ENGAGE for ESG

The ENGAGE Templates: Addressing Disclosure Requirements for EU Taxonomy Alignment

Tuesday, 25 June 2024

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Today's speakers

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Agenda

10:00	Welcome and introduction Marco Angheben, European DataWarehouse & Project Coordinator
10:05	The ENGAGE Templates version 1.1 Marco Angheben, European DataWarehouse & Project Coordinator
10:20	Data extraction process to use the ENGAGE Templates Cátia Alves and Eduardo Hernández Unión de Créditos Inmobiliarios
10:45	How to become a Test User Marco Angheben, European DataWarehouse & Project Coordinator
10:55	Next autumn webinar series

Introduction of the ENGAGE for ESG initiative

Marco Angheben, European DataWarehouse & Project Coordinator

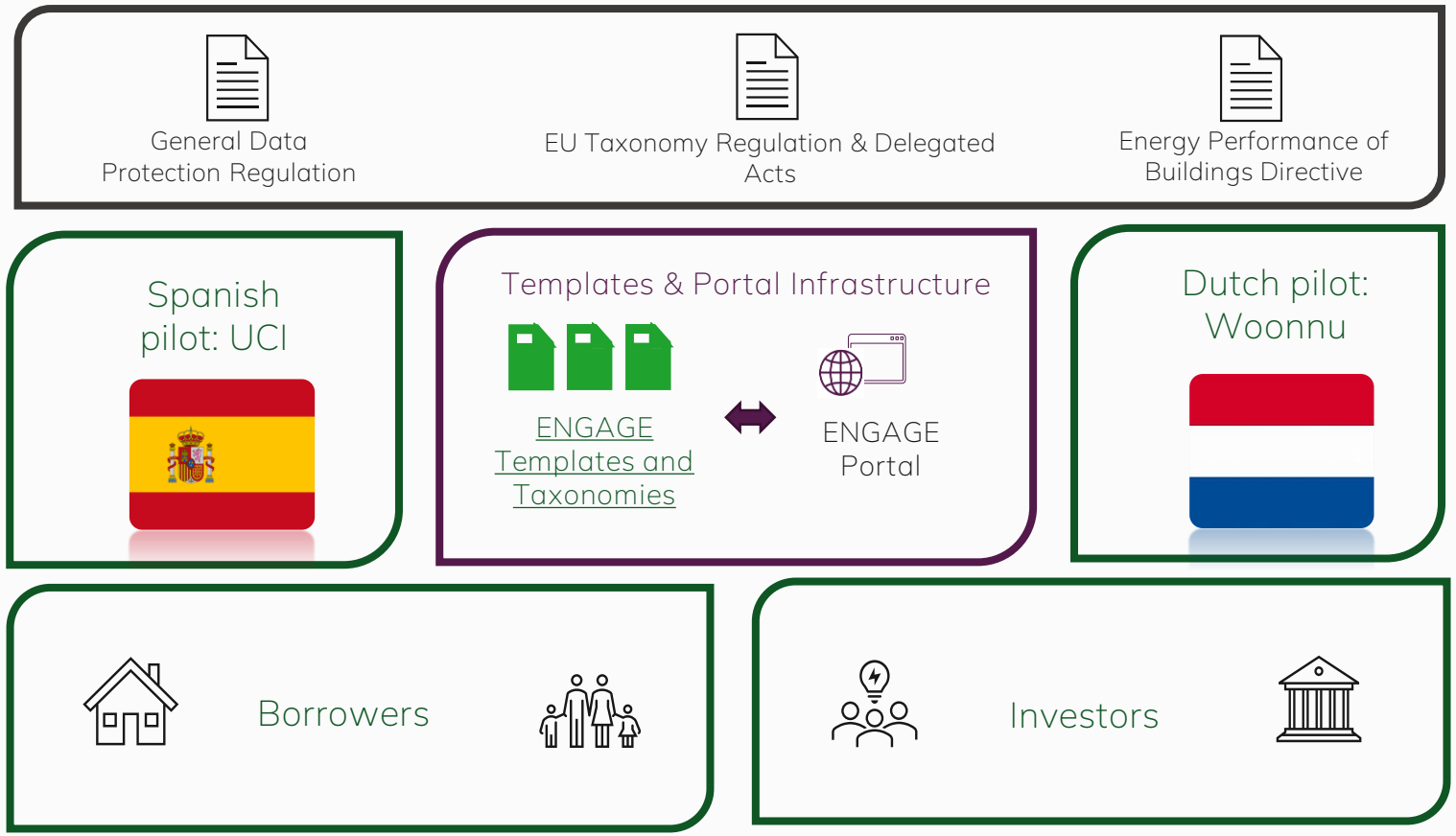
The ENGAGE for ESG initiative

- 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.
- All institutions are invited to test the Templates and the Portal upon request to engage4esg@eurodw.eu

EUROPEAN DATAWAREHOUSE HYPOPORT UCI woonnu DEXAI ARTIFICIAL ETHICS Università Ca’Foscari Venezia

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 Structure

Building block 1 created

Building blocks 2 & 3 under construction

Building block 0

- Current ESMA underlying exposures for residential mortgages (Annex 2) and consumer loans (Annex 6);

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

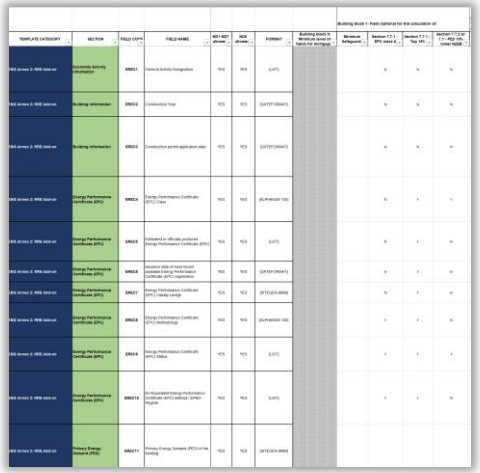
- European Investment Bank information requirements to capture funds from green financing programmes (e.g., ELENA) for the financing of the renovation wave.

Building block 3

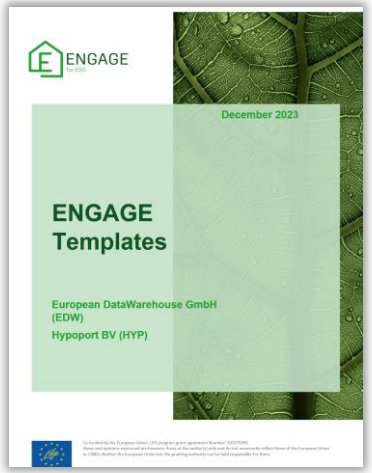
- European Central Bank stress test fields related to climate change (such as flooding and heating) for financing activities related to the building stock.

Accessing the ENGAGE Templates

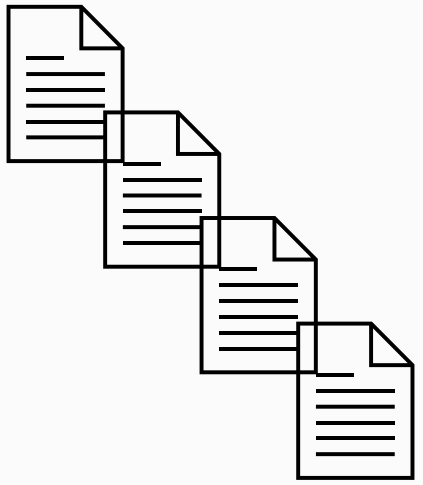
Template



Guiding Documentation



Sample files



Available via the Access Request Form: https://forms.office.com/e/td14aYsMQS

The ENGAGE Templates version 1.1

Marco Angheben, European DataWarehouse & Project Coordinator

The 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

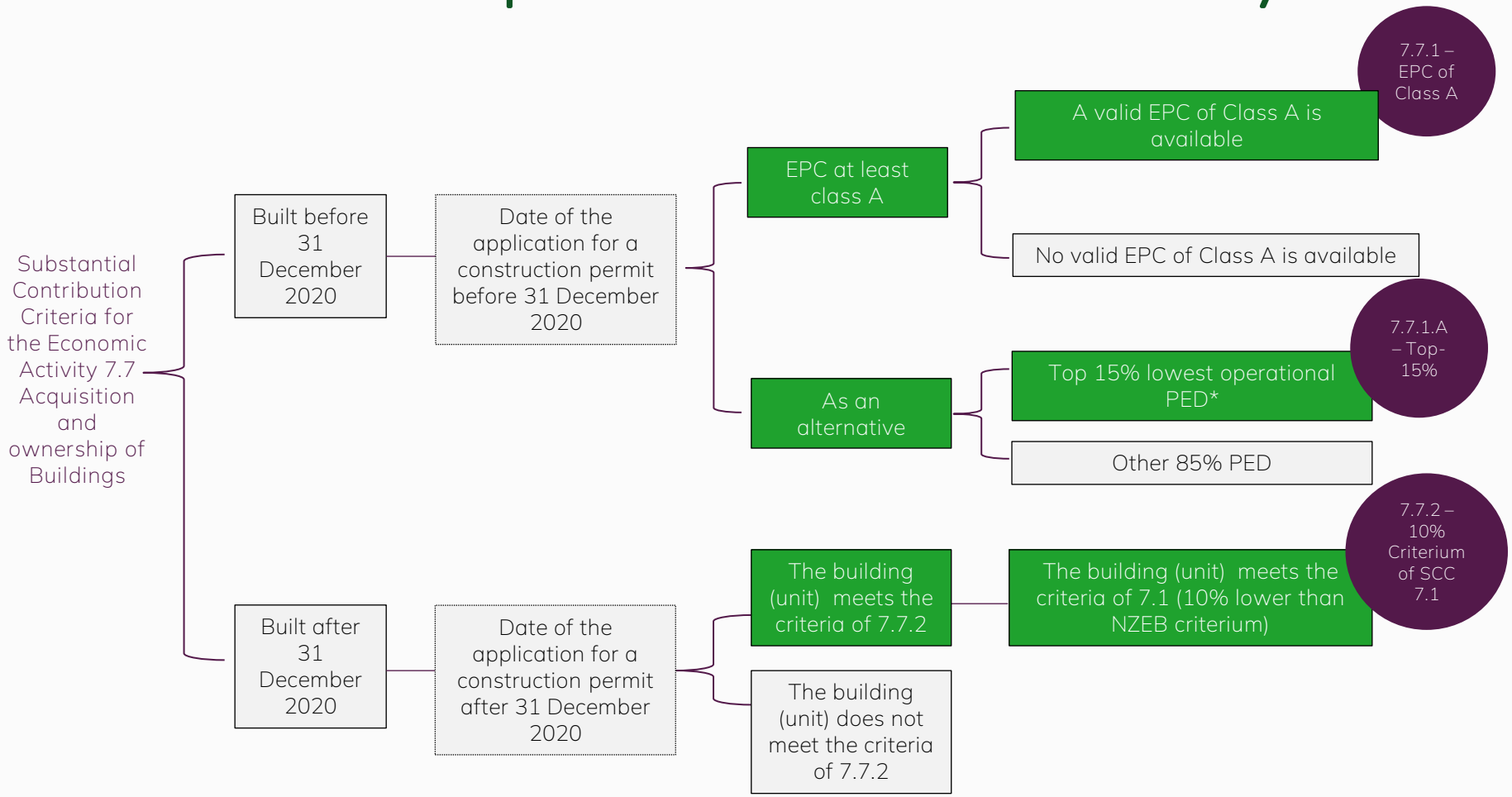
For a mortgage portfolio only, these sections are relevant, because there is no liability or transaction structure.

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: summary

When developing version 1.1 of the ENGAGE Templates, the ENGAGE consortium has considered:

- ✓ The ENGAGE Templates are an add-on to existing market best practices
- ✓ ENGAGE Templates are scalable. Meaning that if in the first phase the focus is on the EU Taxonomy, other elements can be incorporated at a later timeframe.
- ✓ Continuous improvement and innovation: The framework is designed to facilitate continuous improvement and innovation. This includes mechanisms for gathering and incorporating user feedback, as well as staying up-to-date with technological advancements and industry best practices.



The EU Taxonomy is the common denominator of many sustainable finance regulations

ENGAGE: a solution based on the EC Q&A of December 2022

Section	NACE	Substantial contribution to Climate Change Mitigation of Annex I	Footnote
7.7 Acquisition and ownership of buildings	L68	1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings. 2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of this Annex that are relevant at the time of the acquisition.	Not Applicable

7.7.1 – EPC of Class A

7.7.1.A – Top-15%

7.7.2 – 10% Criterium of SCC 7.1

In this version of the template, we have focussed on the Substantial Contribution Criteria that are relevant for energy efficient buildings – both existing and new buildings. As we follow a phased approach, we deemed it most appropriate to begin here, with economic activity 7.7 as:

- (existing) real estate tends to be the largest part of the balance sheet of European lending institutions.
- The whole (current) balance of the loan can be attributed towards Taxonomy alignment or the Green Asset Ratio (GAR) if the TSC are met.
- These criteria are relatively straightforward to apply contrary to more challenging criteria such as the TSC for renovation loans and DNSH criteria.
- In addition, it is important that the criteria for new properties can be directly applied to identify and fund energy efficient new constructions.

We have divided activity 7.7 into 3 sub-sections

ENGAGE Templates: SCC 7.7.1

Section	NACE	Substantial contribution to Climate Change Mitigation of Annex I	Footnote
7.7 Acquisition and ownership of buildings	L68	1. For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A.	Not Applicable

Interpretation:

- At the reporting or assessment date the EPC of the building unit should be of Class A.
- The application date of the construction permit is needed to assess if the building is built before 31 December 2020.
- An EPC of Class A is needed (A, A+, A++, A+++, A++++ also satisfies this condition).
- A certificate should be present with a valid validity date, as of the assessment date, irrespective of the methodology.

Field Code	Field Name
RREL1	Unique Identifier
RREL2	Original Underlying Exposure Identifier
RREL3	New Underlying Exposure Identifier
RREL5	New Obligor Identifier
RREL6	Data Cut-Off Date
RREL30	Current Principal Balance
RREC2	Underlying Exposure Identifier
RREC4	New Collateral Identifier
EREC1	Unique Identifier
EREC2	Underlying Exposure Identifier Building block 0
EREC3	Collateral Identifier Building block 0
EREC4	General Activity Designation
EREC5	Construction Year
EREC6	Construction permit application date
EREC7	Energy Performance Certificate (EPC) Class
EREC8	Estimated or officially produced Energy Performance Certificate (EPC)
EREC9	Issuance date of most recent available Energy Performance Certificate (EPC) registration
EREC10	Energy Performance Certificate (EPC) original validity
EGFF1	Unique Identifier

Key considerations:

- The application date of the construction permit is needed to assess if the building is built before 31 December 2020. For some it is clear that the building was built before 31 December 2020.
- Note Answer 104 of the Q&A: EPC methodologies differ per country or sometimes within a country. Some jurisdictions use energy demand instead of energy consumption. As long as it is an official EPC, this does not matter.

ENGAGE Templates: SCC 7.7.1 Alternative (top-15%)

Section	NACE	Substantial contribution to Climate Change Mitigation of Annex I	Footnote
7.7 Acquisition and ownership of buildings	L68	As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31 December 2020 and at least distinguishes between residential and non-residential buildings.	Not Applicable

Key considerations:

- The application date of the construction permit is needed to assess if the building is built before 31 December 2020.
- There are a range of varying estimation techniques available to perform a top-15% study.
- We have facilitated flexibility of the method in the ENGAGE Templates and we have emphasised the message of the European Commission in the Q&A that the methodology should be public and transparent.
- Therefore, we have incorporated the numerator and denominator that is used in the top-15% assessment and some background information in the ENGAGE Templates, so that stakeholders can understand the methodology and study that is applied.

Field Code	Field Name
RREL1	Unique Identifier
RREL2	Original Underlying Exposure Identifier
RREL3	New Underlying Exposure Identifier
RREL5	New Obligor Identifier
RREL6	Data Cut-Off Date
RREL30	Current Principal Balance
RREC2	Underlying Exposure Identifier
RREC4	New Collateral Identifier
EREC1	Unique Identifier
EREC2	Underlying Exposure Identifier Building block 0
EREC3	Collateral Identifier Building block 0
EREC4	General Activity Designation
EREC5	Construction Year
EREC6	Construction permit application date
EREC21	Building unit in top-15% indicator
EREC22	Top15_Explanatory Variable
EREC23	Top15_Object Reference Value
EREC24	Top15_Object Threshold Value
EGFF1	Unique Identifier
EGFF2	Top15_Document Name
EGFF3	Top15_Document Issuance Date
EGFF4	Top15_Document URL
EGFF5	Top15 Document Geographic Scope
EGFF6	Top15 Numerator
EGFF7	Top15 Denominator
EGFF8	Top15 Methodology Description

ENGAGE Templates: SCC 7.7.2 (1/2)

Section	NACE	Substantial contribution to Climate Change Mitigation of Annex I	Footnote
7.7 **Acquisition and ownership of buildings**	L68	2. For buildings built after 31 December 2020, the building meets the criteria specified in Section 7.1 of this Annex that are relevant at the time of the acquisition.	Not Applicable

Section	NACE	Substantial contribution to Climate Change Mitigation of Annex I	Footnote
7.1 **Construction of New Buildings**	F41.1, F41.2, F43	Constructions of new buildings for which: 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]. The energy performance is certified using an as built Energy Performance Certificate (EPC).	[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/m^2 per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC). [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).

Interpretation:

- The EU Taxonomy requires building units with a construction permit application date after 31 December 2020 to be built according to the NZEB criteria and the PED should be 10% less than the locally applicable threshold value.
- As of 31 December 2020, NZEB should be implemented in the EU according to the Energy Performance of Buildings Directive (EPBD III). As part of this Directive, the PED should be recorded and displayed on the EPC.

ENGAGE Templates: SCC 7.7.2 (2/2)

Section	NACE	Substantial contribution to Climate Change Mitigation of Annex I	Footnote
7.1 **Construction of New Buildings**	F41.1, F41.2, F43	Constructions of new buildings for which: 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]. The energy performance is certified using an as built Energy Performance Certificate (EPC).	[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/m^2 per year and based on the relevant national calculation methodology and as displayed on the Energy Performance Certificate (EPC). [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).

Key considerations:

- The application date of the construction permit is needed to assess if the building is built after 31 December 2020, see answer 106 of the Q&A.
- Assess if NZEB is incorporated in the jurisdiction. Also see answer 105 of the Q&A.
- Answer 109 of the Q&A states: "*For the energy threshold, this depends on national regulations, i.e. if the EPC applies to the whole building, or to each apartment. Whichever is the requirement at national level, it should apply for both residential and non-residential buildings. The correct EPC will be provided in any case, in line with the national regulations. For identical apartments, having normally identical EPCs, a limited sub-set can be used. However, if there are different types of apartments, with different EPCs, all types need to be checked.*"
- Answer 114 of the Q&A states that the TSC applicable at the time of the building permit should be used (i.e. the date of the complete application for receiving the building permit).
- Answer 115 of the Q&A states that for new buildings, either an EPC (valid for 10 years) or an EPC as-built are valid.

Field Code	Field Name
RREL1	Unique Identifier
RREL2	Original Underlying Exposure Identifier
RREL3	New Underlying Exposure Identifier
RREL5	New Obligor Identifier
RREL6	Data Cut-Off Date
RREL30	Current Principal Balance
RREC2	Underlying Exposure Identifier
RREC4	New Collateral Identifier
EREC1	Unique Identifier
EREC2	Underlying Exposure Identifier Building block 0
EREC3	Collateral Identifier Building block 0
EREC4	General Activity Designation
EREC5	Construction Year
EREC6	Construction permit application date
EREC8	Estimated or officially produced Energy Performance Certificate (EPC)
EREC9	Issuance date of most recent available Energy Performance Certificate (EPC) registration
EREC10	Energy Performance Certificate (EPC) original validity
EREC11	Energy Performance Certificate (EPC) Methodology
EREC13	EU-Equivalent Energy Performance Certificate (EPC) Method / EPBD-Regime
EREC14	Primary Energy Demand (PED) of the building
EREC15	Estimated or officially produced Primary Energy Demand (PED)
EREC18	Nearly zero-energy building (NZEB) threshold
EGFF1	Unique Identifier

ENGAGE Templates: Minimum Safeguards

Article	Text
18	Minimum safeguards 1.The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. 2.When implementing the procedures referred to in paragraph 1 of this Article, undertakings shall adhere to the principle of 'do no significant harm' referred to in point (17) of Article 2 of Regulation (EU) 2019/2088.

Interpretation:

- When addressing the question of who undertakes this economic activity, we arrive at the conclusion that in our specific context, it is the (prospective) homeowner. The term "undertaking" is not defined in the context of the Taxonomy Regulation. The term "undertaking" is commonly understood to refer to a corporation, business entity, or an organized enterprise, rather than an individual.
- The (prospective) building owner is exercising ownership – and thus carrying out the economic activity. A financial institution is facilitating this via a mortgage loan – financing the economic activity - of buying real estate.

Field Code	Field Name
EGFF9	Description on how Minimum Safeguards are complied with
EGFF10	URL towards MSS Issuer Statement
EGFF11	Environmental Objective
EGFF12	OECD Guidelines for MNE Reference(s)
EGFF13	UN GP Reference(s)
EGFF14	Bill of Human Rights Reference(s)

We deem, with the current guidance, the Minimum Safeguards of the Taxonomy Regulation in the context of (mortgage) lending for residential properties to homeowners - more concretely for the economic activities of 7.2 – 7.7 of the Climate Delegated Act – Annex I, not to be applicable to households as we do not consider these to be undertakings.

The ENGAGE Templates version 1.1
Change log between v1.0 vs v1.1

Building block 0

- Revision of the optional fields to check the alignment of loans with the Climate Delegated Act.
- Field RREL1 (Unique Identifier): revision of the field description to cover non-securitised loans.

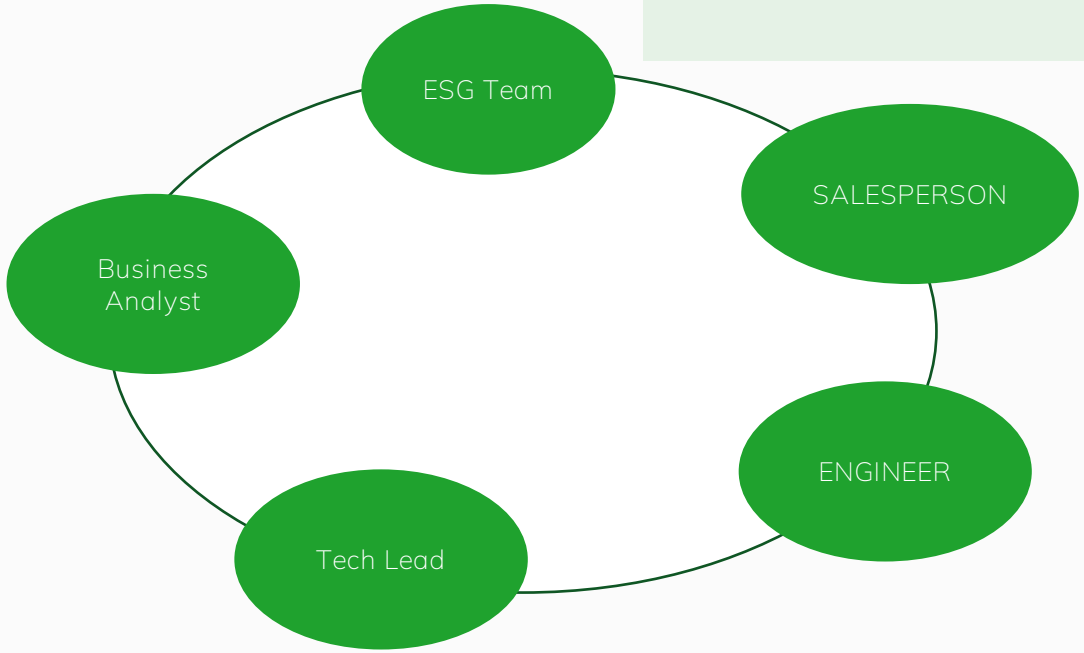
Building block 1

- ENGAGE Additional Collateral-level Information
  - ✓ Introduction of three new fields (EREC1, EREC2, EREC3) to track the transactionID, the loanID and the collateralID between building blocks 0 and 1.
  - ✓ Adjustments to the wording of the fields' description.
- ENGAGE Governance File
  - ✓ Introduction of one new field (EGFF1-Unique Identifier) to track the transactionID between building blocks 0 and 1.
  - ✓Adjustments to the wording of the fields' description.

Data extraction process to use the ENGAGE Templates

Cátia Alves & Eduardo Hernández,
Unión de Créditos Inmobiliarios

Data extraction process to use the ENGAGE Templates



BIGGEST CHALLENGE

Convincing the commercial team to scan the EPC report and insert the key information in our systems.

Based on our experience, the process requires a strong focus on the origination stage to capture all the necessary information. It is also crucial to use a multidisciplinary team (from IT, business, and funding) to ensure an efficient process.

UCI's loan granting process

Information collection process

Mortgage Loan (15-25 years with collateral)

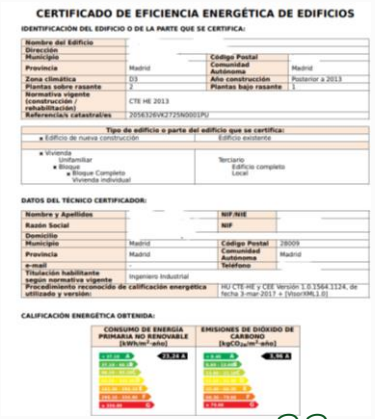
Mortgage Loans

Origination Loans

- Credit Risk analysis
  - Client rent
  - Client salaries
  - Client Bank Accounts
  - Data collected to assess the client's creditworthiness.
- Property analysis
  - Appraisal Document
  - Recent EPC (10 years)
  - Information related with the collateral

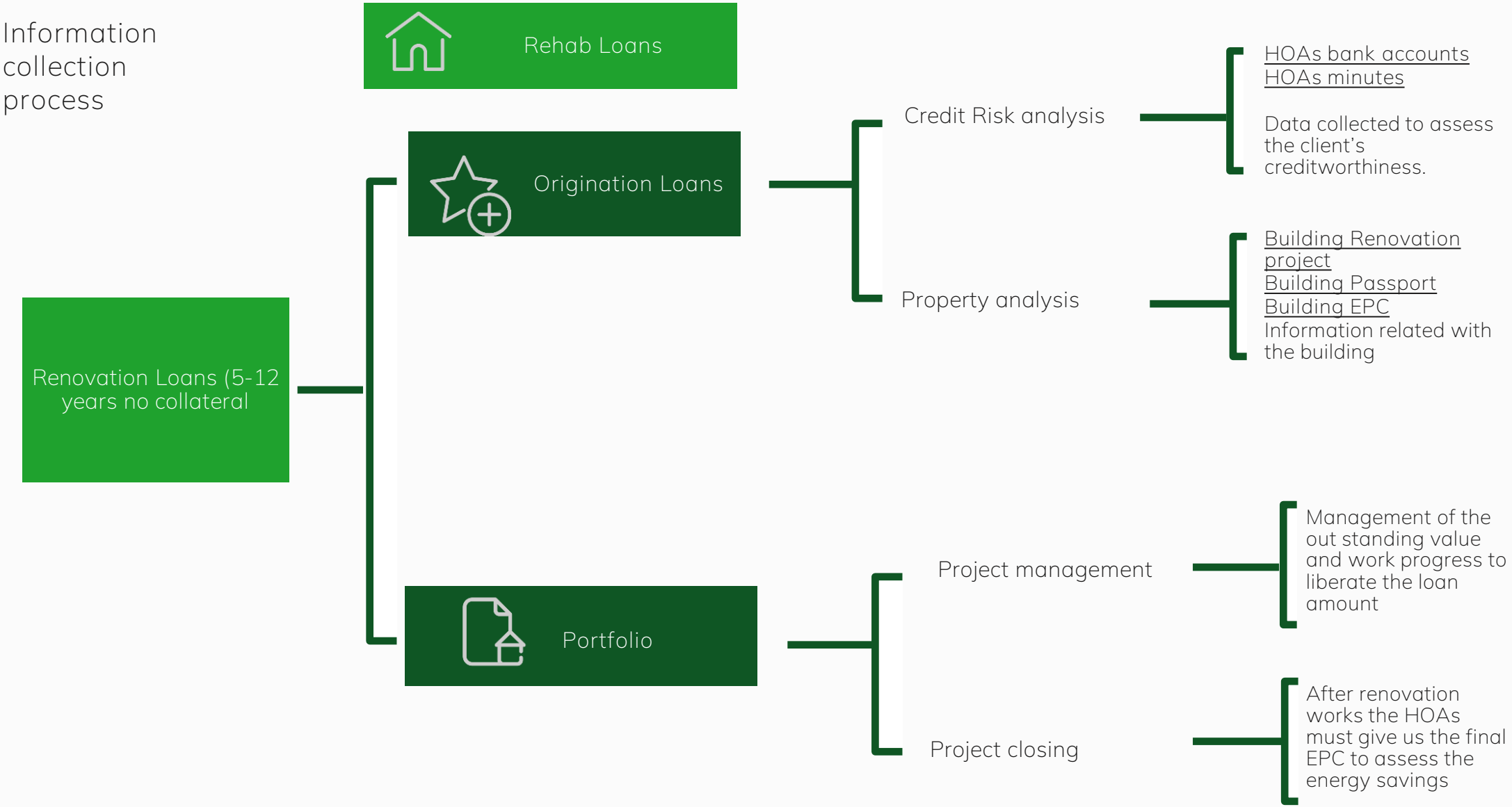
Portfolio

- Originated until 2013
  - EPC obtained through expert appraisal by an external firm (Gloval). The entire process lasted 2 months.
- Originated after 2013
  - EPC acquired via OCR (3-month process) due to the document being digitized in our IT system.



UCI's loan granting process

Information collection process



UCI's testing of the ENGAGE Templates

The data sample comprises 5,000 loans currently managed by UCI, extracted using stratified sampling to ensure equitable representation across all relevant features. We have therefore tried to identify as heterogeneous as possible loans.

5,000
Loans

Loan type:
- Mortgage Loans
- Home renovation loans

Country:
- Spain
- Portugal

Payment Status:
- Performing Loans
- Non performing loans

Seasoning:
- New Loans
- Legacy (before GFC)

Challenges:

1. Handle imperfect data. Address issues related to data quality, missing values, and outliers.

2. Solve problems with noisy or distorted images, smudges, and low-resolution scans for that info that can be obtained through OCR.

3. When dealing with unstructured content, consume a lot of time extracting relevant information.

Data fields: current status

After extracting ≈5,000 loans that well represent the variety that can be found in our balance, this is our availability of data to fill in all required fields:

1) Info available for all loans	36%	General Activity Designation	Building in Top15 indicator	Geographic Region - Climate Area	URL towards MSS Issuer Statement	Environmental Objective	Link towards eight fundamental conventions
		Nearly zero-energy building (NZEB) threshold	Top15_Explanatory Variable	Top15 Methodology Description	Description on how Minimum Safegaurds are complied with	Link towards UN Guiding Principles on Business and Human Rights	Link alignment with the OECD Guidelines for Multinational Enterprises
2) Info available for most of the loans: 80-99%	26%	Construction Year	Estimated or officially produced (EPC)	Primary Energy Demand (PED) of the building	Primary Energy Demand (PED) Based on Building or Building unit	Climate Area code	
		Energy Performance Certificate (EPC) Class	Energy Performance Certificate (EPC) Status	Estimated or officially produced Primary Energy Demand (PED)	Primary Energy Demand (PED) Based on Reference Building		
3) Info available for some of the loans: 1-40%	12%	Issuance date of most recent available (EPC) registration	Energy Performance Certificate (EPC) Methodology				
		Energy Performance Certificate (EPC) Validity Length	EU-Equivalent EPC) Method / EPBD-Regime				
4) Waiting for a unique definition / Unification of criteria	26%	Top15 Numerator	Building unit in top-15% indicator	Top15_Object Treshold Value	Top15_ Document Issuance Date	Construction permit application date	
		Top15 Denominator	Top15_Object Reference Value	Top15_ Document Name	Top15_ Document URL		

Assigning the EPC label to our portfolio in Portugal

The methodology includes the following steps:

1.

Standardization of the addresses of properties within the portfolio.

Verifying the address is validated in a reference street map, which allows the identification of problems with municipalities, streets or non-existent numbers, as well as incomplete or incorrect formats.

The software used ensures that addresses are presented in a correct, uniform, consistent and precise manner.

2.

Assignment of actual EPC (Energy Performance Certificate) data, whenever available. Public info at: www.sce.pt.

Distrito	Nº	%
Aveiro	116.876	5,38%
Beja	24.604	1,13%
Braga	156.198	7,19%
Bragança	21.030	0,97%
Castelo Branco	37.631	1,73%
Coimbra	79.177	3,65%
Évora	27.673	1,27%
Faro	188.867	8,70%
Guarda	23.366	1,08%
Ilhas da Madeira	45.009	2,07%
Ilhas dos Açores	557	0,03%
Leiria	96.797	4,46%
Lisboa	524.637	24,16%
Portalegre	20.620	0,95%
Porto	358.189	16,50%
Santarém	78.958	3,64%
Setúbal	197.790	9,11%
Viana do Castelo	51.951	2,39%
Vila Real	30.384	1,40%
Viseu	62.391	2,87%
No normalizado	*28.626*	*1,32%*
TOTAL	***2.171.331***	***100%***

3.

Assignment of estimated EPC in cases where the sample allows for it.

Based on the information available for each property in the portfolio,
the EPC label will be assigned based on one of the two methods described below:

Assignment of real data

Estimation of EPC by geographic location

Assigning the EPC label to our portfolio in Portugal

There are three possible outcomes for the loans after the aforementioned process:

1. Real assignment	Wherever possible, the actual EPC associated with a property record will be assigned.
2. EPC estimation	The EPC estimation method consists of assigning the most frequent label in a certain area (trying to make it as small as possible), subject to certain requirements of representativeness. The association levels are, in order of priority, the following: 1) House number (street + number); 2) Road; 3) Postal Code; 4) Location
3. Non-assignment	There are 2 reasons why the EPC of a property may not be estimated: Its address could not be normalized. Therefore, the location in which the property is located cannot be validated. The property has a normalized address, but in the real EPC repository there is not enough information available on the location, so it is not possible to meet the requirements of representativeness and an estimation cannot be made.

EPC estimations: methodology and backtesting

Methodology

Besides guaranteeing the representativeness of the most frequent label, the following two parameters are taken into account:

1) Observed amounts: Number of records of the most frequent tag in association level.
2) Observed proportions ±1: Percentage of records of the most frequent tag, plus the percentages of the largest (+1) and smallest (-1) adjacent labels

Minimum records of association levels

	Minimum EPCs	%Observations +/- 1
House number	3	50%
Street	5	50%
Postal code	7	50%
Town	10	50%

Backtesting

To assess the predictive capability of the model previously explained, backtesting is performed using actual EPCs at a 95% confidence level. The example matrix represents the results obtained from randomly selecting more than 300 files:

		PREDICTION					
		A	B	C	D	E	F
REAL	A	95,8%	4,3%	0,9%			
	B		84,8%	4,5%	1,1%	4,7%	2,0%
	C		8,7%	77,5%	11,5%	7,8%	2,0%
	D	4,2%		9,0%	78,2%	10,9%	5,9%
	E			6,3%	6,9%	76,6%	
	F		2,2%	1,8%	2,3%	0,0%	90,2%

ENGAGE impact on UCI: benefits, challenges and conclusion

Using the ENGAGE Templates is a valuable and rewarding experience for UCI. It helps us to comply with the regulatory framework, improve our data quality, and increase our market knowledge. It certainly brings many benefits and also some challenges.

BENEFITS

- Serves for self-assesment and to verify the percentage of information we have about these relevant points.
- Enhances our data quality and accuracy, as we can use the validation rules and checks provided by the ENGAGE Templates to ensure that our data is complete and consistent.
- Increases our market visibility and reputation, as we can demonstrate our transparency and accountability to our stakeholders and potential customers. This template mitigates our reporting process operational risk which helps us with the accurancy of the data and therefore covers our reputational risk.
- Gives us the authority to require Spanish and Portuguese authorities to update mandatory property information.
- The ENGAGE Templates represent a harmonized blueprint across Europe for multiple users and investor requests.

CHALLENGES

- The Spanish challenge is to release to the financial sector information needed to calculate certain classifications (such as natural hazard exposures and real estate stockage EPC distribution for each province). After having this information, we estimate a 6-month development to codify this information in the system for new originations. For the portfolio we assume to use estimation models. Public information about the energy certification of buildings in Spain can be found at https://www.miteco.gob.es/.
- The Portuguese challenge is aligning our internal data systems and processes with the ENGAGE Templates. This requires an investment in IT infrastructure and human resources to map, extract, transform, and load our data into the ENGAGE Templates. Public information about the energy certification of buildings in Portugal can be found at https://www.sce.pt/.

This project helps us understanding our strengths and limitations as an organization, encourages us to enhance our information processes, and provides deeper insights into the entire sector

Steps to become a Test User of the ENGAGE Portal

Marco Angheben, European DataWarehouse & Project Coordinator

Why becoming an ENGAGE Test User?

Standardised templates for compliance with the EU Taxonomy vs. multiple inconsistent questionnaires

Blueprint for the EU Taxonomy reporting obligations

ENGAGE for ESG

Templates

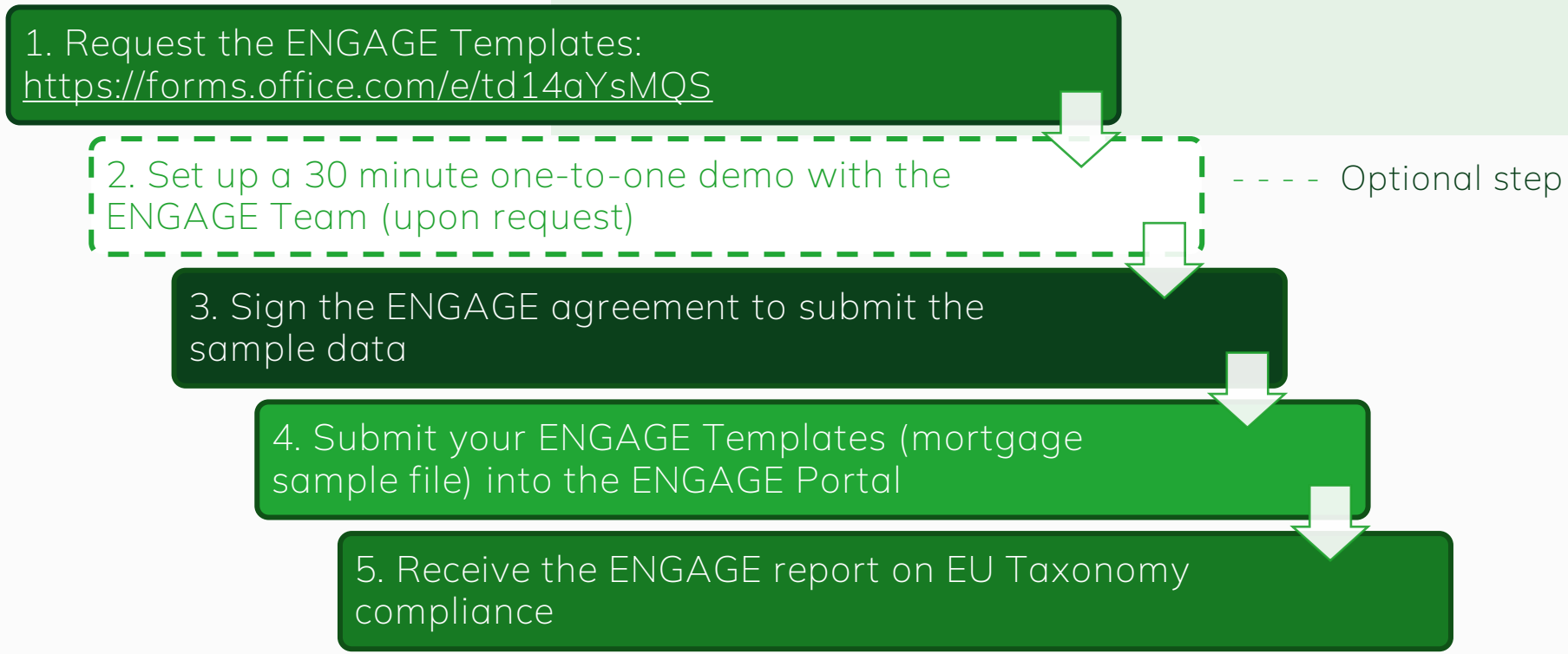
Industry standard developed by institutions deeply involved in the interpretation of sustainable finance regulations

The Templates include examples of the information to be reported via dedicated guidelines

Valid for:
a) Mortgage portfolios
b) RMBS transactions
c) Covered bond transactions

User-friendly format (such as CSV)

How to ENGAGE as a Test User



All interested institutions are invited to test the ENGAGE Templates and Portal upon request to engage4esg@eurodw.eu
A specific legal framework has been prepared for the safe and lawful processing of the data.
The testing of the ENGAGE Templates and Portal is free of charge until 31 October 2025.

How does it work in practice?

1. Request the ENGAGE Templates

- Available now through
- More than 50 institutions have requested access to the ENGAGE Templates

2. ENGAGE demonstration

- The ENGAGE Team is available for clarifications on the ENGAGE Templates
- Several sessions have already been set up with interested parties

3. Submission of the Templates into the ENGAGE Portal

- Available from November 2024, subject to a standard legal arrangement
- Free of charge until October 2025
- Possibility to submit the ENGAGE sample files various times enriching the information

4. ENGAGE report on EU Taxonomy compliance

- For each sample file submission a compliance report is generated

Next three ENGAGE events

1. Wednesday, 18 September @ 10:00 (CET) – WOO to explain its extraction process in the Netherlands

2. Thursday, 24 October @ 15:00 (CET)

3. Thursday, 21 November @ 10:00 (CET)

- In order to register, please refer to the ENGAGE website

The ENGAGE Consortium Partners

EUROPEAN DATAWAREHOUSE

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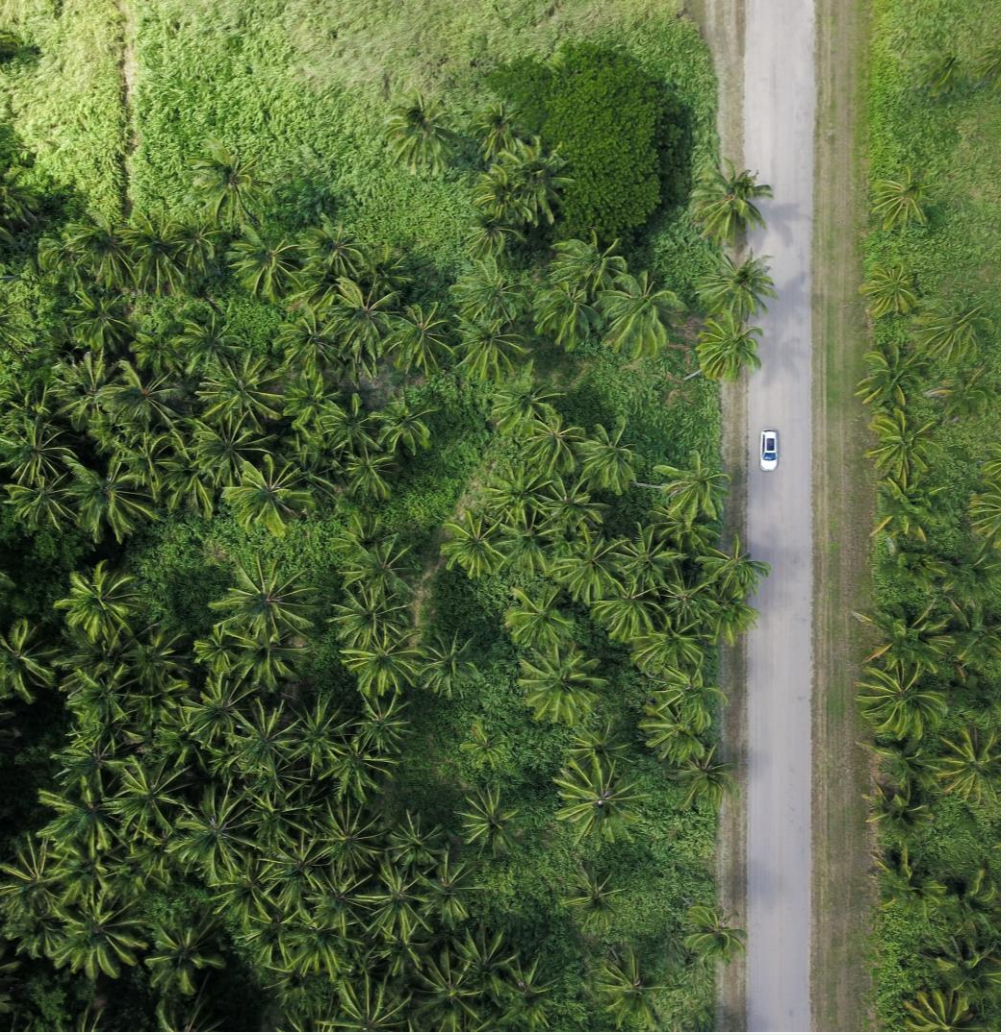

ENGAGE
for ESG

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.

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