

VALUATIONS AND EU TAXONOMY

SCSI SUSTAINABILITY CPD SERIES

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Sustainable Finance and Disclosure Regulations - SFDR



The **SFDR** is designed to support institutional asset owners and retail clients to **compare, select, and monitor the sustainability characteristics** of investment funds by standardising sustainability disclosures.



Integration of **sustainability risks**, consideration of **adverse sustainability impacts, promotion of environmental or social factors**, and sustainable investment objectives. SFDR introduces obligations on financial market participants and financial advisors to disclose how they integrate ESG factors in their risk processes and in turn, impacts how they market their products.



A building block of the EU's Sustainable Finance Action Plan, applies **to all financial advisers and financial market participants that construct financial products and/or provide investment advice** or insurance advice in the European Economic Area. Mandatory disclosure at **two levels: Investment firm /Corporate and Product**



At product level SFDR defines **two categories** of sustainable financial products: **Article 8 products promote sustainability characteristics**, the more strictly defined **Article 9** products that have stringent primary objectives for positive sustainability outcomes.

SFDR Article 8 Compliance

- Completion of pre-contractual and periodic disclosures
- Baseline Exclusions
- Property Exclusions
- Net Zero Due Diligence
- Climate Risk Due Diligence
- Occupier Covenant Check
- Good Governance Check
- GRESB & Client Reporting



GRESB

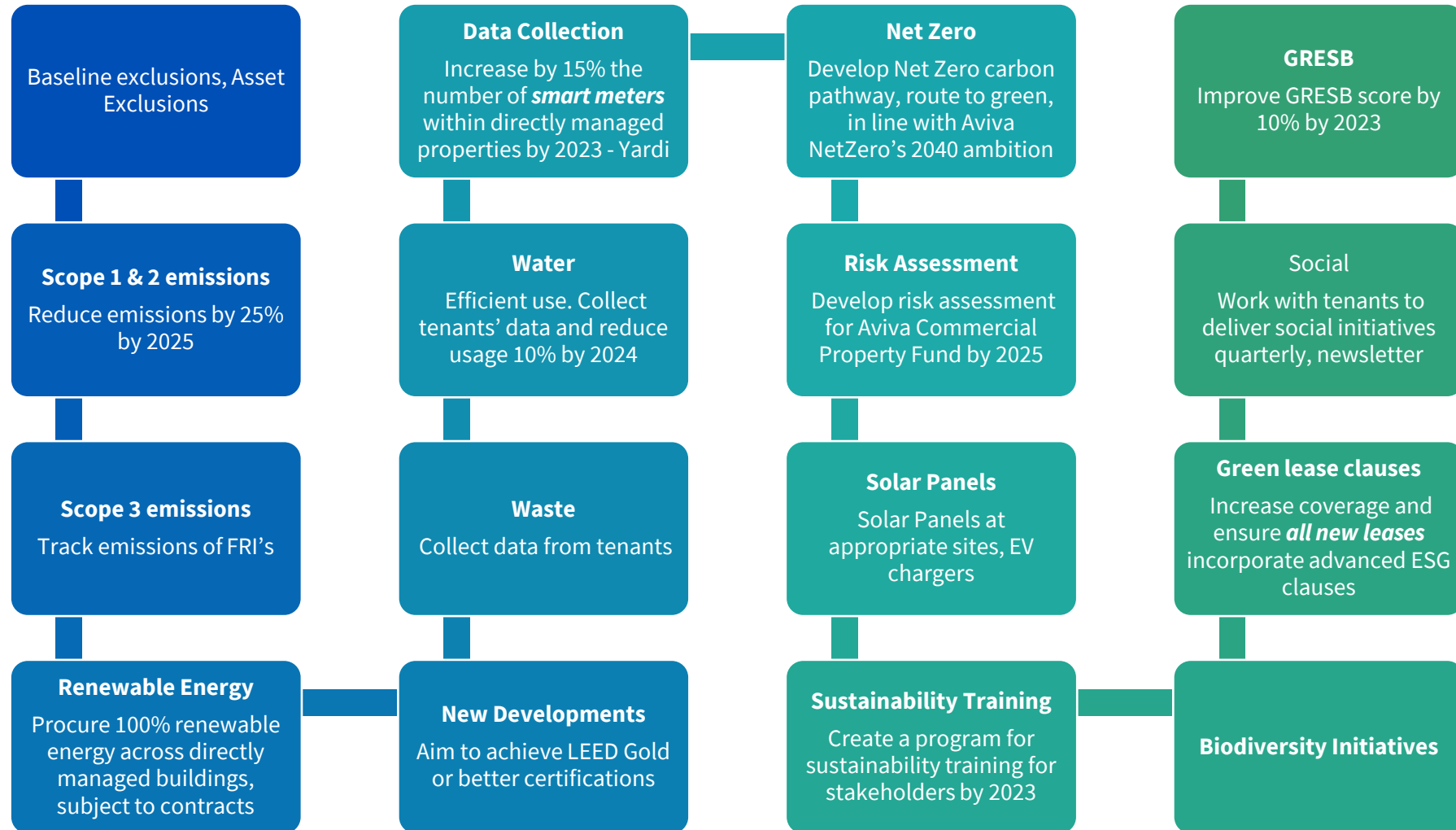
- **GRESB stands for Global Real Estate Sustainability Benchmark**, the leading international ESG benchmark for real assets, the organisation assesses and rates the sustainability performance of property assets and portfolios and measure how well buildings and property companies are doing in terms of ESG practices.
- GRESB aligns with the **European Taxonomy legislation**, UN PRI, CDP (Carbon Disclosure Project), UN sustainable development goals (SDGs)

What does the assessment entail?

1. **Management Component**, 30/100 points.
 2. **Performance Component**, 70/100 points
 3. **Development Component**, scored separately, 100 points
- GRESB participants have grown and shown an increase in their level of sustainability disclosure and performance.
 - Upon completion of the survey, there is the benefit of the ability to evaluate, understand, and improve the ESG performance of our property portfolio which is hugely valuable in order to learn and improve our ESG practices.
 - Many entities will start with lower scores which improve over time and with experience.



Sample Goals/Considerations



Vacant Property Units – ‘S’ in ESG

- Track record of using vacant property units for wider **community**
- 58 properties , over 100 units means vacancy arises within the portfolio, using ***otherwise vacant properties*** as short term lets
- Blackrock Village Centre: Neurodiversity Ireland given space over the summer months
- Dublin Pride retail unit in Clarendon Street
- Champion Green during Summer 2023, unit provided to four small retailers, on a concession basis, on Clarendon Street
- Champion Green encourages people to buy and source local products and services
- Previously provided two City Centre vacant properties rent free to aid displaced Ukrainians & a residential unit for a front line medical worker during Covid-19.



Champion Green's €50,000 competition now open

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Evelyn Moynihan, CEO of Kilkenny Design, Carina Galavan, property specialist, Aviva Ireland and (centre) Duncan Graham, Managing Director of Retail Excellence

