



ENGAGE
for ESG

ENGAGE for ESG Activation Investments

20 May 2023



Co-funded by the
European Union





Project Description

- **Name:** Engage for ESG activation investments (ENGAGE)
- Co-funded by the European Union with a LIFE grant
- **Duration:** 1 November 2022 – 31 October 2025
- Six consortium partners from across Europe
- **Scope:** ENGAGE aims to provide a solution based on a single data disclosure format for mortgage funding and home renovations encompassing the most relevant European ESG regulations



EUROPEAN DATAWAREHOUSE

ESMA-designated Securitisation Repository and Eurosystem repository for ABS & pools of additional credit claims

UCI

Specialist entity in sustainable financing for mortgages and loans in the Spanish market. Leader of the Spanish pilot

HYPOPORT

IT company, developers of software solutions for the financial sector

woonnu

Innovative sustainable mortgage loan originator in the Dutch market. Leader of the Dutch pilot



Università Ca'Foscari Venezia

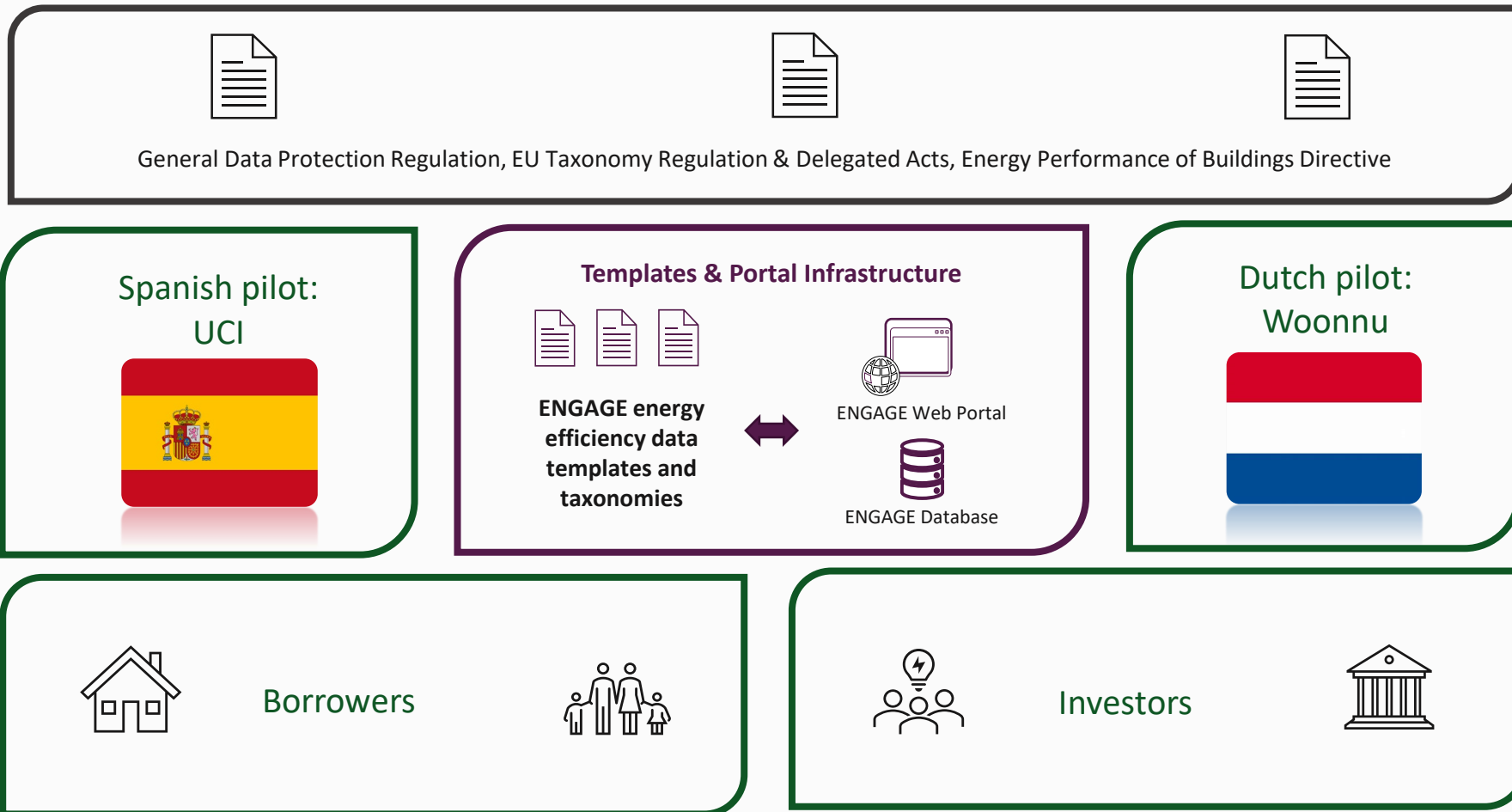
Pioneer university in sustainable finance programmes and research



Experts in ensuring compliance of new technologies with legal and ethical standards

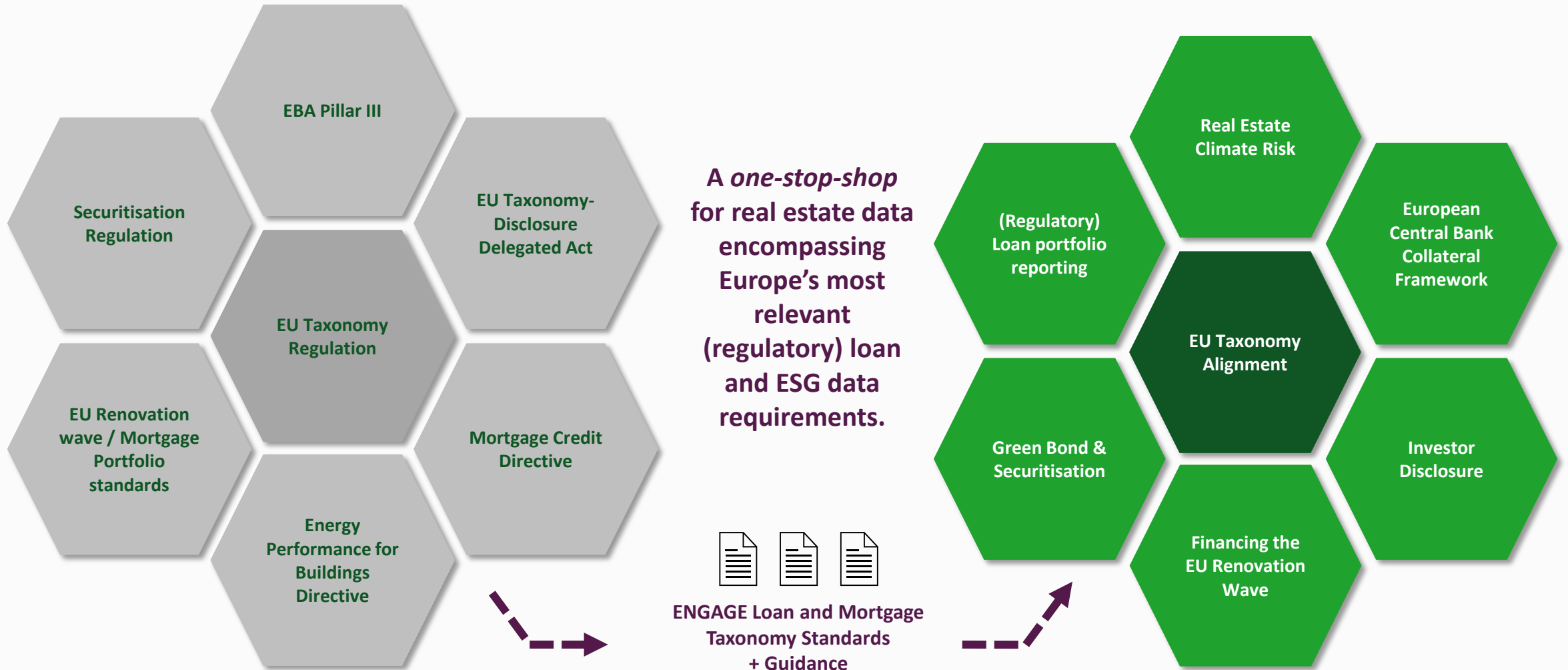


The High Level Concept





How ENGAGE Fits into the EU Sustainable Finance Roadmap





Current Challenges

- Translating the regulatory requirements into actionable reporting requirements.
- Lack of EPC and sustainability-related data availability across jurisdictions for buildings and dwellings.
 - Issue is currently under discussion as part of the Energy Performance for Buildings Directive (EPBD) review.
 - Lack of completeness of EPC information across building stock – homeowners need incentives.
 - Lack of comparability of the EPC information across jurisdictions.
- Differing reporting requests from investors related to ESG and climate change disclosures.
- Need to create **reporting templates “one-size-fits-all”** for existing reporting requirements that is used and accepted from lenders, investors and other parties such as rating agencies.



The Methodology

- Review of relevant **regulatory requirements on sustainable finance** to identify the key data to report the energy efficiency of home loan renovations and green mortgages.
- Development of **standardised data templates** for the collection of energy efficiency data based on harmonised definitions as per:
 - ✓ ESMA technical standards under the **Securitisation Regulation EU 2017/2402**.
- Development of a platform integrating:
 - ✓ EU Taxonomy Regulation; and
 - ✓ SFDR requirements.
- **Piloting and evaluation of the project results** in the **Netherlands** and **Spain** with Woonnu and UCI.



Energy Efficiency Templates (1/2)

- ENGAGE will leverage the existing ESMA technical standards on disclosure requirements currently under revision, and more specifically:
 - Annex 2: Underlying exposures – residential real estate
 - Annex 6: Underlying exposures – consumer
- Additional fields that will be added across sections (under consideration):
 - **Documentation:** minimum social safeguards, ESG information, EU Green Bond Standard adherence.
 - **Assets - Collateral:** Energy Performance Data (EPC) including emissions and consumption, EPC issuance date, climate risk related information.
 - **Liabilities:** use of proceeds.



Energy Efficiency Templates (2/2)

Building blocks under construction

Building block 0

- Current ESMA underlying exposures for residential mortgages and consumer loans. A public consultation is expected later in 2023 for the revision of the technical standards.

Building block 1

- Compliance with the EU Taxonomy Regulation for:
 - a) Mortgages for the acquisition of new buildings (already built or under construction) and existing buildings;
 - b) Loans for the renovation of existing buildings.

Building block 2

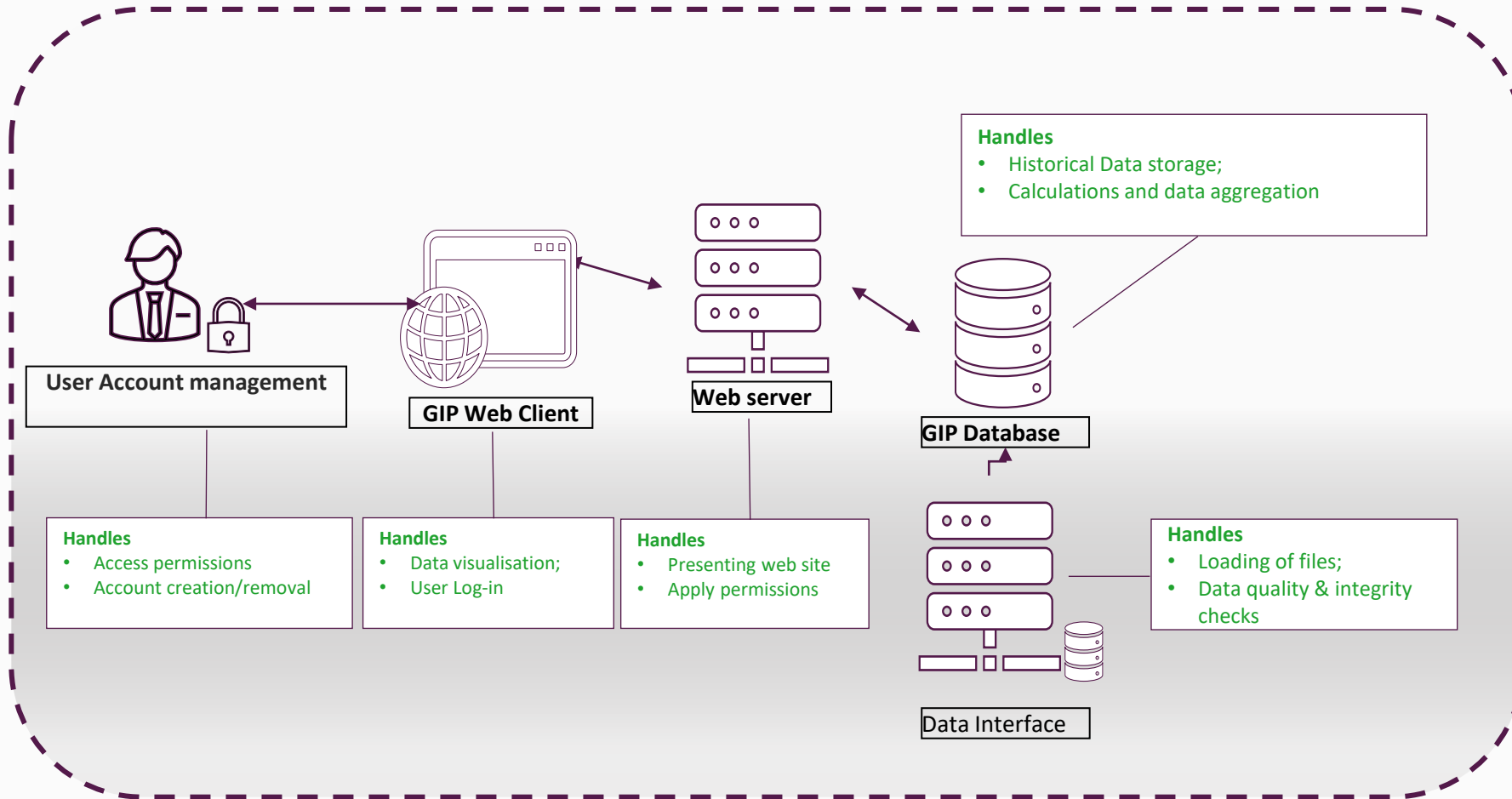
- European Investment Bank information requirements to capture funds from green financing programmes (e.g., ELENA) for the financing of the renovation wave.

Building block 3

- European Central Bank stress test fields related to climate change (such as flooding and heating) for financing activities related to the building stock.



ENGAGE Platform Architecture





ENGAGE: Dutch Pilot

- Woonnu is a subsidiary of NN Bank with a €2.3 billion mortgage loans originated from October 2020 with an EPC of A or better
- Woonnu will act as the pilot in the Netherlands:
 - Commenting on the usability of the platform.
 - Providing information on the prospective ease of use of the Green Investment Portal (GIP).
 - Incorporating input into the action plan for further development of the GIP.
- ENGAGE is a success when the Energy Efficiency Templates becomes a generally accepted standard
- With one-size-fits-all templates green portfolios can more easily be compared.



ENGAGE: Spanish Pilot

Unión de Créditos Inmobiliarios (UCI) is a joint venture between Banco Santander and BNP Paribas focusing on sustainable financing.

UCI will act as the pilot in Spain:

1 Energy Savings Calculator

Determine the energy savings (kWh) that the Homeowners will obtain with the renovation.

2 Automatic generator of reports on energy efficiency improvement works

A catalogue of works to be carried out can be proposed to the Homeowners in which the improvement obtained in each of them is specified along with the cost.

3 Subsidiator

Database of all existing subsidies, aids and grants in the field, promoting energy efficiency.

4 Financial plan simulator to pay for the renovation

Database of all existing subsidies, aids and grants in the field, promoting energy efficiency.

5 Identify data set for the GIP (30%)



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