



The ENGAGE Templates Version 1.0: EU Taxonomy Compliance for Mortgages

Wednesday, 24 April 2024



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Today's speakers



Marco Angheben
Head of Business Development &
Regulatory Affairs
European DataWarehouse
marco.angheben@eurodw.eu



Vincent Mahieu
Head of Energy Efficiency &
Regulatory Technology
Hypoport
vincent.mahieu@hypoport.com



Gianluca Ginelli
Structured Finance Data
Manager
European DataWarehouse
gianluca.ginelli@eurodw.eu



Recap of the last webinar (25 March)

- During the first webinar of the series, held on 25 March 2024, the ENGAGE Team addressed:
 - The recent sustainable finance policy and regulatory developments, including:
 - the adoption of the Commission Delegated Regulation on the Regulatory Technical Standards on principal adverse impact (PAI) disclosure in simple, transparent and standardised (STS) securitisations;
 - the draft Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation;
 - the ECB Climate and Nature Plan 2024 – 2025 Roadmap; and
 - the approval of the revised Energy Performance of Buildings Directive by the European Parliament.
 - The structure, data requirements and benefits of the ENGAGE Templates, explaining the translation of the EU Taxonomy Regulation and Climate Delegated Act disclosure requirements into specific data fields.

You can see the slides from the 25 March webinar clicking on the following link:
<https://engage4esg.eurowd.eu/unlocking-eu-taxonomy-alignment-the-engage-templates-webinar-series/>



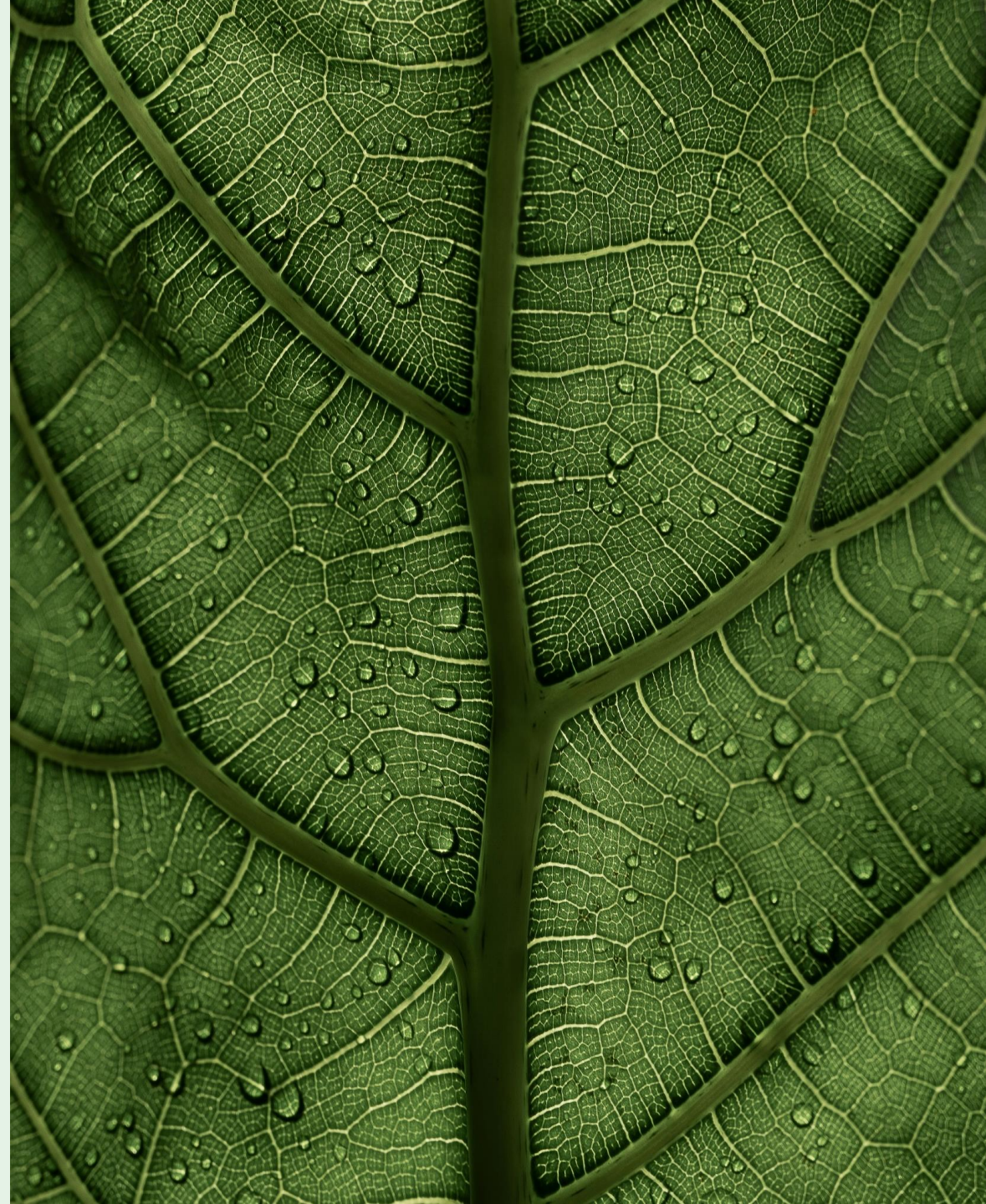
Agenda

- 16:00 Introduction of the ENGAGE for ESG initiative
Marco Angheben, European DataWarehouse & Project Coordinator
- 16:10 The revised Energy Performance of Buildings Directive (EPBD IV)
Vincent Mahieu, Hypoport
- 16:25 The ENGAGE Templates: sample files
Gianluca Ginelli, European DataWarehouse
- 16:50 Steps to become a pilot in the ENGAGE for ESG initiative
Marco Angheben, European DataWarehouse & Project Coordinator
- 16:55 Questions & Answers



Introduction of the ENGAGE for ESG initiative

Marco Angheben, European DataWarehouse &
Project Coordinator





The ENGAGE for ESG initiative

- The ENGAGE for ESG initiative aims to contribute to the goals of the EU Green Deal, namely, to the activation of sustainable investments in the building sector, by promoting ESG transparency for residential mortgages and home renovation loans.
- The ENGAGE Templates 1.0, released in November 2023, include data elements that allow financial institutions to disclose the alignment of their mortgages with the EU Taxonomy requirements in line with the Substantial Contribution Criteria of the Climate Delegated Act for the economic activities of acquisition and ownership of real estate, as well as the minimum safeguards.
- The Templates will also enable the assessment of the degree of sustainability for mortgages and the classification of investments for certain mortgages as “sustainable” according to the EU Taxonomy.
- The Templates will be updated and expanded over the coming years to incorporate the most relevant European sustainability regulations. They will be operationalised through the ENGAGE Portal, a dedicated IT infrastructure currently under development.

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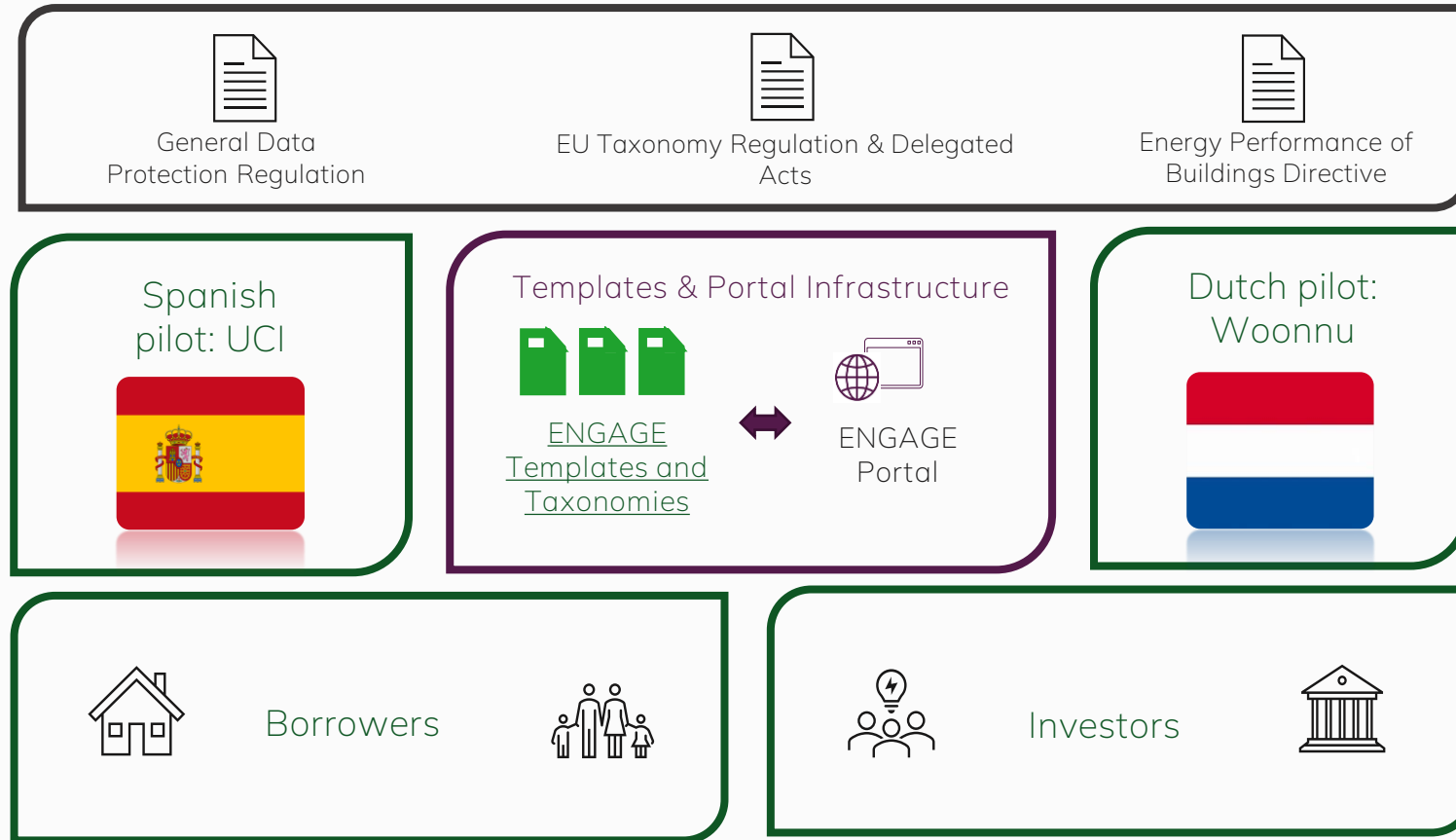


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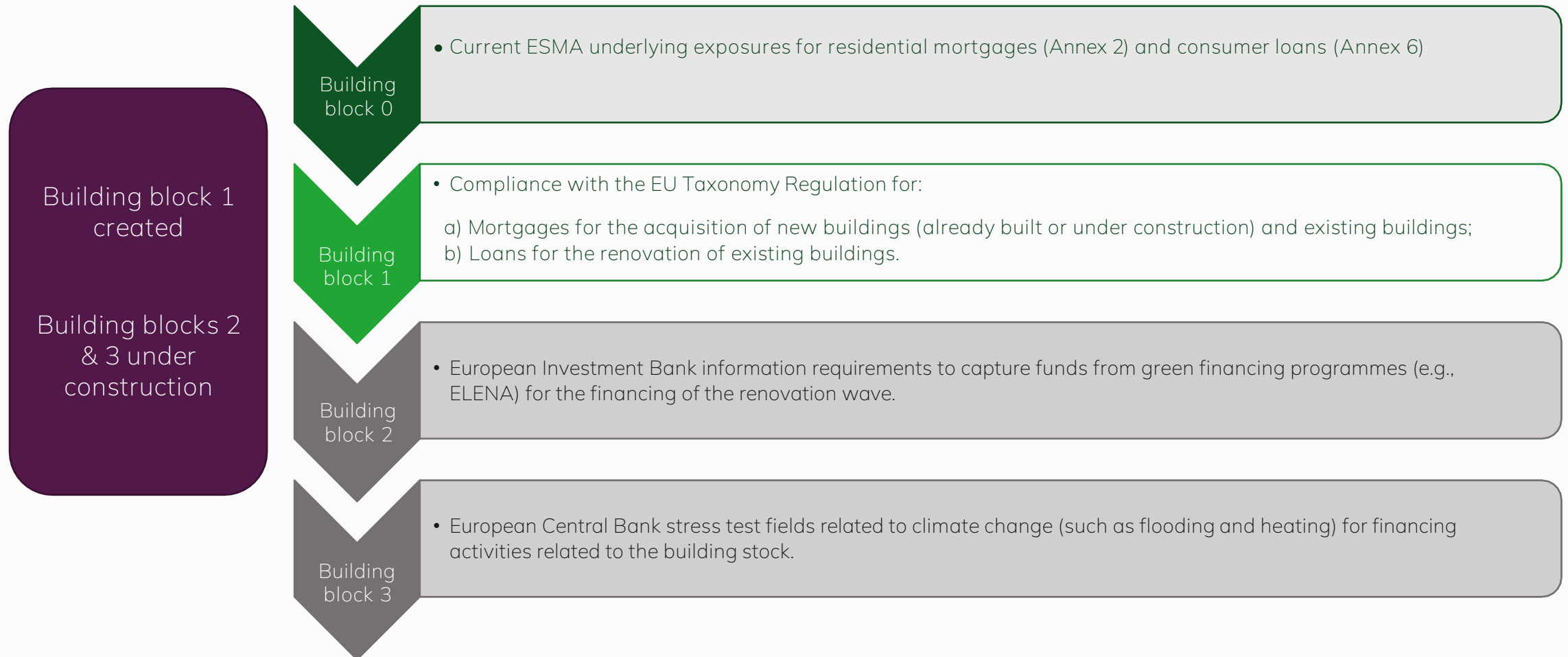
ENGAGE: The High-Level Concept

- A future proof format for real estate data encompassing Europe's most relevant regulatory and sustainable finance requirements
- Converting regulatory sustainable finance regulation into requirements incorporating both the consumer and the financial institution perspective





ENGAGE Templates Setup





The ENGAGE Templates Overview

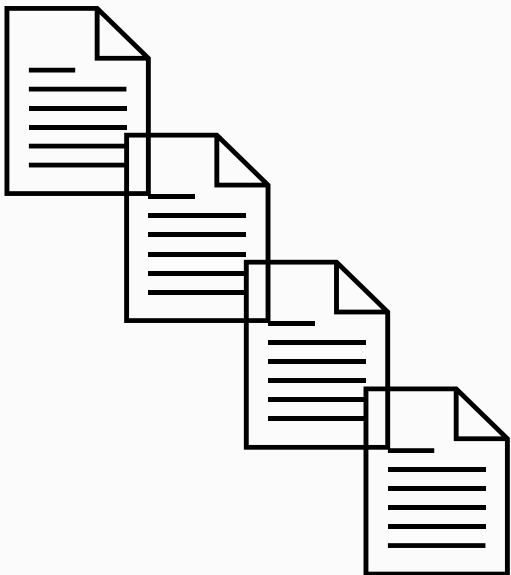
Templates
V.1

TEMPLATE CATEGORY	SECTION	FIELD CODE	FIELD NAME	YES/NO/BLANK	YES/NO/BLANK	PROPERTY	Building class 0 Minimum level of access for energy	Building class 1 Minimum Requirement	Building class 2 Minimum Requirement	Building class 3 Minimum Requirement	Building class 4 Minimum Requirement
000 Annex 2 - EPBD Add-on	Operational Activity Information	00001	Operational Activity Designation	YES	YES	(DATE)					
000 Annex 2 - EPBD Add-on	Building Information	00002	Construction Year	YES	YES	(DATE/000000)					
000 Annex 2 - EPBD Add-on	Building Information	00003	Construction permit application date	YES	YES	(DATE/000000)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00004	Energy Performance Certificate (EPC) Class	YES	YES	(ALPHANUMERIC)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00005	Indicator on officially produced Energy Performance Certificate (EPC)	YES	YES	(DATE)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00006	Indicator on officially produced Energy Performance Certificate (EPC) registration	YES	YES	(DATE/000000)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00007	Energy Performance Certificate (EPC) Validity End Date	YES	YES	(DATE/00000000)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00008	Energy Performance Certificate (EPC) Methodology	YES	YES	(ALPHANUMERIC)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00009	Energy Performance Certificate (EPC) Status	YES	YES	(DATE)					
000 Annex 2 - EPBD Add-on	Energy Performance Certificate (EPC)	00010	EU-Flagged Energy Performance Certificate (EPC) Member (EPC) Member	YES	YES	(DATE)					
000 Annex 2 - EPBD Add-on	Primary Energy Demand (PED)	00011	Primary Energy Demand (PED) of the building	YES	YES	(DATE/00000000)					

Guiding
Documentation



Sample files



Request the ENGAGE Templates: <https://forms.office.com/e/td14aYsMQS>



ENGAGE Webinar Series

ENGAGE
for ESG

**Unlocking EU
Taxonomy Alignment:
The ENGAGE Templates
Webinar Series**

**WEBINAR DATES
ANNOUNCED**

25 March @ 15:00 CET:
ENGAGE for ESG: Technical Session on
the ENGAGE Templates I

24 April @ 16:00 CEST:
ENGAGE for ESG: Technical Session on
the ENGAGE Templates II

29 May @ 10:00 CEST:
ENGAGE for ESG: Technical Session on
the ENGAGE Templates III

25 June @ 10:00 CEST:
ENGAGE for ESG: Technical Session on
the ENGAGE Templates IV

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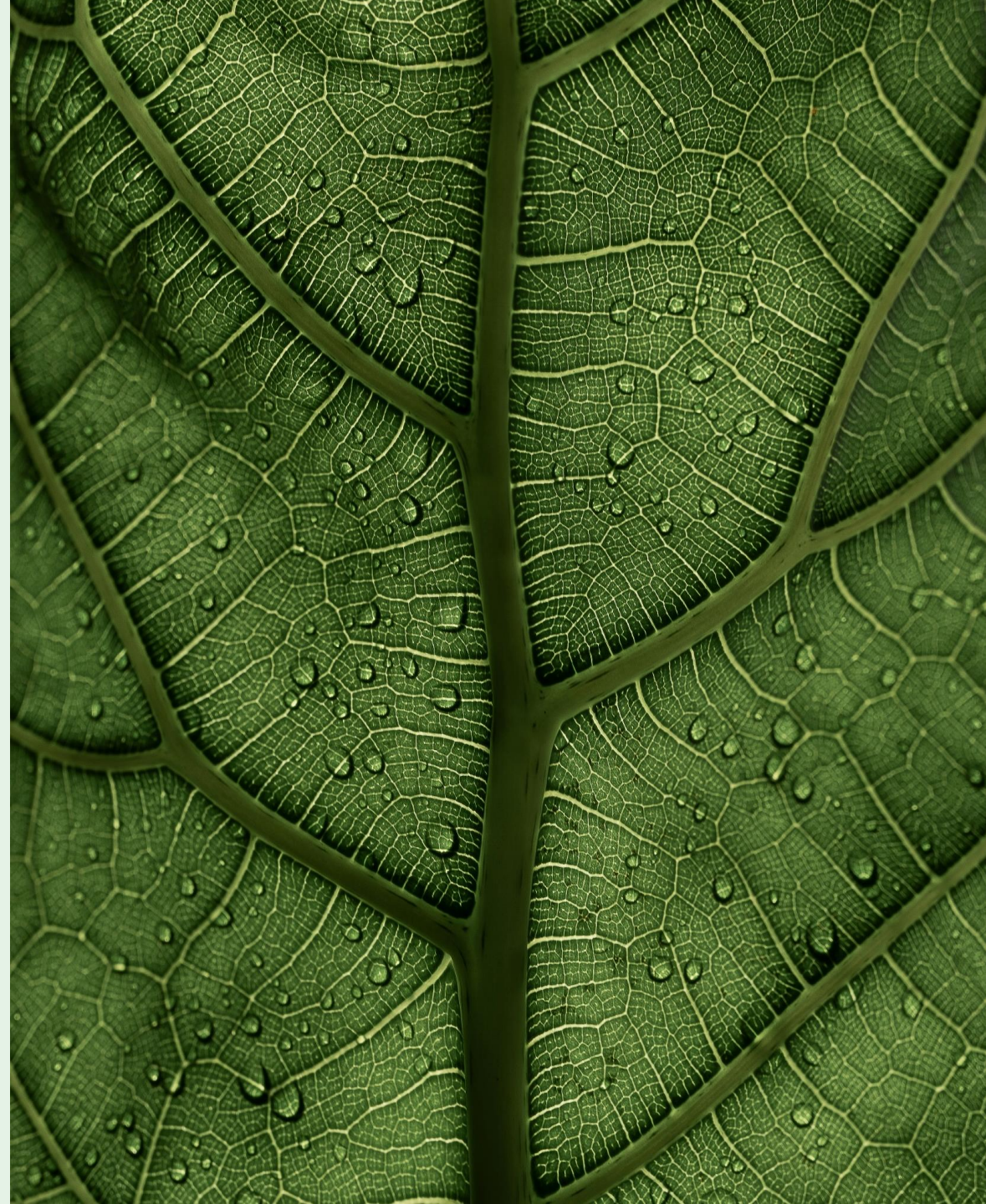
- [Wednesday, 29 May](#)
[10:00 CEST](#)
- [Tuesday, 25 June](#)
[10:00 CEST](#)

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The revised Energy Performance of Buildings Directive (EPBD IV)

Vincent Mahieu, Hypoport BV

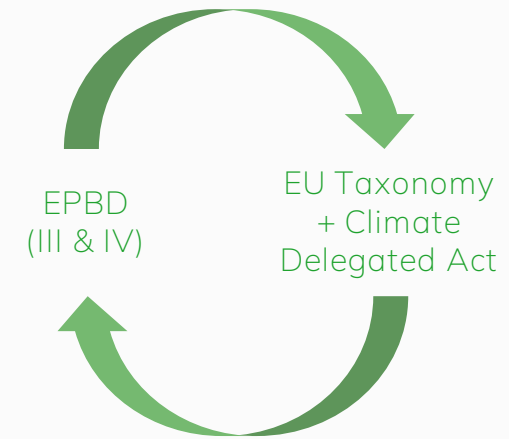


The Energy Performance of Buildings Directive (EPBD) is the European Union's main legislative instrument aimed at promoting the improvement of the energy performance of buildings within the European Union.

The current version of the directive (EPBD III) includes the following types of energy performance requirements:

- System requirements for technical building systems;
- Documenting the energy performance of technical building systems;
- Self-regulating equipment for controlling the temperature per room or zone;
- Charging infrastructure for electric cars;
- Inspections of heating and air-conditioning systems; and
- Building automation and control systems.

The current version of the EPBD (III) is relevant in the context of the EU Taxonomy.

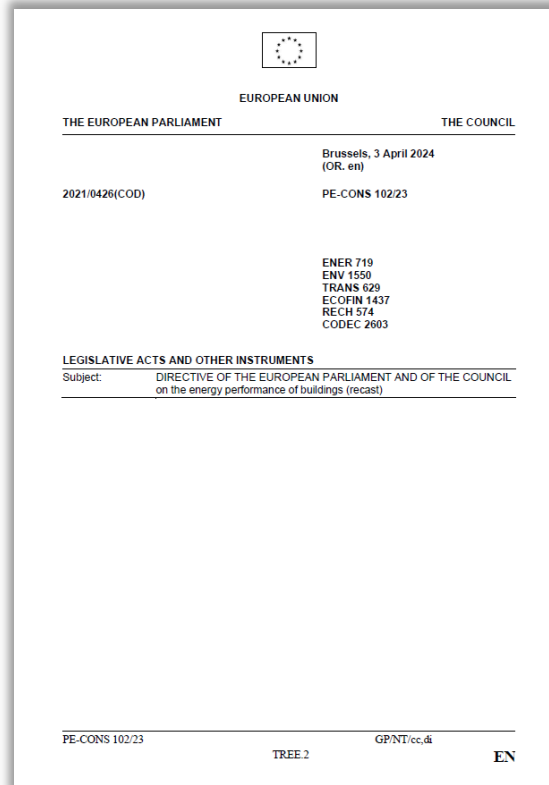


- The EU Taxonomy leans heavily on the phrasing of the EPBD (III) in the legal wording of chapter 7!
- EPBD IV leans heavily on the definitions of the EU Taxonomy and the Climate Delegated Act

The EPBD is 'normative' for all EU member states and provides key ingredients for establishing and maintaining energy performance (measurement) methodologies

The Council formally adopted today a revised directive on the energy performance of buildings – EPBD IV last Friday (12 April).

- The revised directive is key for delivering on the ‘energy efficiency first’ principle as highlighted in the Renovation Wave Strategy, which was published by the European Commission in October 2020.
- Within two years the Directive will need to be implemented in national regulation.
- We recommend to read the (final legal) text.



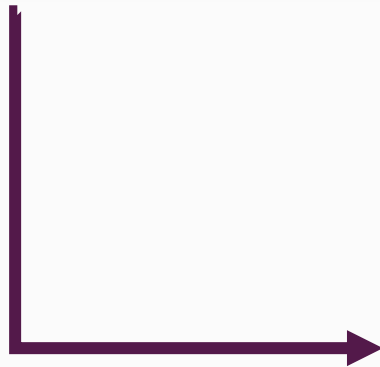
[link](#)



The EPBD is ‘normative’ for all EU member states and provides key ingredients for establishing and maintaining energy performance (measurement) methodologies



Regulation (EU) 2021/1119 of the European Parliament and of the Council⁷ enshrines in Union law the target of economy-wide climate neutrality by 2050 at the latest and establishes a binding Union domestic reduction commitment of net greenhouse gas emissions (emissions after the deduction of removals) of at least 55 % below 1990 levels by 2030.



The enhanced climate and energy ambition of the Union requires a new vision for buildings: the zero-emission building, with very low energy demand, zero on-site carbon emissions from fossil fuels and zero or a very low amount of operational greenhouse gas emissions. All new buildings should be zero-emission buildings by 2030, and existing buildings should be transformed into zero-emission buildings by 2050.



Section	Substantial contribution to climate change mitigation	Footnote
<p>7.1</p> <p>Construction of New Buildings</p>	<p>The Primary Energy Demand (PED)²⁸², defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council ²⁸³.</p> <p>The energy performance is certified using an as built Energy Performance Certificate (EPC).</p>	<p>²⁸²: The calculated amount of energy needed to meet the energy demand associated with the typical uses of a building expressed by a numeric indicator of total primary energy use in kWh/m² per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC).</p> <p>²⁸³: Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).</p>
<p>7.2</p> <p>Renovation of Existing Buildings</p>	<p>The building renovation complies with the applicable requirements for major renovations. ²⁹⁹</p> <p>Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %. ³⁰⁰</p>	<p>²⁹⁹ As set in the applicable national and regional building regulations for ‘major renovation’ implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.</p> <p>³⁰⁰ The initial primary energy demand and the estimated improvement is based on a detailed building survey, an energy audit conducted by an accredited independent expert or any other transparent and proportionate method and validated through an Energy Performance Certificate. The 30 % improvement results from an actual reduction in primary energy demand (where the reductions in net primary energy demand through renewable energy sources are not taken into account) and can be achieved through a succession of measures within a maximum of three years.</p>



EPBD IV

(39) 'mortgage portfolio standards' means mechanisms incentivising mortgage lenders to establish a path to increase the median energy performance of the portfolio of buildings covered by their mortgages towards 2030 and 2050, and to encourage potential clients to improve the energy performance of their property in line with the Union's decarbonisation ambition and relevant energy targets in the area of energy consumption in buildings, relying on the criteria for determining environmentally sustainable economic activities set out in Article 3 of Regulation (EU) 2020/852;

2020/852 (EU Taxonomy)

Article 3

Criteria for environmentally sustainable economic activities

For the purposes of establishing the degree to which an investment is environmentally sustainable, an economic activity shall qualify as environmentally sustainable where that economic activity:

- (a) contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16;
- (b) does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17;
- (c) is carried out in compliance with the minimum safeguards laid down in Article 18; and
- (d) complies with technical screening criteria that have been established by the Commission in accordance with Article 10 (3), 11(3), 12(2), 13(2), 14(2) or 15(2).



The EU Taxonomy, established by Regulation (EU) 2020/852 of the European Parliament and of the Council¹⁵, classifies environmentally sustainable economic activities across the economy, including for the building sector. Under Commission Delegated Regulation (EU) 2021/2139¹⁶ (the 'EU Taxonomy Climate Delegated Act'), building renovation is considered to be a sustainable activity where it achieves at least 30 % energy savings, complies with minimum energy performance requirements for major renovation of existing buildings, or consists of individual measures related to the energy performance of buildings, such as the installation, maintenance or repair of energy efficiency equipment or of instruments and devices for measuring, regulating and controlling the energy performance of buildings, where such individual measures comply with the established criteria. Building renovation to comply with Union-wide minimum energy performance standards is typically in line with the EU Taxonomy criteria related to building renovation activities.

EPBD IV

2020/852 (EU Taxonomy)

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EPBD IV

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EPBD, Taxonomy,
Renovations and data: a lot to
unpack.

Member States shall ensure that all energy performance certificates issued are uploaded to the database for the energy performance of buildings referred to in Article 22. **The upload shall contain the full energy performance certificate, including all necessary data required for the calculation of the energy performance of the building.**



The aggregated and anonymised data of building stock shall be made publicly available, in compliance with Union and national data protection rules. The data stored shall be machine-readable and accessible via an appropriate digital interface. Member States shall ensure easy and free-of-charge access to the full energy performance certificate for building owners, tenants and managers **and to financial institutions as regards the buildings in their investment and lending portfolios**, and, upon permission from the owner, also to independent experts. For buildings offered for rent or sale, Member States shall ensure access to the full energy performance certificate for prospective tenants or buyers that have been authorised by the owner of the building.



EPBD IV

<i>Article 2</i> Definitions	<i>Article 3</i> National building renovation plan	<i>Article 4</i> Adoption of a methodology for calculating the energy performance of buildings	<i>Article 5</i> Setting of minimum energy performance requirements	<i>Article 6</i> Calculation of cost-optimal levels of minimum energy performance requirements
<i>Article 7</i> New buildings	<i>Article 8</i> Existing buildings	<i>Article 9</i> Minimum energy performance standards	<i>Article 10</i> Solar energy in buildings	<i>Article 11</i> Zero-emission buildings
<i>Article 12</i> Renovation passport	<i>Article 13</i> Technical building systems	<i>Article 14</i> Infrastructure for sustainable mobility	<i>Article 15</i> Smart readiness of buildings	<i>Article 16</i> Data exchange
<i>Article 17</i> Financial incentives, skills and market barriers	<i>Article 18</i> One-stop shops for the energy performance of buildings	<i>Article 19</i> Energy performance certificates	<i>Article 20</i> Issue of energy performance certificates	<i>Article 21</i> Display of energy performance certificates
<i>Article 22</i> Databases for the energy performance of buildings	<i>Article 23</i> Inspections	<i>Article 24</i> Reports on the inspection of HVAC	<i>Article 25</i> Independent experts	<i>Article 26</i> Certification of building professionals
<i>Article 27</i> Independent control system	<i>Article 28</i> Review	<i>Annex I</i> framework for the calculation of the energy performance of buildings	<i>Annex II</i> Template for the national building renovation plans	<i>Annex III</i> Calculation of life-cycle GWP of new buildings pursuant to Article 7(2)
<i>Annex IV</i> Common general framework for rating the smart readiness of buildings	<i>Annex V</i> Template for energy performance certificates	<i>Annex VI</i> Independent control systems for energy performance certificates	<i>Annex VII</i> Comparative methodology to identify cost-optimal levels of energy performance requirements	<i>Annex VIII</i> Requirements for renovation passports



EPBD IV

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Relevant for new buildings



EPBD IV

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Relevant for renovations



EPBD IV

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Relevant for member states



EPBD IV

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EPBD IV

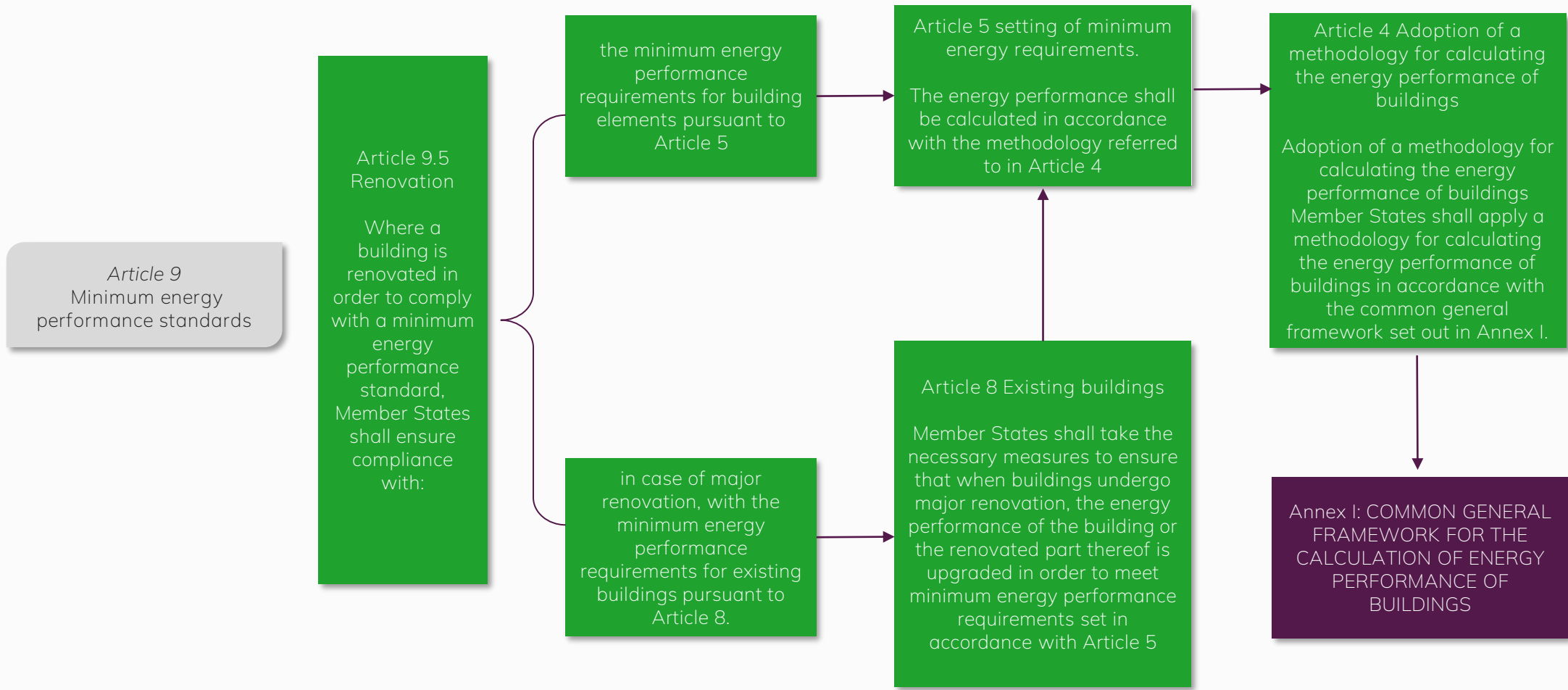
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Two Articles to highlight



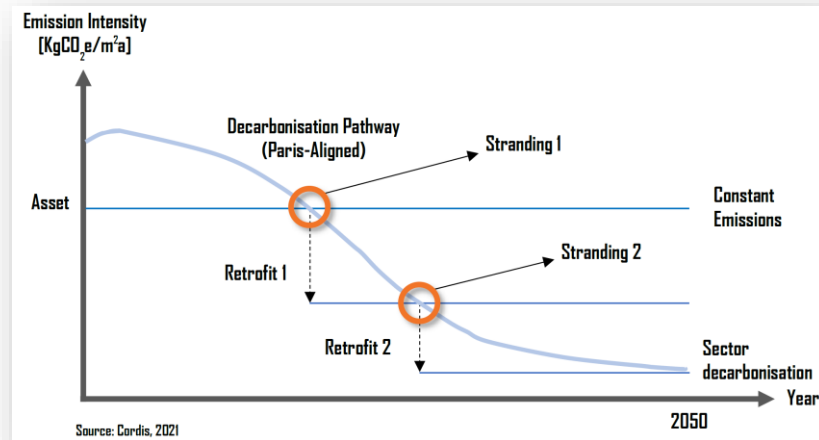
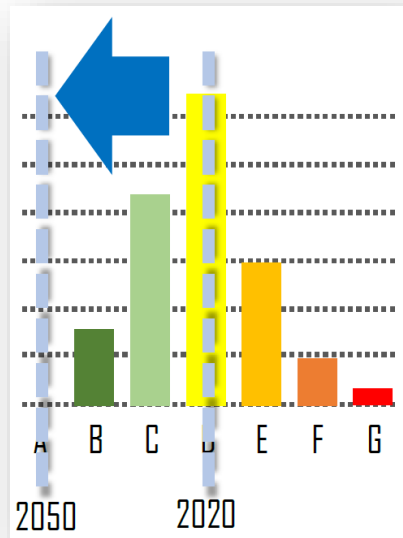
Article 9
Minimum energy performance standards

What	How	By	Goal
<p>Each Member State shall establish a national trajectory for the progressive renovation of the residential building stock in line with the national roadmap and the 2030, 2040 and 2050 targets contained in the Member State's national building renovation plan and with the aim of transforming the national building stock into a zero-emission building stock by 2050.</p>	<p>The national trajectory for the progressive renovation of the residential building stock shall be expressed as a decrease in the average primary energy use in kWh/(m².y) of the entire residential building stock over the period from 2020 to 2050</p> <p>Member States shall ensure that the average primary energy use in kWh/(m².y) of the entire residential building stock:</p> <ul style="list-style-type: none">a) decreases by at least 16 % compared to 2020 by 2030;b) decreases by at least 20-22 % compared to 2020 by 2035;c) by 2040, and every 5 years thereafter, is equivalent to, or lower than the nationally determined value derived from a progressive decrease in the average primary energy use from 2030 to 2050, in line with the transformation of the residential building stock into a zero-emission building stock. <p>Member States shall ensure that at least 55 % of the decrease in the average primary energy use referred to in the third subparagraph is achieved through the renovation of the 43 % worst-performing residential buildings</p>	<p>In accordance with Article 17, Member States shall support compliance with Article by all of the following measures:</p> <ul style="list-style-type: none">a) providing appropriate financial measuresb) providing technical assistance, including through one-stop shops with a particular focus on vulnerable householdsc) designing integrated financing schemes which provide incentives for deep renovations and staged deep renovationsd) removing non-economic barriers, including split incentivese) monitoring social impacts, in particular on the most vulnerable households.	<p>2050 carbon neutral building stock</p>



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Article 2
Definitions -



Source: “Underwriting the Renovation Wave with Mortgage Portfolio Standards for Energy Efficiency”, Climate Strategy & Partners, October 2021



The ENGAGE Templates: sample files

Gianluca Ginelli, European DataWarehouse





ENGAGE Templates Structure

Information Type	EU Securitisation Regulation disclosure Annex	Field Code Designator	Section	Total # Fields	Data Level	ENGAGE Add-On
Assets	Annex 2 :RRE	RREL	Underlying exposures information section	82	Loan-level	
		RREC	Collateral information section	23	Building-unit level	
	ENGAGE specific (new files)	EREC	ENGAGE Extended Collateral File		Quantitative	Additional information for the checking of SCC and DNSH criteria to identify the relevant energy performance metrics on a building (unit) level.
Documentation & Transaction Structure	ENGAGE specific (new files)	EGFF	ENGAGE Governance File (aggregated information)		Qualitative	Qualitative Information with reference towards Minimum Safeguards, top-15% and other relevant documentation

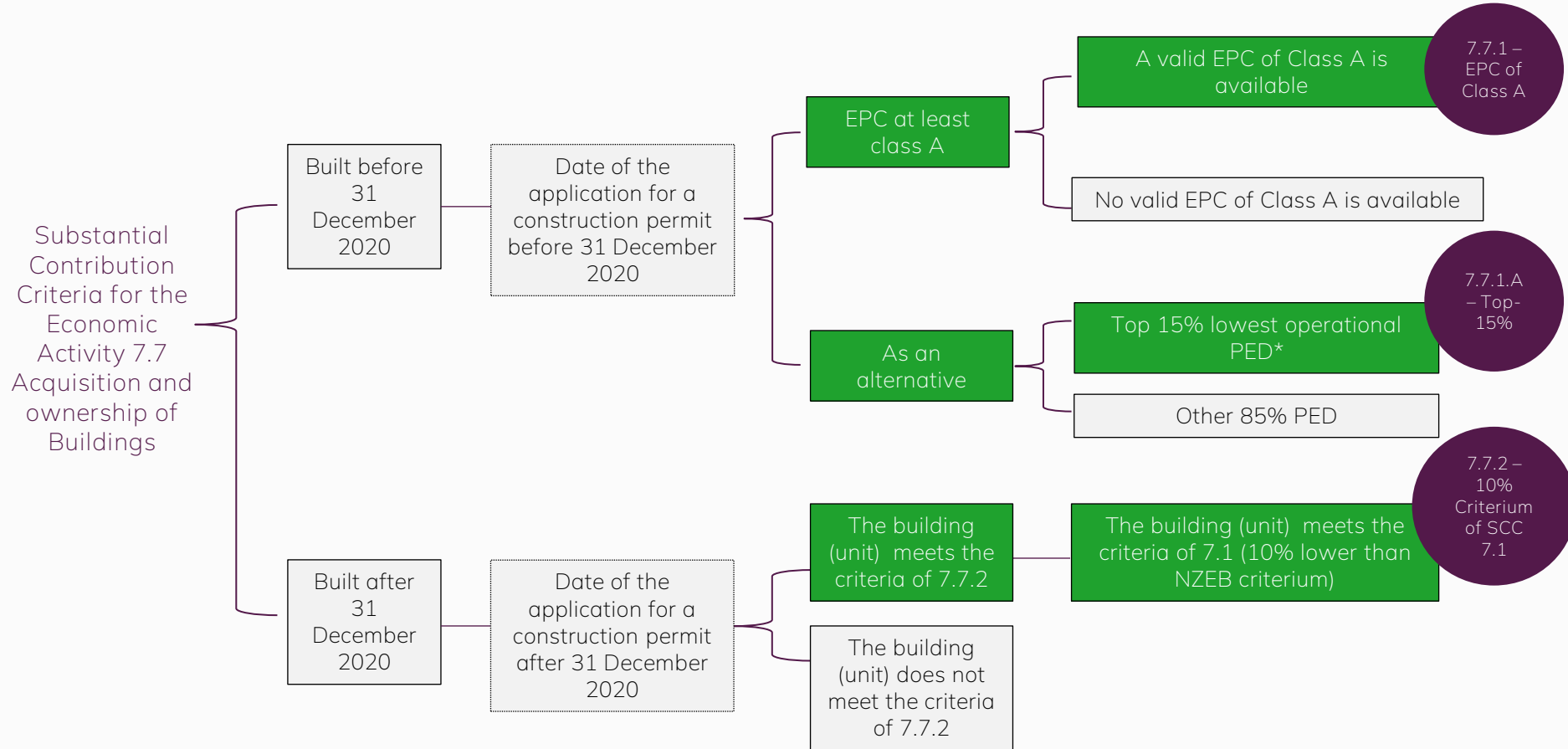


For a mortgage portfolio only, these sections are relevant, because there is no liability or transaction structure.

The ENGAGE Templates are transaction-agnostic. They can be used for many transaction structures such as ABS, RMBS, covered bonds and mortgage loan portfolios. The ENGAGE Templates are flexible and modular.



The ENGAGE Templates version 1.0



We have divided activity 7.7 into three subsections



The ENGAGE Templates: sample files





The ENGAGE Templates apply to loans:

- A. Securitised
- B. Not securitised





For both cases, pilot institutions have to submit 4 CSV files:

1. Loan information (based on the ESMA residential real estate template)
2. Collateral information (based on the ESMA residential real estate template)
3. ENGAGE Collateral loan-level information
4. ENGAGE Governance information

Securitised Loans

-  BUILDING BLOCK 0_RMB_Collateral_secured.csv
-  BUILDING BLOCK 0_RMB_Loan_secured.csv
-  BUILDING BLOCK 1_ENGAGE_Governance_Info.xlsx
-  BUILDING BLOCK 1_ENGAGE_RRE_Add_on.xlsx

Non- Securitised Loans

-  BUILDING BLOCK 0_RMB_Collateral_NOT secured.csv
-  BUILDING BLOCK 0_RMB_Loan_NOT secured.csv
-  BUILDING BLOCK 1_ENGAGE_Governance_Info.xlsx
-  BUILDING BLOCK 1_ENGAGE_RRE_Add_on.xlsx



The ENGAGE Templates: sample files

Diving into the usage of the ENGAGE Templates through the sample files

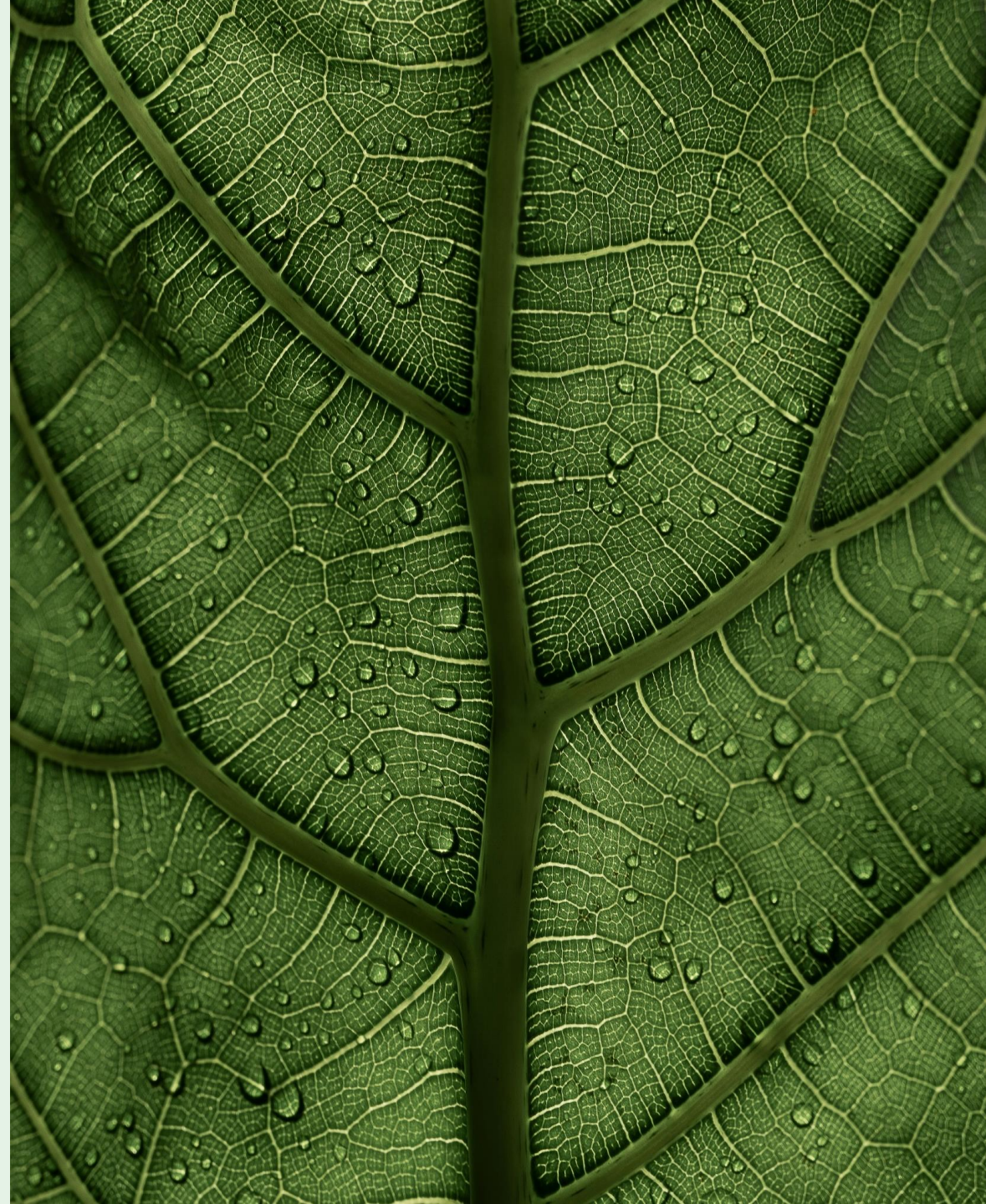
TEMPLATE CATEGORY	SECTION	FIELD CODE	FIELD NAME	CONTENT TO REPORT	NDI-NEP allowe	NSI allowe	FORMAT	Building block 0: Minimum level of -	Minimum level of -	Section 7.2.1 - EPC class 1 -	Section 7.2.1 - Top 10% -	Section 7.2.2 or 7.1 - PED 10% lower NZE -
				equipment (MEG)								
ENG Annex 2: RRE Add-on	Building information	EREC2	Construction Year	Construction year of the building or apartment as per the cadastral or other relevant documentation	YES	YES	{DATEFORMAT}					
ENG Annex 2: RRE Add-on	Building information	EREC3	Construction permit application date	As described in "Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objectives" - Annex 4.3 for the application of the Taxonomy criteria, the date of the application for a construction permit is relevant to determine if the Sustainable Contribution Criteria of 7.1.1 or 7.2.2 are applicable.	YES	YES	{DATEFORMAT}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC4	Energy Performance Certificate (EPC) Class	Enter the Energy Performance Class as depicted on the Energy Performance Certificate (EPC) Null Minimum Other D F G	YES	YES	{ALPHANUM-100}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC5	Estimated or officially produced Energy Performance Certificate (EPC)	- Estimated EPC based on Automated Valuation Model (AVM), desktop or other methodology where there is no underlying documentation for the building (ESTM) - Officially produced EPC based on the documentation relative to the specific dwelling obtained with the consent of the property owner or owners (OFC) - Other (OTHER)	YES	YES	{LIST}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC6	Issuance date of most recent available Energy Performance Certificate (EPC) registration	Enter the issuance date of last available Energy Performance Certificate (EPC) registration	YES	YES	{DATEFORMAT}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC7	Energy Performance Certificate (EPC) Validity Length	Enter the number of years the EPC is valid for since the registration date. Enter the number of years in integer	YES	YES	{INTEGER-9999}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC8	Energy Performance Certificate (EPC) Methodology	Enter the name of the calculation method of the Energy Performance Certificate	YES	YES	{ALPHANUM-100}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC9	Energy Performance Certificate (EPC) Status	if applicable in the jurisdiction: the status of the Energy Performance Certificate (EPC) - Building permit (BUPM) - In-use for already existing building (UBI) - None built (NEBU)	YES	YES	{LIST}					
ENG Annex 2: RRE Add-on	Energy Performance Certificate (EPC)	EREC10	E)-Equivalent Energy Performance Certificate (EPC) Method / EPD- regime	Please select one of the following options - Non-NZE - NZE - NZE - Other	YES	YES	{LIST}					
ENG Annex 2: RRE Add-on	Primary Energy Demand (PED)	EREC11	Primary Energy Demand (PED) of the building	Value of the Primary Energy Demand (PED) for the building as displayed on the Energy Performance Certificate (EPC). This value should be displayed as total primary energy use in kWh/m2 per year	YES	YES	{INTEGER-9999}					
ENG Annex 2: RRE Add-on	Primary Energy	EREC12	Estimated or officially produced	Enter, if applicable, one of the following options: - Estimated Primary Energy Demand (PED) based on Automated Valuation Model (AVM), desktop or other methodology where there is no underlying documentation for the building (ESTM).	YES	YES	{LIST}					





Steps to become a pilot in the ENGAGE for ESG initiative

Marco Angheben, European DataWarehouse &
Project Coordinator





How to ENGAGE as a Pilot

1. Request the ENGAGE Templates:
<https://forms.office.com/e/td14aYsMQS>

2. Set up a 30 minute one-on-one demo with the ENGAGE team

3. Sign the ENGAGE agreement to receive the sample data submission

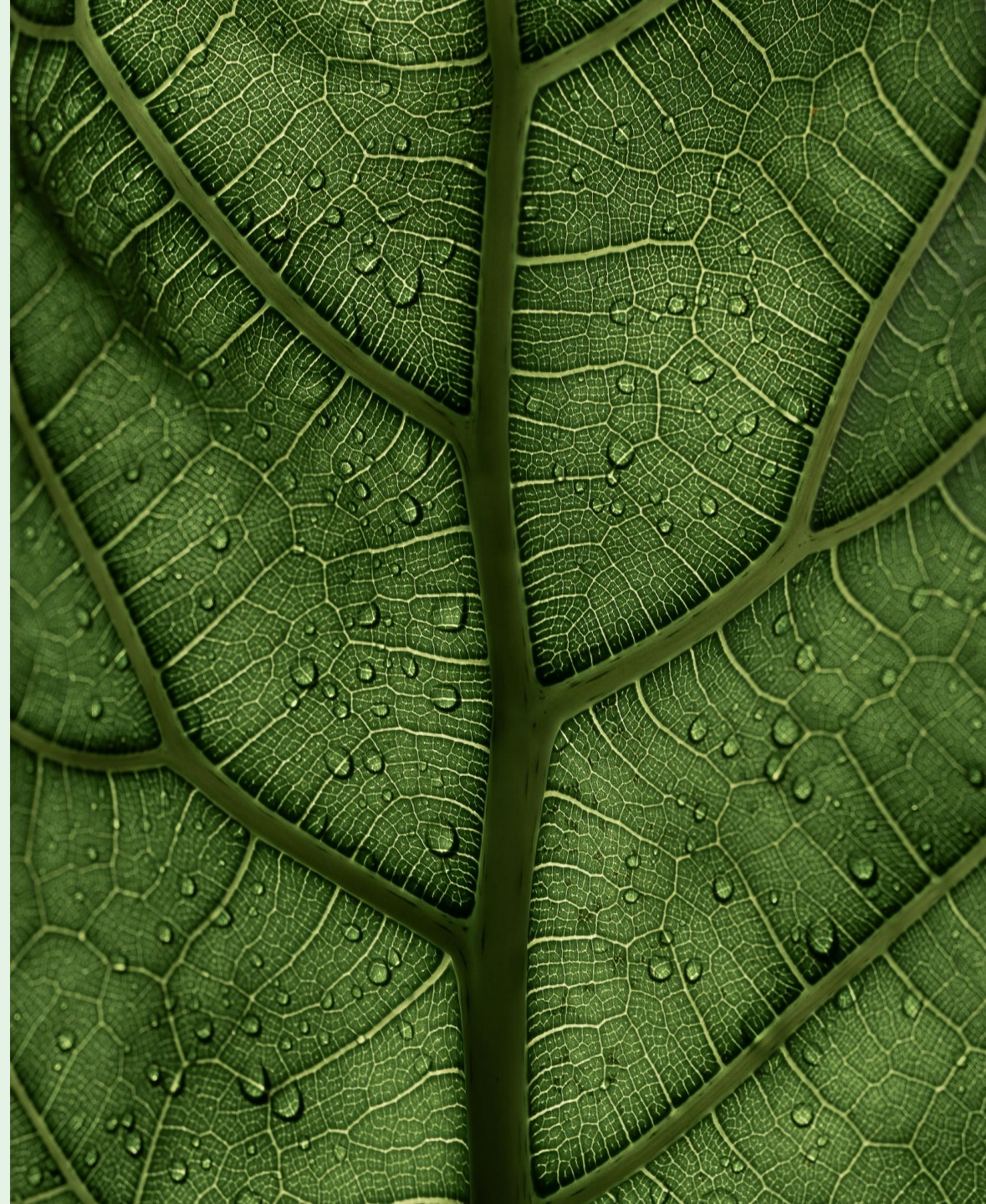
4. Submit your ENGAGE Templates (mortgage sample file) into the ENGAGE Portal

5. Receive the ENGAGE report on EU Taxonomy compliance

All interested institutions are invited to test the Templates and the Portal upon request to engage4esg@eurodw.eu
A specific legal framework has been prepared for the safe and lawful processing of the data.



Questions & Answers





Website:

engage4esg.eurodw.eu/

Social Media:

<https://www.linkedin.com/company/engage-for-esg-activation-investments/>



Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the granting authority can be held responsible for them.

Project Coordinator:

Marco Angheben

marco.angheben@eurodw.eu

ENGAGE General Contact:

engage4esg@eurodw.eu

Communications

Carla Scarsella

carla.scarsella@eurodw.eu