

American Homes 4 Rent



We are pleased to see American Homes with significant environmental improvements, including detailed disclosure, a renewable energy programme as well as a first-time climate risk analysis. We encourage AMH committing to GHG reduction targets.

Andreas Welter, Senior Portfolio Manager

Engagement rationale

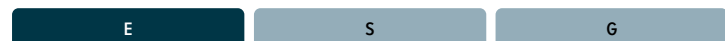
Founded in 2012, American Homes 4 Rent (AMH) is one of the largest institutional landlords of single-family rental (SFR) homes in the US owning more than 57,000 homes and has a market capitalisation of >12bn USD. AMH scores at the lower end in our Environmental Pathway Framework versus its US residential peers. We reached out to discuss the strategy and timing of additional disclosure as well as on reducing its emissions.

Background

We initiated an engagement for change with AMH back in 2022. The environmental engagement was driven by engaging with the lowest scoring companies in the US Residential cluster (no or only limited GHG emission reporting and no reduction targets).

Theme for engagement

Environmental



- Improve disclosures and reporting of environmental/emission data
- Develop a strategy to reduce its emissions and link to management compensation

Development

Positive

Milestone



Engagement objectives

We followed-up with AMH to check on the progress made on disclosing emissions, setting reduction targets and linking management remuneration to those targets.

Engagement results

Our initial objectives were:

Improve disclosures and reporting of environmental/emission data

Successful – closed engagement

- Improved their ESG disclosure including detailed scope 1-3 disclosure in-line with SASB and TCFD recommendations and are now externally verified
- Launched renewable energy programme / implemented an environmental management system for its development homebuilding operations
- First time climate risk analysis / GRESB reporting

Develop a strategy to reduce its emissions and link to management compensation

Not yet successful – open engagement

- AMH has not set any emission targets yet as they are not yet ready to fully understand their environmental footprint and how they can best impact it. AMH however is committed to set targets and subsequently link management remuneration to it.

AMH has made substantial progress since our first discussion back in 2022. With that, the company has improved from one of the lowest scoring names in the US Residential universe to be in the upper half of its peers. In our investment process we reward this improvement with a c4% higher expected share price return or a value creation of >500m USD.

Next steps

Follow-up post new GRESB report later in 2023



Company

AMH

Country

USA

Sector

Real Estate

Market cap

Mid Cap

Materiality

Improving ESG efforts can lead a lower risk profile and multiple benefits for all stakeholders.

ESG Research

MSCI ESG Rating: BB

Sustainalytics: 13.3 (low risk)

Engagement initiated

Q1 2022

Latest update

Q2 2023

Kempen Fund

Kempen (Lux) Global Property Fund

