GUIDANCE ADVICE:

Application of the SDR Labelling Regime for Real Estate Funds

November 2024

AREF
The Association of Real Estate Funds

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While the extensive requirements of the SDR Labelling Regime are set out in other publications, this guidance aims to support real estate fund managers in applying the product labelling regime, outlining the product-level requirements and decision-making criteria. The guidance is set out with an introduction to each key concept alongside references to an illustrative case study, offering a practical example of implementation for a real estate fund.

Members must seek advice from their compliance team or legal counsel to ensure that they fully meet the SDR Labelling Regime. The information stated in this document has been put together by AREF members who have experience of the SDR labelling regime, but it is not a fully comprehensive list of requirements, and each manager may interpret the regulations differently or use a different approach. AREF assumes no responsibility or liability for any errors or omissions in the content of this Guidance Advice.

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Last updated: 18/11/2024

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Introduction

The Sustainability Disclosure Requirements (SDR) and labelling regime is a regulatory framework introduced by the Financial Conduct Authority (FCA) to enhance the transparency and comparability of sustainability-related information provided to investors. In response to the growing demand for sustainable investment products, the rules represent a significant step forward in the regulation of sustainable finance in the UK.

Following extensive consultation, the final rules and guidance were published in November 2023 under Policy Statement PS23/16. The long-awaited SDR comprises a package of measures, including product labels, anti-greenwashing rules, naming and marketing rules, product- and entity-level disclosures, including consumer-facing information, and requirements for distributors. Ostensibly, the aim is to ensure that financial products that are marketed as sustainable are doing as they claim and that this is sufficiently evidenced. In practice, the labels introduce minimum substance requirements that will in many cases differ from established practice.

The product labelling regime introduces four voluntary sustainability labels for products that aim to achieve positive sustainability outcomes. There are accompanying disclosure requirements. Fund managers should decide whether they wish to adopt a sustainability label to support the marketing of their product, providing that they meet the qualifying criteria. Available from 31 July 2024, the labels represent different categories of sustainability objective and corresponding investment approaches:

- Sustainability Impact
- Sustainability Focus
- Sustainability Improvers
- Sustainability Mixed Goals

Due to the later implementation of SDR, the FCA has benefited from the ability to observe and address some of the challenges associated with applying the parallel EU Sustainable Finance Disclosure Regulation (SFDR), which was first implemented by the European Commission in 2021. This includes:

- A principles-based approach that does not prescribe asset class specific criteria or performance indicators, allowing for this to be determined by the industry.
- An intentional labelling regime that can be used for marketing, offering greater comparability for investors to discern between the sustainability objectives of funds.
- A transition-oriented label (‘Sustainability Improvers’) that acknowledges the need for transformation during the hold period of assets, such as the journey towards low carbon or reduced inequality. This is especially relevant for illiquid asset classes with a dynamic, long-term investment horizon, like real estate.
- Flexibility regarding the structure and format of disclosures to accommodate the characteristics of different asset classes.

The naming and marketing rules apply to the use of certain sustainability-terms in retail product names and marketing materials and require specific disclosure and reporting requirements. There is an interrelation between the labelling regime and naming and marketing rules, as for products available to retail investors, certain names are reserved for products that apply the labels and others mandate the same types of disclosures.

With a broader scope, the anti-greenwashing rule – which applies to *all* FCA authorised firms, broadly when they are communicating with UK persons - is consistent with existing expectations that communication with customers regarding products and services is fair, clear and not misleading. The rule is specific to sustainability to ensure that communications are consistent with the sustainability characteristics of products and services. The guidance provides more detail about the FCA's expectations in this area and states that sustainability references and claims should be:

- Correct and capable of being substantiated;
- Clear and presented in a way that can be understood;
- Complete, i.e., they should not omit or hide important information and should consider the full life cycle of the product or service; and that
- Comparisons to other products or services are fair and meaningful.

Key concepts of the labelling regime

The labelling regime introduces four sustainability labels to help investors (predominantly, retail) to navigate the market by allowing them to easily discern that a product has a sustainability objective as part of its investment objective (though unlabelled products may continue to feature non-financial objectives). It also demonstrates that the fund manager has committed to high standards by satisfying the qualifying criteria and label-specific criteria of the regime. Sustainability labels are voluntary, and firms can choose whether to opt into the labelling regime. There is no penalty for choosing not to use a label for a fund which is eligible, although naming restrictions may still apply if the product is available to retail investors.

The basic premise of the labels is that they are for products seeking to achieve positive sustainability outcomes, and therefore products that only apply a combination of ESG risk integration, negative screening or apply an ESG tilt will not qualify. Funds may invest in similar assets while maintaining different labels since this is dependent on their objectives and there is no prescribed hierarchy between the labels.

	Sustainability Impact	Sustainability Focus	Sustainability Improvers	Sustainability Mixed Goals
Key principle	The objective of the fund is to invest in assets to achieve a positive environmental and/or social impact.	The objective of the fund is to invest in assets that are environmentally and/or socially sustainable.	The objective of the fund is to invest in assets that can become more environmentally and/or socially sustainable over time.	The objective of the fund is to invest in assets that are or can become more sustainable over time, and/or with a positive impact.
Label- specific requirements	• The fund manager specifies a theory of change, setting out how their investment activities and selection of	The investments of the fund are determined by a robust evidence-based standard of sustainability that is an absolute (not relative) measure of environmental	• The investments of the fund undergo due diligence to obtain robust evidence that assets acquired have	Requirements for two or more of the other labels must be met. The proportion of assets invested in accordance with each of the other relevant labels

	investments achieves a positive impact. • They specify a robust method for measuring and demonstrating the positive impact of both the assets and the fund manager's investment activities.	and/or social sustainability.	potential to meet a robust evidence-based sustainability standard. • The fund manager sets short- and medium-term targets to reflect the period of time by which the product or assets will meet the standard.	must be identified and disclosed.
Real estate fund examples	A residential real estate fund with a value-add risk style that has the objective to deliver a measurable social impact by developing additional affordable housing in underserved communities.	A commercial real estate fund with a core risk style that has the objective to invest in energy efficient real estate which meet Nearly Zero Energy Building (NZEB) standards.	A multi-class real estate fund with a value-add risk style that has the objective to reposition real estate from brown-to-green through refurbishment, with short- and medium-term targets, derived from the Carbon Risk Real Estate Monitor (CRREM), commensurate with the hold period.	A multi-class real estate fund with a core+ risk style that has the objective to either buy and hold low carbon real estate or reposition carbon intensive assets from brown to green, deriving targets from NZEB and CRREM.

Scope of the labelling regime

The UK SDR applies to UK fund managers of UK funds and any Financial Conduct Authority (FCA) authorised firms which distribute UK funds or recognised funds. Firms that are in scope include:

- Full-scope UK alternative investment fund managers (AIFMs);
- Small authorised UK AIFMs; and
- UK Undertakings for Collective Investment in Transferable Securities (UCITS) management companies.

Products made available by such firms are in scope if they are:

- UK Undertakings for Collective Investment in Transferable Securities (UCITS) funds;
- Non-UCITS retail funds;
- FCA authorised Investment trusts that primarily target retail clients;
- Feeder funds (with respect to a master fund that uses a label); or
- Other categories of UK AIF.

The rules do not currently apply to overseas funds, including UK managers of funds that are not domiciled in the UK, even if the fund is marketed in the UK. The focus on funds that are primarily targeted towards retail investors is because professional and institutional investors are generally assumed to have the resources and expertise to assess investment products independently without the same level of protection afforded to retail clients. However, funds available to professional investors only are still permitted to adopt a label (providing they are UK funds with a UK manager).

Examples of funds in scope of the regime:

- ✓ A UK domiciled AIF managed by a full-scope FCA authorised AIFM, marketed primarily to retail clients that is also available to international professional and institutional investors.
- ✓ A UK domiciled feeder UCITS managed by a FCA authorised UCITS management company with a master UCITS that uses a sustainability label, marketed to retail clients in the UK.

Examples of funds that are not in scope:

- × A Jersey domiciled AIF managed by a FCA authorised AIFM, marketed to retail clients in the UK.
- × A Germany domiciled fund, managed by a BaFin authorised KVG, marketed to UK based professional investors.

Case study - Determining if the fund is in scope

Green Transition Property Unit Trust (GTPUT) is a UK-domiciled authorised investment trust that is FCA authorised and targeted towards both retail and professional investors. The management company is a UK domiciled full-scope AIFM:

- ✓ UK domiciled fund
- ✓ UK based firm

GTPUT is therefore in scope of the UK SDR and is eligible to adopt a sustainability label subject to the general and specific labelling criteria.

Outlook to expand the regime

The FCA has consulted on extending these rules to firms providing certain portfolio management services. AREF responded to the consultation in support of extending the rules. The FCA intends to publish a Policy Statement and further information about implementation in Q2 2025.

Furthermore, HM Treasury is exploring whether the rules can be extended to EU UCITS funds which are marketed into the UK under the Overseas Funds Regime and intends to consult on this in Q3 2024.

Anti-greenwashing and naming and marketing rules

Since 31 May 2024, all FCA-authorised firms are subject to the anti-greenwashing rule, which requires that sustainability related claims are clear, fair and not misleading. The anti-greenwashing rule does not mandate the use of a sustainability label, providing that the broader principles of the rule are adhered to. The anti-greenwashing rule has a wider scope, applying to any firm that communicates with a client in the UK regarding a product or service, or that communicates or approves a financial promotion to a person in the UK. "Communicates" has an extended meaning and includes causing a communication to be made. Clarifications to the language are expected as part of the FCA Policy Statement extending SDR to portfolio management (expected in Q2 2025). This rule therefore applies to communications to retail and professional clients.

By contrast, the naming and marketing rules only apply to funds that are available to retail investors. The rules stipulate that sustainability related terms can only be used in product names under certain circumstances:

- The fund must have sustainability characteristics that accurately reflect the name and that are *material* to that fund (i.e. at least 70% of assets must have sustainability characteristics) or adopt a label.
- The terms ‘sustainable’, ‘sustainability’ and ‘impact’ and any variation of those terms are reserved for funds with a sustainability label, where ‘impact’ is reserved for funds using the Sustainability Impact label only.
- Funds with a sustainability related name which do not adopt a label must still produce similar disclosures as required for labelled products (although the disclosures are lighter touch) and publish a statement explaining why they do not use a label.

Fund managers must determine if their fund names accurately reflect the sustainability characteristics of those funds, whether the name necessitates either the use of a product label, or whether the name includes terms that necessitate similar disclosures as labelled products and the 70% asset alignment requirement. Where not satisfying the relevant criteria, a name change will be required. When launching a fund that uses sustainability related terms in the fund name, it is best practice to use terminology that specifically describes the sustainability strategy of the fund. This offers greater clarity to the end customer and differentiation from funds that use generic sustainability related terms in the fund name.

Illustrative examples of fund names and the associated requirements under the naming and marketing rules (assuming that the fund is available to retail investors):

- *‘Social Impact Real Estate Fund’***:** The term ‘impact’ is reserved for funds that apply the Sustainability Impact label. The term ‘social’ implies that the objective of the fund, alongside generating financial return, is to create a positive social impact. Labelled funds are subject to consumer facing, pre-contractual and ongoing product disclosure requirements, as well as general and specific labelling criteria.
- *‘Climate Transition Property Unit Trust’***:** The term ‘climate transition’ is not reserved for funds with a sustainability label but is a sustainability related term, which implies that the fund has sustainability characteristics (e.g. a brown-to-green investment strategy). The fund must change its name, adopt a label or make similar disclosures as those required for labelled products and invest in at least 70% of assets which align with the sustainability characteristics of the fund.
- *‘UK Sustainable Housing Fund’***:** The term ‘sustainable’ is reserved for funds that apply a label subject to general and specific criteria. The name of the fund implies that the fund has an objective to invest only in assets that are already sustainable and so Focus or Impact labels would likely be most appropriate. If the fund cannot meet the criteria, it must undergo a name change before 2 December 2024.

- *'Social Care Real Estate Investment Trust'*: While the term 'social' can be used in an ESG context, the rules do not apply when using terms in a context that is not intended to refer to sustainability. In this case, the fund name describes the target asset class.
- *'Urban Property Investment Fund':* The fund name does not include any reference to sustainability related terms, so is not in scope of the fund naming rules. Whether the fund is within the scope of the marketing rules would need to be separately considered.

Case study – Applying the anti-greenwashing and naming and marketing rules

The fund manager of *GTPUT* consults with their legal and compliance teams to determine if the fund – which is available to retail investors - is in scope of the anti-greenwashing rules and the naming and marketing rules.

The anti-greenwashing rules apply broadly to FCA-authorised firms, so the fund manager of *GTPUT* must comply by ensuring that sustainability related claims are clear, fair and not misleading. As the fund name, *Green Transition Property Unit Trust,* includes the terms 'Green Transition', consumers would reasonably expect that the investment policy and strategy of the fund relates to sustainability characteristics. Since this is an existing requirement, the firm already maintains policies and processes to ensure that the fund's communications are consistent with its sustainability characteristics.

The use of sustainability related terms in the fund name also brings the fund in scope of the naming and marketing rules. As the fund name does not include terms like 'sustainable', 'sustainability', or 'impact', it is not explicitly required to adopt a sustainability label. However, since 'Green Transition' is a sustainability related term, the fund must make similar disclosures as funds that use a label, irrespective of whether a label is adopted. The sustainability characteristics of the fund should be material – for example, at least 70% of its assets should have sustainability characteristics.

The marketing aspect of the naming and marketing rules is triggered where communications relating to a fund (which is available to retail investors) promote sustainability characteristics as being material to the product. "Promote" should be construed broadly in this context. However, short, factual, non-promotional statements, for example, a statement that ESG factors are considered as part of the product's risk management process, will not bring a product within scope in and of themselves. Nor will disclosures made pursuant to legal requirements (such as a product-level TCFD report) bring a product within scope, providing that they are kept to legally required content presented in a neutral (non-persuasive) manner, including in respect of the use of graphics.

Products which fall within the marketing aspect of the naming and marketing rules (and do not adopt a label) must produce the same types of disclosures as required for labelled products (although the disclosures are lighter touch) and publish a statement explaining why they do not use a label.

Case study: Integration of sustainability risk and the application of the marketing rules

UK Property Unit Trust (*UKPUT*) is a UK-domiciled open-ended fund primarily targeting retail investors but also available to institutional investors. The fund's objective is to achieve a combination of capital growth and income over the long term by investing, directly or indirectly, in a diversified portfolio of UK commercial property. There is no sustainability-related term in the name and sustainability does not feature as part of the fund's investment objective.

As part of the fund's investment strategy sustainability risks and opportunities are taken into account. Assets are not selected for their sustainability characteristics but rather for their return profile, although the fund manager acknowledges that there is a high correlation between the two in real estate given that e.g. more modern/better insulated buildings are expected to be more successful and resilient investment assets. The integration of sustainability factors into the investment process is seen by the fund manager as just part of prudent due diligence.

The fund has also been producing detailed annual ESG reports since its launch in 2011. The ESG reports cover ESG strategy and priorities of the fund, net zero carbon ambition and pathway and progress against annual ESG targets. The reports contain quantitative data such as GHG emissions, energy consumption, water and waste figures, as well as qualitative data such as reports of community engagement initiatives. ESG reports are prepared on a voluntary basis in response to investor appetite for such information and have, to date, been seen by the manager as a means of disclosing aspects of how the portfolio and assets are monitored.

Other than in the ESG reports, the integration of sustainability risk is only disclosed in the prospectus and other materials which discuss the investment approach in a short and factual manner.

The publication of the ESG reports will bring UKPUT within the scope of the marketing rules. The manager does not wish to discontinue publishing the ESG reports as this would not be well received by investors and so the manager decides to prepare a consumer facing disclosure, make additional pre-contractual disclosures in the prospectus and provide ongoing product level reporting in order to comply with the SDR regime. As the UKPUT does not have an ESG-related name, there is no requirement for a material proportion of the fund's assets to have sustainability characteristics.

ESG report content should be reviewed for compliance with the anti-greenwashing rule.

Evaluating whether to adopt a product label

Having determined that the fund is in scope and eligible to consider adopting a product label, the decision whether to adopt a label is made voluntarily and has strategic implications. Key questions that could be considered include:

- How might the label affect investor appeal and offer differentiation?
- How might the label affect brand reputation and trust?
- How might the label affect access to new investor segments seeking sustainable investment?
- How will a sustainability objective impact risk and return?
- To what extent will the label restrict the investible universe?
- How might the label affect operational costs and resourcing burden (e.g., data collection, verification, and reporting)?
- Does the fund have a robust standard of sustainability or a theory of change necessary to underpin its label ambitions?
- Will increased regulatory scrutiny increase the risk of greenwashing allegations if claims are not substantiated?
- How much will the label increase regulatory scrutiny and compliance burden?
- Is there a coherent sustainability thesis that runs consistently throughout the product?
- Are there robust and evidence-based key performance indicators by which investors will be able to assess delivery of the objective.
- How likely is the risk of reputational damage if sustainability performance falls short?

- Is the sustainability objective of the fund sufficiently credible to stand up to scrutiny?
- What level of notification or investor consent would be required to adopt the label?
- Does the fund manager possess the necessary expertise to manage a sustainable investment strategy?
- What level of systems infrastructure and data collection is required to fulfil reporting obligations?
- How will the approach of the fund materially deviate from the firm's approach?
- Will the sustainability objective result in other adverse environmental or social outcomes?

Case study - Evaluating whether to adopt a product label

GTPUT is a long-term open-ended fund and is seeking to raise new capital. The fund manager is advised by their capital markets team that there are additional investor segments that could be targeted if the fund was marketed as an impact fund. As the fund is marketed primarily to a retail audience, the fund manager considers that adoption of a label will simplify the messaging of the fund's sustainability credentials, providing a marketing benefit to entice new investors.

Given the fund's focus on decarbonisation, which is supported by investors, the fund manager considers that repositioning the sustainability strategy as an objective may or may not constitute a fundamental change but a rearticulation of the fund objective (if considered a significant change from an FCA perspective, this would trigger additional notification and wait period requirements). As the fund is already applying sustainability criteria consistently in the selection of investments, it would be credible to adopt a label.

The fund manager acknowledges that adopting the label will restrict the investable universe, as the fund will only be able to acquire assets that meet (or are able to meet) the sustainability objective. In turn, this could impact returns, as the fund might need to pass on deals that could otherwise be lucrative. However, the fund manager maintains a conviction that a dual focus on sustainability and investment performance will ultimately deliver strong risk-adjusted returns in the long-term.

The fund manager expects that there will be additional resourcing burden to comply with increased strategic, reporting, legal, and administrative requirements, as the strategy deviates materially from the firm's typical approach to ESG integration. However, the fund manager is supported by a dedicated sustainability team and external specialists, who provide regular training to ensure sufficient expertise.

Due to the use of ESG related terms in the fund name, similar disclosures would be required irrespective of whether a product label is adopted. Furthermore, a label might substantiate the fund name, strengthening the branding and reputation of the fund.

The fund manager concludes that adopting a product label comes with pros and cons but is the right decision, strategically, for *GTPUT,* subject to meeting the general and qualifying criteria.

Sustainability objective

A key concept that underpins each of the four labels is intentionality, where qualifying products must have a sustainability objective that is part of the product's investment objective. As intentionality is a fundamental differentiator, it is possible that the same portfolio could be used to pursue to different labels, depending on the fund manager's intentions and outlook. The sustainability objective must be clear, specific, and measurable, representing the deliberate pursuit of a positive sustainability outcome, alongside financial returns.

This introduces the concept of double materiality, which is distinguished from ESG integration, where risks and opportunities pertaining to ESG factors inform investment decision making, or an ESG tilt, where the fund has a weighting towards assets that have sustainability characteristics (but will also invest in assets that do not).

For existing funds that are looking to adopt a sustainability label, this may mean elevating the fund's sustainability strategy to the investment objective. In practice it is likely to require a rearticulation of the sustainability ambitions. For FCA authorised funds, this is likely to require an FCA application. Depending on the fund structure, this could constitute a fundamental change, requiring holder consent. If adoption of the label represents a repositioning or rearticulation of the fund strategy (which may have evolved over time) rather than a fundamental change, this may only require holder notification.

Firms must identify and disclose whether any material negative environmental and/or social outcomes may arise in pursuing the sustainability objective, such as during due diligence or through risk management processes. SDR does not explicitly require that such adverse impacts are avoided. For example:

- A strategy focussed on increasing the development of affordable housing may have a negative outcome for the environment due to the impacts of real estate construction on greenhouse gas emissions and biodiversity, especially in biodiversity-sensitive areas.
- A strategy focused on the low carbon transition of real estate may have an adverse impact on the wellbeing of local communities or could impede access to decent work in certain sectors.

The general criteria of the SDR, required for all product labels, stipulates that the sustainability objective of the fund must be clear, specific and measurable and must align with the label-specific requirements.

Further to the general criteria, the SDR includes label specific requirements to differentiate the product labels, which must be fulfilled for a fund to qualify for a label.

Case study – Evaluating whether an investment objective fulfils the general criteria of the labelling regime

GTPUT already invests in line with a sustainability strategy, oriented around decarbonisation, which will be formalised as part of the fund objective:

- **Clear:** The sustainability objective of the fund is to transition real estate properties to net-zero carbon in operation by 2040 and net-positive thereafter, while meeting best practice embodied carbon targets.

- **Specific**: the fund will only invest in real estate assets for which a decarbonisation plan is prepared during the due diligence phase, comprising technical improvement measures and a demonstration that the asset can achieve net zero carbon in operation following refurbishment, while meeting embodied carbon targets. The decarbonisation plan is implemented before 2040, ahead of national targets, resulting in properties with a very low level of operational energy demand, powered by on-site renewable energy, with no on-site carbon emissions.

- **Measurable**: Short- and medium-term operational carbon intensity targets are derived from the CRREM carbon risk assessment tool and applied at the portfolio-level. Embodied carbon targets are derived from best practice industry guidelines. For each asset, the fund will measure the operational energy-related carbon intensity in accordance with the Greenhouse Gas Protocol, and embodied carbon intensity through undertaking a life cycle assessment. Additionally, the fund measures a positive environmental outcome as the delta between the CRREM benchmark and the carbon intensity of assets to represent carbon emissions avoided.

Robust evidence-based standard

The labelling regime is principles based rather than prescriptive, so does not establish specific criteria for the sustainability objectives of funds. Instead, a key requirement of the regime is to determine a robust, evidence-based standard of sustainability that is an absolute measure of sustainability and aligns with the fund's sustainability objective.

The robust evidence-based standard is to be applied in a systematic way to determine the sustainability characteristics of the assets and the ability of those assets to contribute to sustainability outcomes:

- **Sustainability focus:** In the case of the sustainability focus label, the standard determines the selection of investments, i.e., will be a binding screen in the selection of all investments.
- **Sustainability improvers:** Regarding the sustainability improvers label, the fund manager must conduct due diligence in the selection of investments to determine whether the standard can be reached in a given timeframe.
- **Sustainability impact:** For the sustainability impact label, there is a level of discretion permitted in determining if and how a standard is used, but it should (if relevant) be used to select assets that have the potential to contribute to positive measurable impact.

The mandatory selection criteria for assessing whether a standard is appropriate are:

- **Robust:** stands up to scrutiny because the methodology or approach is determined by industry practice (e.g., a third-party data or analytics service provider), an authoritative body (e.g., a government or regulator), or proprietary standards (providing that the following aspects are satisfied).
- **Evidence-based:** derived from or informed by an objective and relevant body of data or alternative factual basis (e.g., science-based target).
- **Absolute:** An absolute (not relative) measure of environmental and/or social sustainability (e.g., a measure of greenhouse gas emissions or the proportion of apartments that meet affordability criteria). Examples of metrics that are not absolute include energy performance certificate ratings (EPCs) and peer benchmarks, (e.g., GRESB).

Examples of sustainability standards that would be appropriate for real estate funds include (but are not limited to):

- Carbon Risk Real Estate Monitor (CRREM)

- Science-based targets (e.g., SBTi)
- EU Taxonomy or forthcoming UK Green Taxonomy
- Nearly Zero Energy Buildings (NZEB) / Zero Energy Building (ZEB) standards
- UK Net Zero Carbon Buildings Standard
- Real Estate Environmental Benchmark (REEB)
- UKGBC Energy Targets
- LETI targets
- RIBA 2030 Climate Challenge
- Housing affordability (Affordable rents, Social rent, Shared ownership, Built to rent)
- Affordable commercial space
- United Nations Sustainable Development Goals / The Sustainable Investment Framework
- The national TOMs framework for social value

To qualify for any of the labels, an independent assessment must be undertaken to confirm that the standard is fit for purpose. This can be determined via an external party or an internal process, such as an internal audit, providing that the chosen method is independent from the manager's investment process and the individuals carrying out the assessment are appropriately skilled.

Case study – Evaluating a robust evidence-based standard

The investment strategy of *GTPUT* includes utilising CRREM as a standard of sustainability in the selection of investments. The fund manager must determine whether CRREM qualifies as a robust, evidence-based and absolute measure of sustainability. The SDR requires that the evaluation of the standard of sustainability is undertaken by an independent party. This can be via an external party or an internal process, providing that the chosen method is independent from the manager's investment process and the individuals carrying out the assessment are appropriately skilled.

The firm's ESG Committee, which is responsible for governing the firm's ESG policies and processes, establishes an internal process for evaluating whether a standard of sustainability is fit for purpose. The ESG Committee fulfils the requirement of being independent of the investment process, as the majority of its members are not part of the investment team, and the process is subject to an internal audit.

The firm's ESG Committee concludes that the standard of sustainability addresses the principal requirements of the labelling regime:

- **Robust:** The real estate industry has converged on CRREM as a standardised methodology for benchmarking decarbonisation pathways. The tool was funded in part by the EU and represents a collaborative effort, involving a consortium of reputable institutions. It stands up to scrutiny as a robust standard.
- **Evidence-based:** CRREM is underpinned by a transparent methodology that is grounded in credible research, including the latest climate science from the Intergovernmental Panel on Climate Change (IPCC). It leverages datasets that are subject to rigorous validation and quality control. It is demonstrably evidence-based.
- **Absolute measure:** the decarbonisation pathways set out by CRREM are derived from the global carbon budget, in absolute terms, consistent with the objective of the Paris Agreement to limit global temperature change to below 1.5°C by 2100 from pre-industrial levels. The total carbon budget is allocated regionally and down to a sectoral and sub-sector level, establishing explicit, time-bound and numerical targets for greenhouse gas emission intensity. It represents an absolute measure of sustainability.

Label-specific criteria

<u>Sustainability Improvers</u>

A fund may qualify for the Sustainability Improvers label if the fund objective is to invest in assets that become more environmentally and/or socially sustainable over time. The fund needs to:

- Undertake due diligence to obtain evidence that assets acquired have the potential to meet a robust evidence-based standard of sustainability; and
- Establish short and medium-term targets to reflect the time period by which the product or its assets will meet the standard (commensurate with the investment horizon).

Case study – Applying the Sustainability Improvers label

The investment strategy of *GTPUT* includes undertaking a technical assessment during the due diligence stage of all investments to identify the economic and technological feasibility of decarbonisation measures. These measures are modelled with the CRREM, considering lease events as intervention points. Investments only proceed if the modelled interventions indicate that short- and medium-term targets, commensurate with the hold period, can be achieved through execution of a decarbonisation plan. This assessment provides sufficient evidence of the viability of achieving the sustainability objective and the expected timescales for improvement. The investment strategy stipulates that the implementation of decarbonisation plans is monitored quantitively throughout the investment lifecycle in accordance with defined policies, procedures and key performance indicators (KPIs).

The fund manager has obtained independent verification of the appropriateness of the robust evidence-based standard of sustainability used in the selection of investments and ensured that the fund can meet both the general and label-specific criteria. The fund manager concludes that the sustainability objective of *GTPUT* does qualify for the Sustainability Improvers label.

<u>Sustainability Focus</u>

A fund may qualify for the Sustainability Focus label if the fund objective is to invest in assets that are already environmentally and/or socially sustainable, determined using the robust, evidence-based standard of sustainability.

Case study – Applying the Sustainability Focus label

The investment strategy of *GTPUT* permits acquisition of any real estate property, providing that they can achieve net zero carbon in operation after undergoing retrofit works, within a defined timeframe. The portfolio may comprise real estate assets that are not already sustainable upon acquisition. The sustainability objective of *GTPUT,* therefore, does not align with the label-specific requirements of the Sustainability Focus label.

In order to qualify for the Sustainability Focus label, the fund would instead apply a positive screen based on the standard of sustainability to acquire real estate that is already sustainable. For example, the fund might only acquire real estate that is already net zero carbon in operation, as determined by Zero Energy Building Standards (ZEB). This objective may be better suited to an income oriented real estate fund with a core risk style.

Sustainability Impact

A fund may qualify for the Sustainability Impact label if the fund objective is to invest in assets to achieve a direct positive environmental and/or social impact. The fund needs to:

- Specify a theory of change, setting out how the fund manager's investment activities and assets achieve a positive impact; and
- Specify a robust measurement framework for demonstrating the positive impact of both the assets and the fund manager's investment activities.

Theory of change

When adopting the Sustainability Impact label (exclusively), the fund manager must stipulate a theory of change in line with the product's sustainability objective. A theory of change is a method that explains how a given intervention, or set of interventions, are expected to lead to a specific change, drawing on a causal analysis based on available evidence. This must clearly describe how the manager expects both its investment activities and the product's assets to contribute to achieving a positive and measurable impact. Where appropriate, this can be in accordance with reference to a robust, evidence-based standard. Fund managers are not expected to demonstrate a causal link between their stewardship activities and outcomes, but fund managers are expected to have a robust method to measure and demonstrate that the manager's investment activities (and the product's assets) are achieving a positive environmental and/or social impact.

Impact investing is defined as investing with the intention to generate a direct positive, measurable social and/or environmental impact alongside a financial return. The SDR does not prescribe whether impact is generated through primary or secondary channels (i.e., through directing new capital into assets or through the contribution of assets within a product), providing that the theory of change describes and illustrates how and why the positive impact is expected to occur both in terms of the fund's assets and manager's activities.

A core concept in existing impact frameworks is investor contribution, referring to a positive social or environmental impact generated by an investment decision that would not have occurred through usual market forces. Under the SDR's labelling regime, fund managers are not required to invest new capital for their products to qualify for the Impact label or demonstrate that they are directing capital to underserved markets or to address market failures. Rather, the SDR refers to positive impact and investor contribution. This blurs the lines between the Sustainability Impact label and the other labels in some respects, which include common features associated with impact investing (e.g., intentionality and positive sustainability outcomes). The main differentiation for the impact label is not necessarily the magnitude of the positive outcome but the rigour of approach in quantifying and evidencing the positive outcome. For example, a fund may qualify for the Focus label by investing in real estate with onsite renewable energy technology or Improvers label by investing in real estate with the potential to install onsite renewable energy technology. (To qualify for the improver label, the fund would also need to identify short and medium-term targets for improvement in sustainability.) To qualify for the impact label, the fund would need to achieve a predefined, positive, measurable impact *directly* and quantify the amount of renewable energy produced and the positive impact on the environment based on the corresponding reduction in greenhouse gas emissions.

The FCA encourages fund managers to refer to existing frameworks and guidance for impact investing, so it is best practice to establish a theory of change that demonstrates not only a positive sustainability outcome but clear investor contribution. In the previous example, investor contribution could be more clearly demonstrated if the fund generates a surplus of renewable energy that is fed into the national grid, increasing the overall proportion of renewable energy in the grid mix and expanding the scope of impact beyond the boundary of the fund.

A simple theory of change may include the following elements:

- Input: the problem statement, resources, and strategies used to achieve change.
- Activities: the specific actions taken to achieve the change.
- Outputs: the tangible products, services, or results produced by the activities, specifying the causal link between the activities of the fund manager.
- Outcomes: the short- and long-term changes that occur as a result of the outputs, setting out the tangible results that will be measured and specifically evidenced.
- Impacts: The overall contribution of the outcomes to addressing the problem and achieving broader societal and/or environmental goals.

Case study – Preparing a theory of change

The fund manager of *GTPUT* collaborates with the firm's dedicated sustainability team and external specialists to prepare a detailed theory of change, formulated around inputs, activities, outputs, outcomes, and impacts, which is summarised as:

- **Inputs:**
  - The built environment is a significant contributor to global greenhouse gas emissions, resulting in climate change, which is causing widespread disruption to ecosystems, economies and societies, disproportionately affecting vulnerable populations.
  - The fund commits to addressing the urgent need to decarbonise the UK real estate sector while promoting sustainable development and social equity.
  - The fund will invest in carbon-intensive real estate assets, implementing an accelerated strategy to transition properties to net-zero carbon in operation.
  - The fund will contribute to climate change mitigation through avoided emissions while delivering competitive financial returns.
- **Activities:**
  - Acquire carbon intensive real estate properties with the potential to be decarbonised to net zero carbon in operation by 2040 or sooner.
  - Invest capital expenditure to undertake retrofit works, such as energy efficiency improvements, removal of onsite fossil fuels and installation of onsite renewable energy technologies, exporting surplus renewable energy to the grid.
  - Apply a carbon pricing mechanism to accrue a ring-fenced provision to invest in measures that would otherwise not be economically viable, including biodiversity restoration and reducing embodied carbon.
  - Explicit assessment of community engagement with respect to needs assessment, procurement, and supply-chain consideration to manage the downside social risks of an accelerated transition.
- **Outputs:**
  - A real estate portfolio that is net zero or net positive carbon, ahead of national targets, as a result of the capital expenditure undertaken by the fund to transition assets.
  - Biodiversity restoration on the site of assets, undertaken by the fund during refurbishment works.
  - Creation of jobs across the low carbon supply chain through the fund's supplier engagement programme.
- **Outcomes:**
  - Short-term: Avoided carbon emissions through delivering an accelerated decarbonisation programme, ahead of typical market forces, contributing to the national and international efforts of the Paris Agreement on Climate Change.
  - Long-term: Net positive carbon emissions, generating surplus renewable energy that is exported to the grid through onsite renewable energy installations.
  - Biodiversity net-gain.
  - Creation of decent jobs and better employment prospects in future-facing sectors.
- **Impacts:**
  - Climate action through change mitigation.
  - Access to affordable and clean energy.
  - Contribution to local, inclusive and sustainable development, including decent work and economic growth, supporting a just transition.

Case study – Applying the Sustainability Impact label

The fund manager of *GTPUT* has leveraged the necessary expertise and cross-referenced existing impact frameworks to prepare a theory of change that stipulates how the fund expects to achieve a positive impact through its sustainability objective.

To measure positive outcomes of the fund managers activities and the fund's assets, the fund manager establishes a robust and evidence-based measurement framework, comprising:

- Articulation of the ambition and assessment of expected results;
- Establishment of a KPI framework, isolating the specific contribution to impact;
- Identification of reliable data sources;
- A robust system for collecting, analysing and reporting data consistently;
- Stakeholder engagement and feedback;
- Integration throughout the investment process and asset lifecycle; and
- Independent verification of results.

The monitoring approach includes a sophisticated carbon accounting protocol to determine operational and embodied carbon intensity, underpinned by robust data collection and analysis, including life cycle assessments, independent data assurance and best in class technology solutions. The measurement framework is integrated throughout the investment process from the selection of investments and during the asset life cycle.

Climate change mitigation is measured in reduction of carbon intensity between an established baseline and following the implementation of a decarbonisation plan, against short-, medium- and long-term targets, commensurate with the hold period. CRREM is utilised as a robust evidence-based standard of sustainability for establishing science-based decarbonisation pathways. To confirm investor contribution, avoided carbon emissions are measured as the delta between the carbon intensity of the assets and the respective CRREM pathways, including the net positive contribution of renewable energy generated and exported.

Alongside climate action, further environmental and social KPIs are tracked, including biodiversity net-gain and the management of downside social risks associated with an accelerated transition, such as job creation across the low-carbon value chain and community voice.

As a credible theory of change and robust measurement framework has been established, the sustainability objective of *GTPUT* does align with the label-specific requirements of the Sustainability Impact label. Given the principles-based nature of the SDR, the credibility of the strategy will largely depend on its market reception. Therefore, it is advisable to consider other recognised impact frameworks in conjunction with SDR-specific criteria to ensure a comprehensive appraisal.

Sustainability Mixed Goals

A fund may qualify for the Sustainability Mixed Goals label if the fund objective is to invest with a strategy that meets the requirements of two or more of the other labels, providing that:

- The specific disclosure requirements of each applicable category are fulfilled; and
- The proportion of assets invested in accordance with each of the categories is identified and disclosed. Ranges are acceptable and ranges up to 30% are generally not perceived as problematic. It is possible that assets may qualify under both categories. In this situation the ranges may overlap (e.g., each objective having a 40-70% allocation) but the FCA expects assets not to be "double counted" and fund managers have discretion over which category to include the relevant asset(s) within.

Case study – Applying the Sustainability Mixed Goals label

As the sustainability objective and strategy of *GTPUT* qualifies for two other labels, it could be eligible to adopt the Sustainability Mixed Goals label, providing that the investment strategy explicitly sets out the investment allocation to each objective.

However, the fund manager considers that it would not be in line with industry expectations to pursue an impact objective for only part of the fund, alongside another sustainability objective, since the other objective could conflict with the impact objective.

If *GTPUT* were to consider a diversified investment strategy, where a defined proportion of the fund is allocated to core, income-oriented, sustainable buildings with a low risk profile, while another defined proportion is allocated to value-oriented retrofit projects, then the sustainability objective of the fund could align with both the Sustainability Focus and Sustainability Improvers labels. In this case, the Sustainability Mixed Goals label would be more appropriate. This would come with the challenge of maintaining the asset allocation of the fund to each objective, as set out in the product-level disclosure. SDR does permit a 'ramp-up' period, where products are designed to build their initial portfolio over time and therefore have yet to fully invest in assets, such as in the case of a Long-Term Asset Fund (LTAF). In this case, the stated asset allocation to each sustainability objective would be achieved only when the initial portfolio is established.

Investment policy, strategy & KPIs

Enshrining a sustainability objective as part of the investment objective of the fund signifies that the fund will only invest in accordance with the objective. While the regulatory framework requires that at least 70% of the gross value of assets is aligned with the objective, the remaining 30% is intended to be for liquidity and risk management purposes, such as cash or derivatives. The remaining assets that make up the 30% allowance should not conflict with the sustainability objective, which means that there is no provision to acquire other real estate investments that are not aligned with the sustainability objective.

The investment policy sets out how the fund will achieve the sustainability objective and the investment strategy sets out what the fund will and will not invest, including, where appropriate, the timescales by which the fund is expected to be fully invested. The strategy should be sufficiently detailed to distinguish between different investment approaches that are used to pursue the sustainability objectives, such as, for example, how positive or negative screening is applied and with which indicators. It should set out, where relevant, how derivatives, short selling and/or securities lending contributes to the strategy, as well as identifying and disclosing assets that are held for reasons other than the objective, such as cash and derivatives.

Firms must identify robust and evidence-based KPIs to measure progress against the sustainability objective, which can measure the progress of the whole product or individual assets. The KPIs that will be used to measure the sustainability objective are not prescribed and should be clearly outlined (see 'ESG Metrics for Real Estate'). The KPIs could either relate to the fund as a whole and/or the individual assets the fund invests in.

For funds that are applying the label and hold investments that conflict with the sustainability objective, the fund manager must execute an escalation procedure with anticipated timescales and take action to address the misaligned assets, such as by undertaking capital expenditure works or ultimately, potentially, divestment. Choosing to adopt a sustainability label, therefore, has fundamental strategic implications for the investment strategy of the fund.

Implementation process

	Requirements	Guidance
Step 1: Preparation		
Scoping	Confirm if the fund is in scope to adopt a label.	• The scope of SDR is currently limited to UK funds managed by UK managers. • This is likely to be expanded in future to include funds registered under the Overseas Funds Regime and certain portfolio management activities. • Additional requirements apply to funds marketed to retail investors, including consumer-facing disclosures.
Naming & marketing rules	Assess whether the fund is in scope of the naming and marketing rules.	• If the fund is marketed to retail investors and the fund name includes a synonym of ‘sustainability’ or ‘impact’, then the name is reserved for labelled products. The fund needs to adopt a label or change the name. • Fund names that include other sustainability related terms are required to make similar disclosures as labelled products.
Commercial evaluation	Evaluate the commercial drivers for use of a sustainability label.	Consider factors such as positioning in the market, alignment with the firm’s ESG strategy, and investor demand for sustainable products to evaluate the commercial and strategic relevance of adopting a product label.
General qualifying criteria	Establish a sustainability objective that aligns with one of the sustainability labels. For existing products, evaluate which sustainability label aligns with the sustainability objective of the fund and amend accordingly (if required).	The sustainability objective must be clear, specific, and measurable, informing the selection of all investments.
	Prepare an investment policy & strategy, setting out how the sustainability objective will be achieved and how the fund will invest.	• The investment policy sets out how the sustainability objective will be achieved. • The investment strategy sets out what the fund will and will not invest in (asset allocation) including the reason for holding assets that do not align with the objective (e.g., cash). It should state the criteria used to select investments to achieve the sustainability objective. If relevant, include the time period until which the fund is expected to be fully invested.
	Establish clear, evidence-based KPIs that demonstrate progress towards the sustainability objective.	• KPIs can measure the progress of the whole product or individual assets as against the stated objective of directly or indirectly improving or pursuing positive environmental and/or social outcomes. • Must take reasonable steps to ensure that data is accurate and complete. • Recommend basing KPIs on data that is consistently available or that can be supplemented with relevant proxy sources or assumptions. • Ensure that systems infrastructure is sufficient to ensure consistent data availability and quality control.
	Enact a stewardship strategy commensurate with ensuring the	The stewardship strategy should include the expected activities to be undertaken by the fund manager (or

	achievement of the sustainability objective.	firm) and outcomes related to achieving the objective. For example, this could include engagement activities. No causal link between activities and outcomes is required.
	Ensure that the product governance structure enables oversight and accountability regarding the sustainability objective.	• This could be, for example, a fund review committee that is independent from the fund management team. • The governance set up should include sufficient expertise to be capable of reviewing, at least annually, the label continues to be appropriate.
	Establish an escalation plan setting out actions and timescales for assets within the labelled product that do not demonstrate sufficient performance against the sustainability objective or KPIs.	• The escalation plan should establish the steps to be taken where an asset no longer complies with the sustainability objective, triggering actions that must be delivered within set timescales to address the non-compliance. • For example, escalation might be triggered if the business plan of one or more assets does not achieve the expected sustainability outcome, such as a retrofit project that does not deliver the expected energy reduction (failing to reach short- or medium-term targets). In this case, the remedial actions could be to undertake further capital expenditure works within a defined period or to dispose of the asset. • The label is still upheld while executing the escalation plan (the asset is still considered to be within the 70% minimum allocation). • However, the label should be relinquished if the actions are not sufficient to address the breach.
	Ensure that appropriate resources and organisational arrangements are in place, commensurate with the delivery of the sustainability objective.	• This includes ensuring there is adequate knowledge and understanding of the product's assets and that there is a high standard of diligence in the selection of any data or other information used (including when third-party ESG data or ratings providers are used) to inform investment decisions for the product. • This could be achieved through working with a dedicated sustainability team, appointing external advisors, or undertaking relevant training. • Governing bodies must have sufficient knowledge, skills, experience, and sufficient time.
Label specific criteria	Establish a robust, evidence-based standard of sustainability that is applied systematically in the selection of investments.	• For the Focus label, the standard is used to determine the fund's assets. • For Improvers, assets are assessed during due diligence, where sufficient evidence must be collected to verify that the standard can be met over a period. The standard should also be used to inform short- and medium-term targets. • For Impact, the standard can be used to select assets that have the potential to create impact.
	Obtain independent assessment of the sustainability standard.	• The sustainability standard is a key component of the labelling regime and must be independently verified to confirm that is appropriate for the sustainability objective. • This can be carried out by an external or internal party, providing that the party is independent from the investment process (e.g., a separate committee or team, such as an ESG Committee). • The FCA is also particularly concerned with why the standard is considered appropriate, as well as the 'who'.
	When applying the Impact label, prepare a theory of change that sets out the cause-and-effect relationship between the investment activities (and assets of	• The theory of change can be formulated around inputs, activities, outputs, outcomes, and impacts. • It is best practice to refer to existing impact frameworks to ensure credibility.

	the fund) and a measurable positive impact.	
	When applying the Impact label, establish a robust measurement framework.	The measurement framework must clearly demonstrate the positive impact of both the assets and the fund manager's investment activities, reflecting the theory of change.

Assessing negative outcomes	Determine whether any material negative environmental and/or social outcomes may arise from pursuing the sustainability objective.	• This does not necessitate remedial action but must be disclosed as part of the product-level disclosures to enable investors to make an informed decision.
		• The methodology for assessing adverse impacts is not prescribed but could include:
		  o Undertaking a (or utilising an existing) double materiality assessment, involving various stakeholders to assess material risks and impacts.
		  o Undertaking scenario analysis, life cycle assessments, or leveraging the outcomes of due diligence assessments.
		  o Consulting with experts to gain insights or to validate the firm's own assessment.
		• Negative outcomes may be further identified through ongoing risk management and due diligence process when selecting the fund's assets.

Step 2: Implementation		
FCA approval	The FCA is notified via Connect of the use of a label. FCA approval is not explicitly required, only notification.	In practice, FCA authorised funds will almost certainly require FCA approval regarding changes to existing funds. For new funds, the FCA will review the use of the label in the normal approval process.
Notifications	For existing authorised funds, it must be determined if the change is fundamental, significant or notifiable. For unauthorised funds, it must be determined if the change is material.	• The type of notifications required will depend on the fund. • Distributors may require notification to display details of the label and corresponding disclosures through distribution channels (e.g., on their website). • Internal product governance requirements may also need to be fulfilled, such as obtaining board approval.
Consumer-facing disclosure	For funds available to retail investors, a consumer facing disclosure must be prepared and made available digitally, summarising the sustainability objective and details of the label in clear, easily understood terms.	• Intended to give general audiences a clear understanding of the sustainability objective. • There is no prescribed template, but content requirements must be fulfilled, including but not limited to information on the sustainability goal, the effect on risk/returns, material negative environmental/social outcomes, and information about the sustainability approach of the fund. • Must be concise, with a maximum size of 2 A4 pages (when printed). • Must be available digitally, e.g., on a website, and reviewed and updated annually, at minimum.
Product-level disclosure	A product-level disclosure with more detailed information on the sustainability approach must be included as a section in the pre-contractual disclosure.	• The level of detail should be more comprehensive and should be appropriate to the audience. • Included as a section in pre-contractual disclosure, e.g., prospectus or equivalent. • Generally static, unless label revoked or revised. • There is no prescribed template, but content requirements must be fulfilled, including but not limited to information about the sustainability objective, investment policy and strategy, KPIs, stewardship strategy, escalation plan and label-specific disclosures.
Ongoing product-level disclosure	Ongoing product-level reporting must be established to report annually on progress against the objective.	• Must be published within 12 months of use of label and then annually as a Sustainability Product Report.

		• There is no prescribed template but content requirements must be fulfilled, including but not limited to information about the asset allocation, KPIs (with historical comparison), stewardship activities, escalations, and category specific disclosures. • Either public (e.g., on a website) or on demand to eligible clients, at least annually, within a reasonable timeframe. • On-demand disclosures are not required before 2/12/2025.
Website disclosure	Disclosure of the sustainability label and where the consumer facing disclosure can be accessed.	• Recommended to include in the same location as other product-level information. • A relevant digital medium is required but not explicitly a website.
Step 3: Ongoing maintenance		
Periodic evaluation	Ensure governance bodies are appropriately structured for ongoing review of the use of the label, at least annually.	• The established governance set up should include an annual review of the use of the label, at minimum. • If compliance can't be restored in a reasonable period and the label is no longer appropriate, revise or cease to use the label. • If ceasing to use the label, comply with the relevant notification requirements to clients and to the FCA and update the consumer facing disclosure.
Due diligence	Maintain high standards of investment due diligence in the selection of data to inform investment decisions.	Undertake sufficient due diligence during the selection of investments to collect evidence regarding the label-specific criteria and compliance with the sustainability objective. For example, the Sustainability Improvers label requires that evidence is obtained to verify that investments can meet a robust evidence-based standard of sustainability over time.
Performance monitoring	Monitor performance against KPIs and other metrics that could be useful to investors, maintaining historic calculations.	• Ensure sufficient resources, systems, and data collection and verification protocols to: • Monitor performance against the defined KPIs and sustainability objective. • Monitor any other metrics that could be useful or provide context to investors. • Maintain historic data for comparison and disclosure. • Identify whether pursuing the sustainability objective may result in negative outcomes that have not already been identified. • Identify any new assets that do not pursue the objective. • Identify any data gaps or methodological challenges in reporting and whether these can be met through proxies and assumptions.
Strategic review	Ensure that the elements of the strategy remain fit for purpose or are updated as necessary.	Undertake a periodic review, such as through an independent audit, to continuously review elements such as the investment policy and strategy, escalation plan, stewardship strategy, independent assessment, and where relevant, the index used to measure attainment of the objective.
Ongoing disclosures	Ensure that disclosures are kept up to date.	• Consumer facing disclosures should be updated at least annually with the latest progress. • The more detailed Sustainability Product Report must be published annually. • The pre-contractual disclosure is typically not changed unless introducing, amending or revoking the label or altering the balance of the asset allocation if using the Mixed Goals label.

About the Association of Real Estate Funds (AREF)

AREF is the trade body that represents UK commercial real estate fund managers, those firms that support them and the end customers that invest in commercial real estate funds. Our membership includes over fifty funds spanning the leading commercial real estate fund management houses in the industry, through to smaller specialist boutiques, with a collective net asset value of approximately £50bn in the UK.

AREF

The Association of Real Estate Funds

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