

News release

For immediate release

Sophia Mah
Brand, Marketing and Communications
+65 9647 8607
sophia.mah@sg.ey.com

Nupur Joshi
CEO, REIT Association of Singapore
+65 6721 7022
nupurjoshi@reitas.sg

Singapore REITs outperform global real estate sector peers in coverage of climate-related disclosures

- ▶ **All (100%) Singapore REITs (S-REITs) have made climate-related disclosures in FY 2022**
- ▶ **S-REITs score better than their global real estate peers in the quality of their reporting in most of the pillars of the TCFD framework**
- ▶ **30% of S-REITs have disclosed their net-zero commitments; opportunity to advance sustainability journey**

SINGAPORE, 13 SEPTEMBER 2023. A study of Singapore REITs (S-REIT) traded on the Singapore Exchange (SGX) finds that all (100%) of the S-REITs have made climate-related disclosures in their latest sustainability reports.

This follows the mandatory climate reporting requirement for all issuers on a “comply or explain” basis from the Singapore Exchange Regulation, effective for financial years (FY) starting on or after 1 January 2022. The study, *Climate risk disclosures in real estate investment trusts (REITS)*, by EY and the REIT Association of Singapore (REITAS) reviewed the coverage and quality of climate-related disclosures by the 40 S-REITs traded on the SGX, based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Coverage refers to a company disclosing some level of information compliant with each of the TCFD recommendations, regardless of the quality of information provided. Quality refers to the extent to which a company’s disclosures meet all 11 TCFD recommendations.

According to the findings, over half (55%) of the S-REITs initiated their climate-related disclosures in the current year (i.e., FY 2022). The remaining 45% began their climate reporting prior to FY 2022 and have some level of maturity within their climate reporting.

On average, S-REITs outperform their global real estate peers in the coverage of their climate-related reporting in the four pillars: governance (S-REITs 100%, global 84%), strategy (S-REITs 87%, global 80%), risk management (S-REITs 92%, global 83%), and metrics and targets (S-REITs 86%, global 85%).

Similarly, S-REITs score better than their global peers in the quality of their reporting in most of the pillars as well, i.e., governance (S-REITs 63%, global 43%), strategy (S-REITs 39%, global 38%), risk management (S-REITs 44%, global 36%), except for metrics and targets (S-REITs 37%, global 43%).

Nhan Quang, Partner, Climate Change and Sustainability Services at Ernst & Young LLP says: “Transparent and robust climate reporting is critical to demonstrating commitment and progress on climate action and building trust with stakeholders. While S-REITs have done well in their coverage and quality of climate-related disclosures – scoring even better than their global sector peers in most aspects – there is certainly still room for improving the disclosure of metrics and targets used to assess and manage material climate-related risks and opportunities, especially those related to Scope 3 emissions across the value chain . Integrating discussions on metrics and targets into the overall risk management and strategic planning processes such as investment and budget planning, and using technology to enable greater granularity in performance measurement can help.”

Low Chee Wah, President of REITAS says:

“The S-REIT sector is 21 years old this year. As we look forward to the industry’s next phase of growth, we recognize the critical role of sustainability issues, including climate risk management and decarbonization efforts, in the industry’s future success. We are heartened the report finds that S-REITs, on average, perform better than our global sector peers in terms of climate disclosures. With this good start, we are dedicated to continuously improve in the years ahead.”

30% of S-REITs have disclosed their net-zero commitments

In addition to the TCFD-aligned disclosures, the study also looks at the practices of S-REITs in terms of their net-zero disclosures and finds that 30% of S-REITs have disclosed their net-zero commitments. These range in ambition from net-zero operational carbon to net-zero whole life carbon commitments.

Net-zero roadmaps are observed to be established or being established alongside commitments. However, only a handful have publicly disclosed the alignment of their net-zero commitment with Science Based Targets initiative-aligned targets.

The study also highlights these recommendations for companies seeking to improve their climate risk management and disclosures:

- Take a holistic approach and integrate climate risks into overall risk management and strategic planning
- Collaborate and engage with stakeholders i.e., investors, regulators, tenants, employees and suppliers, to align expectations, business needs and operational challenges against sustainability commitments
- Leverage technology in measuring and monitoring sustainability performance
- Consider other sustainability factors in social and governance

Low Chee Wah, President of REITAS adds:

“REITAS is committed to helping our members put in their best effort to accelerate on their sustainability journey. The report highlights several areas of improvement across the four pillars of climate reporting with actionable recommendations for each of the gaps identified. We have recently set up a sustainability taskforce who will review these recommendations to enhance S-REITs’ climate reporting and drive the industry’s decarbonization efforts.”

Lee Wei Hock, Deputy Singapore Assurance Leader at Ernst & Young LLP concludes:

“It takes a village to implement climate-related disclosures and make the net-zero transition. For S-REITs, achieving the net-zero targets and benchmarks is understandably more challenging given the vast geographies and on-the-ground infrastructure across their collective portfolios. The sustainability journey of S-REITs also influences tenants, employees and communities to adapt their practices. Further, as S-REITs invest in more countries outside of



Singapore, they may effectively export and steward sustainability practices to the rest in the industry.”

Refer to appendix A for key data points. For the full report, please visit the [EY](#) or [REITAS](#) websites.

-ends-

Notes to editors

About EY

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

This news release has been issued by Ernst & Young Solutions LLP, a member of the global EY organization.

About REITAS

REITAS is the representative voice of the Singapore REIT (S-REIT) industry. It provides its members a representation and engagement in consultation opportunities with policymakers on issues affecting S-REITs. The association also organizes talks, courses, investor conferences, retail education events etc. to promote understanding and investment in Singapore REITs.

Appendix

Figure 1

Overview of S-REITs' climate-related disclosures and a classification breakdown of S-REITs

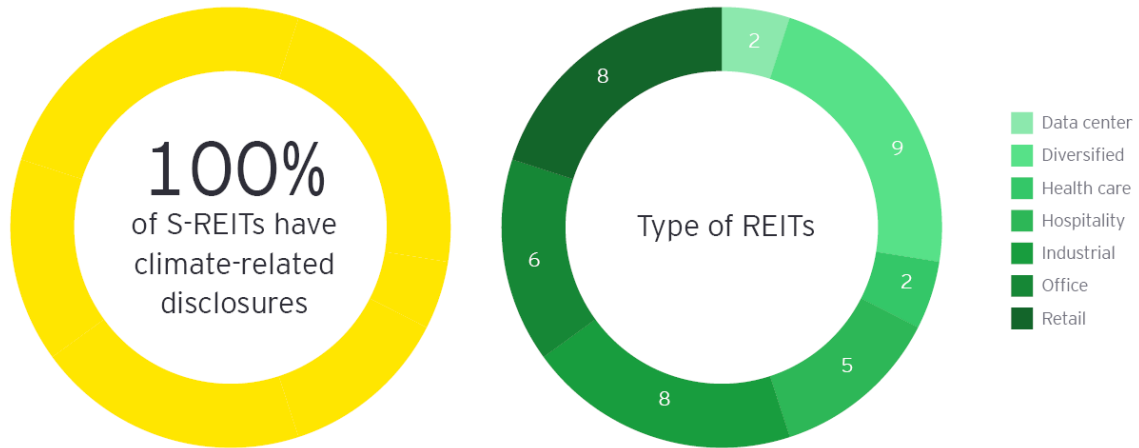
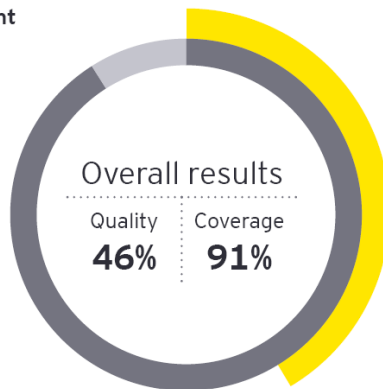


Figure 2

Overview of results showing the average coverage and quality of climate-related disclosures across S-REITs, and a breakdown by TCFD pillars

Disclosure maturity assessment

- Coverage**
Number of TCFD recommendations addressed (expressed as %)
- Quality**
Level of detail or depth of disclosure (expressed as %)



Thematic area

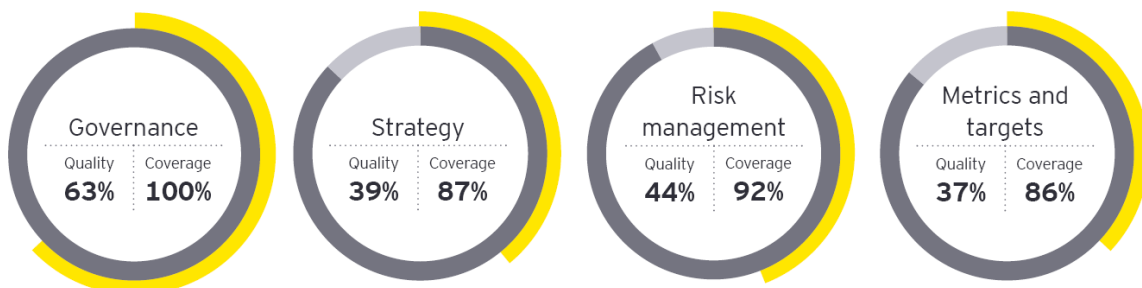


Figure 3

Coverage of climate-related disclosures by S-REITs compared against the global real estate sector average in the *EY Global Climate Risk Barometer* for each of the TCFF pillars

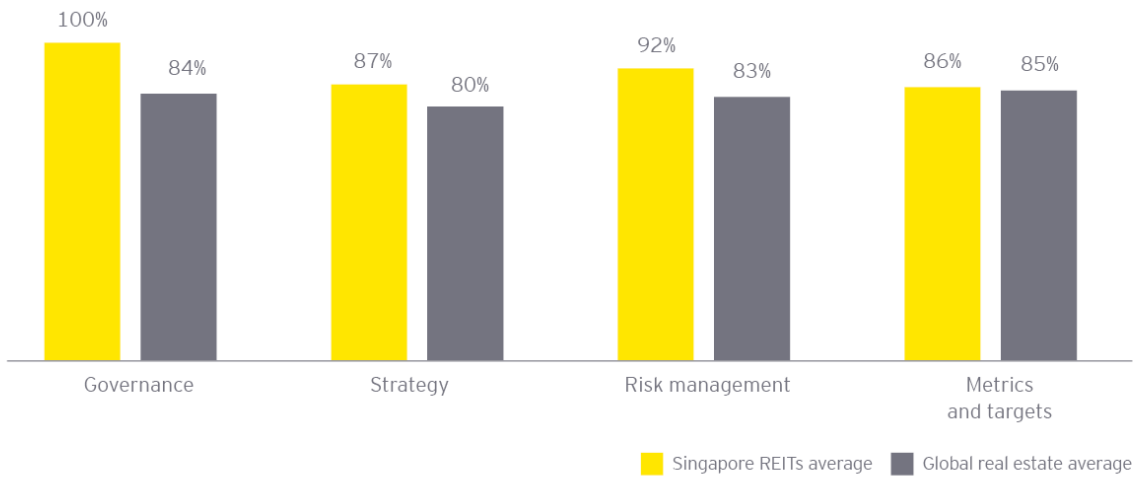


Figure 4

Quality of climate-related disclosures by S-REITs compared against the global real estate sector average in the *EY Global Climate Risk Barometer* for each of the TCFD pillars

