



Thanks for joining.
This webinar will
begin shortly

Completing the SFDR Process

Friday 13th October 2023

(To ask a question throughout this webinar - click the Q&A button at the bottom of your screen to bring up the Q&A board)

This webinar will be recorded





Moderators Welcome

Jonathan Hale

Head of ESG Consulting, Knight Frank



Speakers for today



Jonathan Hale
Head of ESG Consulting
Knight Frank



Lisa Sherriffs
Head of Legal (Real Estate, EMEA)
Columbia Threadneedle
Investments



Georgie Nelson
Head of ESG, Real Estate
abrdn

Agenda

- Moderators Welcome & Housekeeping
- Introduction to SFDR - Lisa
- AREF paper and consultation Insights and lessons learned so far - Georgie
- Panel discussion
- Conclusions
- Finish 10am



(To ask a question throughout this webinar - please use the Q&A panel to type your question to the Moderator)

Audience poll question 1

- What is your role?
 1. Investor / multi-manager
 2. Consultant
 3. Fund manager
 4. Asset manager / surveyor
 5. Lawyer
 6. Other



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Audience poll question 2

- What is your familiarity with SFDR?
 1. This is the first I've heard of it
 2. I've read a few things but I have no in scope funds
 3. I've read a few things but I have no in scope funds but want to align some funds
 4. I run or am involved with in scope funds



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Introduction to SFDR

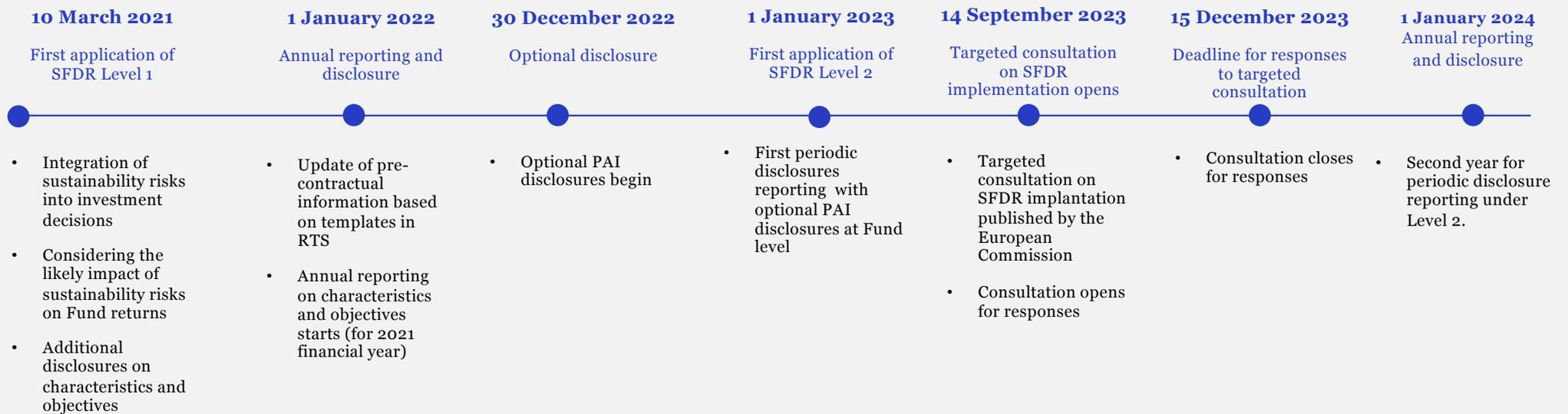
Lisa Sherriffs

Head of Legal (Real Estate, EMEA)
Columbia Threadneedle Investments



Sustainable Finance Disclosure Regulation

IMPLEMENTATION TIMELINE



Audience poll question 3

- For those of you who have dealt with (SFDR) in scope or aligned funds, what is the highest level of article application that you've dealt with?
 1. Article 6
 2. Article 8
 3. Article 9
 4. N/A



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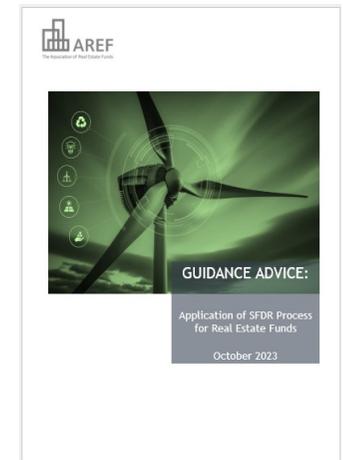
AREF Paper & Consultation + Lessons learned

Georgie Nelson
Head of ESG, Real Estate
abrdn



AREF paper on applying SFDR to real estate funds

- 1 High level summary of the SFDR regulation
- 2 Explains the evolution as well as the current market and regulatory interpretations of the terms 'ESG' and 'sustainability'
- 3 Explains some key EU sustainable finance concepts which fall under the SFDR regulation
 - Principal adverse impacts (PAIs)
 - E and S characteristics
 - Sustainable investments
 - EU Taxonomy
- 4 Explains the sustainable investing spectrum and how to overlay SFDR on this at product level with regards to Article 6, 8 and 9

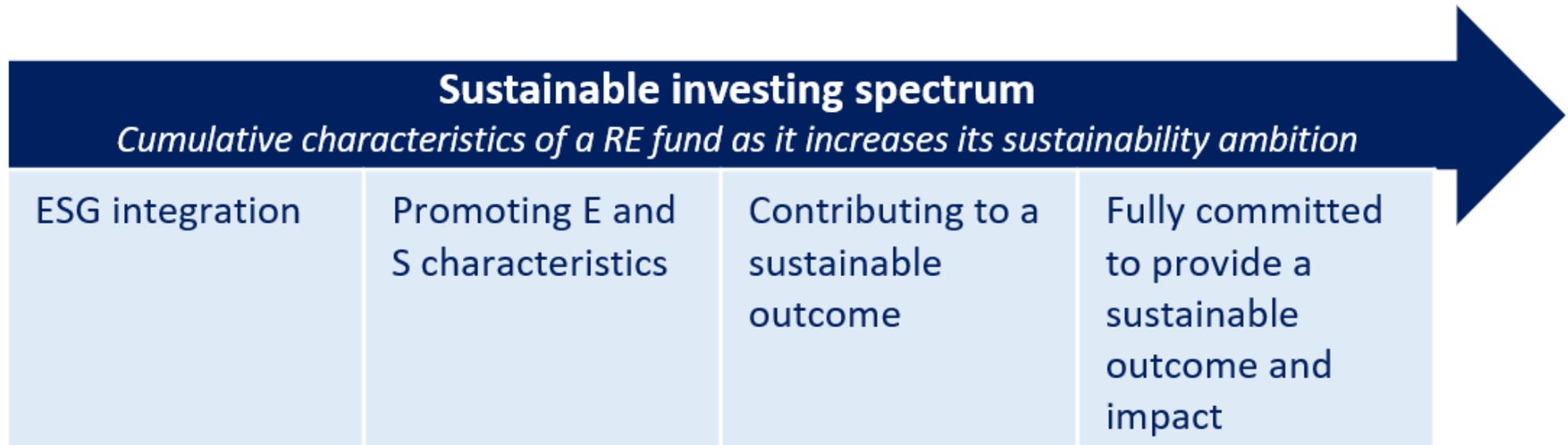


Key considerations:

- This document is focused on the product level implications of SFDR and not the entity level.
- SFDR is an evolving regulation with live consultations ongoing and thus the document will evolve over time
- The document is a high level guide but a lot of SFDR regulation is open to interpretation so we recommend you seek advice from in house compliance teams or external legal support.
- Document due to be published by end of October

Sustainable investing spectrum

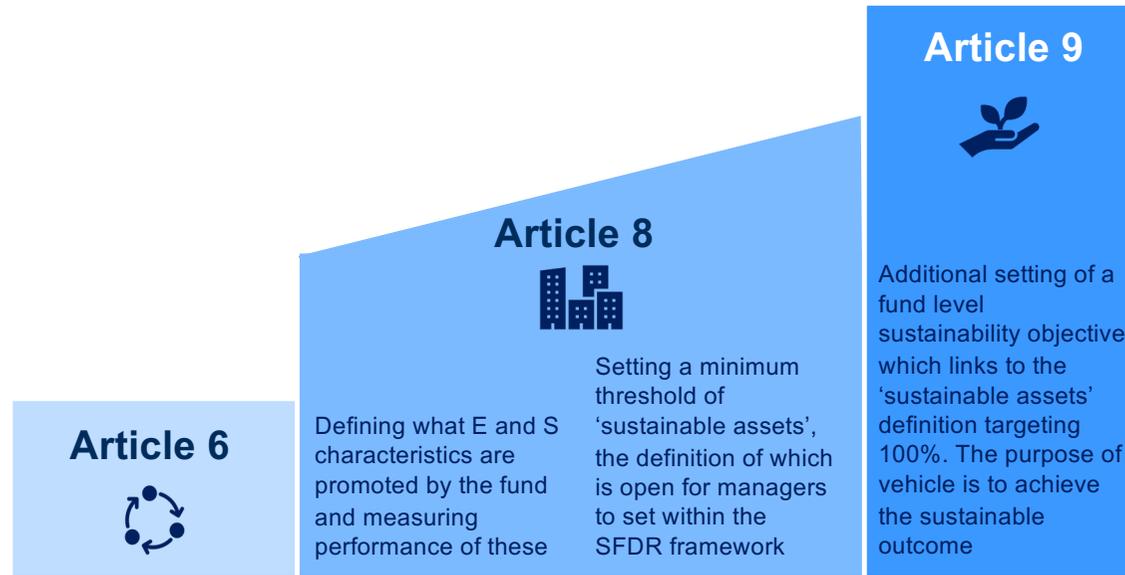
Over time, what is currently deemed as pushing sustainability boundaries in real estate investments now, is likely to move to the left as regulation and the market catches up. Therefore, approaches need to be flexible to adapt in the future to maintain high sustainability integrity.



RE = Real Estate
E = Environmental
S = Social
Source: abrdn

Application of Articles 6, 8 and 9

Application of SFDR product articles to real estate funds



Sustainable investing spectrum

Sustainable investing spectrum			
<i>Cumulative characteristics of a RE fund as it increases its sustainability ambition</i>			
ESG integration	Promoting E and S characteristics	Contributing to a sustainable outcome	Fully committed to provide a sustainable outcome and impact

Challenges of applying SFDR

- Regulation is equity focused and not asset class specific enough
- Inflexible templates which can't always accommodate asset class characteristics
- Additional complexity of incorporating EU taxonomy principles into the SFDR legislation
- Reporting burden takes away time from delivering performance
- Cost burden for investment managers – how can this be spread to wider stakeholders?
- Availability of data due to complexity of data sets required and lag time



Panel Discussion

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Conclusions