# Climate Transition Plan

FEBRUARY 2025

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## Plan Summary

This document sets forth our climate-related approach as well as compiles climate-related disclosures derived from public policies, reports, and other relevant materials that address the consideration of climate impact on Sun Inc. and its business segments ("Sun," "we", or "our"). It will be reviewed annually and updated as necessary.

The plan is overseen by the Board of Directors and executive management, with the Vice President of Sustainability leading the day-to-day coordination and reporting efforts.

Climate risks and opportunities are continuously evaluated, focusing on areas such as resource management, socio-economic factors, energy efficiency, and nature and weather risks.

Strategically, climate risks and opportunities are integrated into financial planning, aiming to manage insurance costs, optimize building efficiency, and enhance climate resilience.

Targets are set, aiming for carbon neutrality by 2035 and net zero emissions by 2045. The plan includes enhancing energy efficiency, increasing the use of renewable energy, sourcing lower-carbon goods, and promoting lower-carbon transportation. These efforts are part of a broader strategy to reduce the company's carbon footprint and ensure long-term sustainability.

## Governance

### Board and Executive Level Oversight

We have established clear communication channels to support Sun's board of directors (the "Board") and executive management team in overseeing climate-related risks.

The day-to-day responsibility for leading the coordination, analysis, and reporting efforts on climate impacts, as well as identifying risks and opportunities, and preparing for current and future challenges, is led by our Vice President of Sustainability.

Our Vice President of Sustainability provides monthly updates to senior and executive management to help integrate climate considerations into business decision-making and strategies. In addition, the Vice President of Sustainability and relevant team members present quarterly updates to the Board's Nominating and Corporate Governance Committee (the "NCG Committee"), which helps guide the Company's overall strategy.

### Board expertise on climate-related issues

The NCG Committee considers whether the Board has a balanced mix of skills, backgrounds, and experience when recommending director nominees. Many current members of the Board possess and bring valuable expertise in climate-related and other environmental and social issues, which they have developed throughout their careers, including one director who currently serves as the president of a leading private foundation focused on climate-related (or environmental-related) mitigation, adaptation, public policy, and net-zero investing.

### Executive management incentives linked to climate performance indicators

The annual incentives for Sun's executive management team include a Sustainability component, with greenhouse gas ("GHG") reductions and climate initiatives factoring into performance assessments and compensation determinations.

### Policies and Disclosures

We develop policies to provide a framework for effective corporate decision-making. Our policies for ESG can be found on our website by clicking here.

We also provide voluntary annual disclosures on climate issues and related matters in the form of an annual ESG Report, and through participation in the CDP reporting process. Additional disclosures may be made in investor presentations, as appropriate. These disclosures are made available on our website by clicking here.

## Risk and Opportunities

Our risk management process evaluates and prioritizes risks, including climate change, through an assessment of environmental, social, and governance impacts, engaging stakeholders to identify opportunities.

Strategic focus areas guide the selection of technologies and initiatives to effectively manage risks and capture opportunities across business segments and geographies.

### Key Focus Areas:

- **Physical and Transition Risks, and Opportunities**: Includes resource management (energy, water, waste, transportation) and biodiversity.
- **Socio-Economic Factors**: includes impacts on where people live and socialize, affordable housing, and local community needs.
- **Energy Efficiency**: includes fossil fuel availability, renewable energy potential, energy efficiency technology, and potential carbon policies.
- **Nature and Weather Risks**: Includes storms, temperature fluctuations, droughts, wildfires, sea level rise, and biodiversity impacts.

### Use of Climate Risk and Scenario Analysis

We have conducted a comprehensive climate risk assessment of our portfolio, leveraging direct observations, stakeholder input, and advanced tools, including:

- A third-party climate risk analysis (2022 ) of U.S. and Canadian MH and RV properties to establish baseline risks.
- Ongoing evaluations using RCP 2.6, 4.5, 8.5 scenarios, and IEA's Net Zero Emissions by 2050 (NZE) scenario to reassess risks and opportunities.
- WWF Risk Filter insights on water and biodiversity risks.
- Comparisons with federal/state flood maps, climate risk reports, and homeowner hazard tools.

Findings prioritize geographic focus and set climate risk horizons within the next 10 years. Although initial horizons were Short (0-2 yrs), Medium (3-5 yrs), and Long (6-10 yrs), observed impacts and projections indicate increasing risk severity and opportunity over time.

Annually, we will review available tools for data set and methodology changes. If significant changes occur in data sets, methodologies, or our portfolio, we will conduct an updated assessment.

### Assessed Physical Risks and Opportunities

Our assessments project increasing frequency and severity of climate influence storms (both acute and chronic) that have potential for business interruption, property damage and changing consumer behavior.

### Sites at highest risk per recent climate risk assessment

| | Hurricane | Flood | Wildfire | Extreme Heat | Water Scarcity |
|---|---|---|---|---|---|
| US MH | 46% | 53% | 33% | 76% | 11% |
| US & Canada RV | 73% | 12% | 20% | 72% | 22% |
| Marina | 74% | 13% | 18% | 69% | 19% |
| UK Holiday Park | —% | 81% | —% | —% | —% |

Storm and natural disaster preparedness plans to address climate-related impacts have been developed, such as increased storm frequency, prolonged high temperatures, rising insurance costs, and higher utility expenses.

To adapt, we invest in property resilience as part of regular maintenance and improvements. Recent adaptation and mitigation projects we have completed to support property resilience include:

- Tree maintenance for cooling effects and minimizing storm damage.
- Floating docks and wave attenuators at marinas.
- Improved drainage systems to reduce flooding.
- Elevated homes in coastal areas to mitigate flood and wind impacts, balancing resilience with affordability challenges.
- Elevated utilities to mitigate flood damage and enable post-storm recoveries.
- Comprehensive Hurricane, Wildfire, and Weather Preparedness plans, updated annually, including wildfire risk mitigation like brush removal.

These efforts aim to enhance property resilience and minimize disruptions from climate-related events.

### Assessed Transition Risks and Opportunities

We consider whether legislative changes related to climate disclosures could increase operating costs or may offer financial incentives, such as rebates and tax credits to support infrastructure improvements and technology adoption.

We assess how consumer demand for "green" technologies, like EV charging, electric transportation, and renewable energy, may lead us to invest in infrastructure upgrades, which could attract and retain residents and guests. However, rising energy and material costs due to resource scarcity present challenges. Adopting energy-efficient technologies and behaviors can help reduce resource consumption and operating expenses.

We assess climate-related factors influencing where people live, vacation, and boat, in order to refine our capital allocation strategy for new developments, acquisitions, and capital recycling.

## Strategy and Financial Planning

We take a comprehensive approach to integrating our assessed climate risks and opportunities into strategic planning.

We aim to manage insurance costs, optimize building and utility efficiency to lower costs and integrate climate resilience best practices to reduce extended business interruptions. With these considerations, we focus not just on cost efficiencies, but also on maintaining the quality of life expectations of our residents and guests. This approach is applied throughout a property's lifecycle, from acquisition to development to operation to sale.

Some of these considerations include:

- Assessing our ability to balance growth and mitigate risk through the portfolio mix, spanning diverse business segments and geographic locations.
- Evaluating current and projected future climate and storm potential risks of the property to align resource allocation and determine long-term strategic value.
- Strategically directing capital allocations toward projects and initiatives that align with long-term sustainability goals.
- Expanding procurement and supplier selection to prioritize energy-efficient and low-carbon product options, alongside longer-lasting materials to minimize waste.
- Developing energy management plans for operational buildings, such as offices and amenities, with an emphasis on transitioning to energy-efficient solutions during equipment upgrades and replacements.
- Leveraging “green” technologies, including on-site solar energy generation, electric boats, and heavy equipment movers, to reduce carbon footprint.
- Prioritizing energy-efficient home and vacation models in conjunction with adoption of renewable energy for operational needs to reduce energy expenses.

## Metrics

### Assurance of GHG Inventory

We voluntarily seeks third-party assurance for its GHG inventory and supporting data, with results published annually in our ESG Report on our website.

We align GHG reporting boundaries with financial reporting, covering operations in the U.S., Canada, and United Kingdom.

Included operations:

- Sun Manufactured Home (MH) and Recreational Vehicle (RV) Communities
- Park Holidays UK and Park Leisure Caravan and Holiday Parks
- Safe Harbor Marinas
- Leased corporate office spaces for business unit functions.

### Key Emission Source Allocations and Methodologies

**Utility Usage Allocation:**

- Utility allocation depends on who handles procurement and payment. RV, Marina, and UK Caravan and Holiday Park properties are operational (GHG Scope 1 & 2). In most U.S. MH communities, amenity and exterior utilities are operational, while residential usage falls under Scope 3 (Downstream Leased Assets). Exceptions apply where Sun rebills residents for utilities.

**Residential Manufactured Home Emissions:**

- Resident-Owned Homes: Emissions are excluded unless we directly procure energy for entire community and rebill utility consumption to residents in which case they fall under Scope 1 & 2.
- New Home Sales: Lifetime (40 years) emissions are calculated using EIA factors and eGrid data, reported under "Use of Sold Products."
- Rental Homes: Annual emissions are estimated and reported under "Downstream Leased Assets."

**Emissions in Other Categories:**

- Emissions related to processing and end-of-life treatment are included in Utility Usage, Waste, or Downstream Leased Assets.

**Data Exclusions:**

- Properties owned for less than 3 months.
- Downstream transportation emissions due to lack of reliable methods for guest and resident vehicle/boat usage.
- Resident-owned manufactured homes.

## Emission Source Allocations per GHG Protocol and ISO 14064

We opt to report emissions in alignment with both the GHG Protocol and ISO 14064. There are minor differences in how emission sources are allocated between the GHG Protocol Scopes and ISO 14064 Categories. The table below outlines the allocation of each emission source according to the reporting standards.

| Emission Source | GHG Protocol Scope | ISO 14064 Category |
|---|---|---|
| Stationary Combustion (Natural Gas) | 1 | 1 |
| Stationary Combustion (Propane) | 1 | 1 |
| Water | 3 | 1 |
| Fugitive Emissions | 1 | 1 |
| Fuel for Vehicles | 1 | 1 |
| Purchased Electricity | 2 | 2 |
| Electricity Generated | 2 | 2 |
| T&D loss | 3.3 | 2 |
| Upstream Transportation | 3.4 | 3 |
| Business Travel | 3.6 | 3 |
| Employee Commuting & WFH | 3.7 | 3 |
| Purchased Goods & Services | 3.1 | 4 |
| New Home Mfg | 3.1 | 4 |
| New Home Setup | 3.1 | 4 |
| Capital Goods | 3.2 | 4 |
| Waste Disposal | 3.5 | 4 |
| Upstream Leased Assets | 3.8 | 4 |
| Use of Assets | 3.1 | 4 |
| Downstream Leased Assets (LPP) | 3.13 | 5 |
| Use of Sold Products (New Homes) | 3.11 | 5 |
| Franchise | 3.14 | 5 |
| Investments | 3.15 | 5 |

## Targets and Goals

Our Board has set a goal to achieve Carbon Neutrality by 2035 and Net Zero emissions by 2045.

- **Carbon Neutrality by 2035**: Includes Scope 1 & 2 emissions and Scope 3 emissions from transportation, purchased goods, capital goods, and waste (ISO 14064 Categories 1-4).
- **Net Zero emissions by 2045:** Covers emissions we can influence but do not directly control, such as Downstream Leased Assets, Investments, and Franchises (ISO 14064 Category 5).

### Priorities for Achieving Goals:

**2035 Priorities:**

- Enhance building energy efficiency.
- Increase on-site renewable energy use.
- Source lower-carbon goods and services.
- Promote lower-carbon transportation with suppliers.

**2045 Priorities:**

- Procure and sell energy-efficient housing.
- Support franchises in energy efficiency.
- Advocate for renewable energy from utility providers.

### Base Year and Reporting:

- 2022: Chosen as the baseline year, representing post-COVID operations, portfolio consistency and operations before reduction projects.
- Progress updates will be shared annually in the ESG Report.

### Assumptions and Dependencies

We incorporate the following assumptions and external dependencies into our long-term strategy to achieve our targeted reductions:

- Utility providers' transition to cleaner energy sources per their public commitments
- Suppliers' ability to provide lower carbon offerings at competitive price points
- Residents, guests and members' decision-making regarding behavior that influences carbon emissions like energy usage and waste reductions
- Lower emission transportation options being readily available

### Policy on use of offsets

We currently limit the utilization and reporting of offsets to “Green Tariffs” procured for UK utility emissions, and their inclusion is limited to market-based calculations for the Streamlined Energy and Carbon Reporting regime in the UK.

Offsets are otherwise not currently utilized for our emissions reporting for operations in the US or Canada. It is our intention to focus on achieving sustained reductions through business decisions and behavior changes in the near term. We will continue to evaluate our need to employ offsets as we approach our first goal milestone of 2035. It is our intent to employ as few offsets as possible in pursuing our goals.

## FORWARD-LOOKING STATEMENTS

This document contains various “forward-looking statements” within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. We intend that such forward-looking statements will be subject to the safe harbors created thereby. It is for this purpose that any statements contained in this document that relate to expectations, beliefs, projections, future plans, and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements.

Words such as “forecasts,” “intends,” “intend,” “intended,” “goal,” “estimate,” “estimates,” “expects,” “expect,” “expected,” “project,” “projected,” “projections,” “plans,” “predicts,” “potential,” “seeks,” “anticipates,” “anticipated,” “should,” “could,” “may,” “will,” “designed to,” foreseeable future,” “believe,” “believes,” “scheduled,” “guidance,” “target” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this document, some of which are beyond our control. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. Statistics and metrics included in this report are in part dependent on the use of estimates and assumptions based on historical levels and projections and are therefore subject to change. This report has not been externally assured or verified by an independent third party. This report is not comprehensive and, for that reason, should be read in conjunction with our filings with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, particularly the “Forward-Looking Statements” and “Risk Factors” sections of these filings, all of which are available on our website.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference into this document, whether as a result of new information, future events, changes in our expectations or otherwise. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. All written and oral forward-looking statements attributable to Sun Communities, Inc. or persons acting on its behalf are qualified in their entirety by these cautionary statements.

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