engagement, board diversity, gender pay gap, and employee satisfaction. We successfully close our engagement!

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### Engagement rationale

Sun Communities (SUI) is one of the largest owners and operators of manufactured housing communities, recreational vehicle resorts and marinas in the US and has a market capitalisation of c16bn USD. When we initiated our social engagement last year, SUI scored second to last on social efforts (rank 14) in the US Residential universe of 15 companies. There were several categories, in which SUI scored below peers especially within inclusion and resilience. We engaged to improve its ranking and with that improve its social efforts for the benefit of all stakeholders.

### Background

We have developed a proprietary framework that focuses on the social elements of a company. The key focus is on Security, Inclusion and Resilience with the goal to address and contribute to a variety of sustainable development goals.

### Theme for engagement

Social

E

S

G

### Development

Positive

### Milestone



### Engagement objectives

At the start of our engagement, we focused on the following social elements within Inclusion and Resilience to achieve positive change:

- 1. Community engagement in the development phase of a site**  
Limited processes to monitor and measure impact of developments on the communities yet.
- 2. Pay gap**  
Gender pay gap only measured for a small part of its portfolio.
- 3. Employee Wellbeing & Wellbeing of consumers/tenants**  
Low scores in its employee wellbeing survey and especially the low response rate of 20% stands out.
- 4. Affordability**  
Impact on their communities in terms of housing affordability is monitored (and historical rent increases were close to inflation) but lacks structure to assess housing affordability of their developments.
- 5. Pollution**  
Limited progress on pollution prevention.

### Engagement results

SUI has made substantial progress to most of the abovementioned items and has improved its ranking to 7th place in our framework - not far off the top-rated companies - and is on par with other large apartment peers. Most notably, SUI made significant improvements in community & tenant engagement, increased board diversity, measures its gender pay gap now for the whole company and has detailed disclosure, performed internal and external employee satisfaction surveys that both showed large improvements as well as setting policies for pollution prevention.

### Next steps

Overall, the company is on top of their social agenda and has achieved broad improvements in most cases with considerable improvements. Hence, we close this engagement successfully.



### Company

Sun Communities

### Country

USA

### Sector

Real Estate

### Market cap

16bn USD

### Materiality

Improving social efforts can lead to improvements in security, inclusion and resilience of a company and be a benefit for all stakeholders.

### ESG Research

MSCI ESG Rating: BB  
Sustainalytics: 15.4 (low risk)

### Engagement initiated

Q2 2023

### Latest update

Q1 2024

### Kempen Fund

Kempen (Lux) Global Property Fund

