



## **ENGAGE Project Coordinator**

Walther-von-Cronberg-Platz 2 60594

Frankfurt am Main

Germany

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## **EUROPEAN COMMISSION**

Response submitted via [online form](#)

**Subject:** Call for Feedback on the Draft Delegated act amending the Taxonomy Disclosures Delegated Act, as well as the Taxonomy Climate and Environmental Delegated Acts, Omnibus I

To whom it may concern,

The ENGAGE for ESG initiative<sup>1</sup> welcomes the European Commission Call for Feedback on the Draft Delegated Act amending the Taxonomy Disclosures Delegated Act and would like to contribute to it from its standpoint as a consortium of expert entities in the area of sustainable finance, data templates implementation and reporting.

- European DataWarehouse GmbH (EDW) is an ESMA-designated Securitisation Repository and a Eurosystem repository for ABS, pools of additional credit claims.
- Hypoport B.V. (HYP) is a specialist IT company, developer of software solutions for the financial sector.
- Università Ca' Foscari (UNIVE) is a pioneer university in sustainable finance programmes and research.
- Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito (UCI) is a specialist entity in sustainable financing for mortgages and loans in the Spanish and Portuguese markets.
- Nationale-Nederlanden Bank N.V. (NN Bank) is an innovative sustainable mortgage loan originator in the Dutch market.
- Dexai s.r.l. (DEXAI) is a consultancy company expert in compliance of new technologies with legal and ethical standards.

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<sup>1</sup> More information about ENGAGE for ESG can be found at <https://engage4esg.eurodw.eu/>.



The ENGAGE Consortium would like to contribute to the Call for Feedback, in particular, with regards to the challenges of lending institutions to comply with the Taxonomy-alignment criteria and the related Taxonomy reporting applicable to residential mortgage and renovation loans.

### **Description of the ENGAGE for ESG initiative**

ENGAGE for ESG is an initiative co-funded by the European Union and launched by the six institutions from across Europe mentioned above (the “**ENGAGE Consortium**”) with the purpose of creating a standardised and harmonised disclosure framework for mortgages and renovation loans that contributes to the activation of energy efficiency investments for the residential building stock. The initiative is also contributing to the goals of the Renovation Wave and supporting the implementation of the Energy Performance of Buildings Directive recast (EPBD), in particular, Article 17.

Since its inception in November 2022, the initiative has been focusing on developing standardised disclosure templates for mortgage and home renovation loans (ENGAGE Templates) in line with Regulation (EU) 2020/852 (the “**Taxonomy Regulation**”) and Commission Delegated Regulation (EU) 2021/2139 (the “**Climate Delegated Act**”) to facilitate the sustainability reporting for financial institutions and improve transparency vis-à-vis investors. In fact, the ENGAGE Consortium is enhancing existing mortgage loan disclosure frameworks based on the technical standards on disclosure requirements under the Securitisation Regulation (the “**ESMA Templates**”) through a flexible system of add-on templates for various regulatory standards. These add-ons are market-designed and built upon the principles of transparency, data availability and governance.

The [ENGAGE Templates version 1.1](#) were released in August 2024 and include the data elements that allow financial institutions to disclose the alignment of their mortgages with EU Taxonomy requirements in line with the substantial contribution criteria and do not significant harm principle of the Climate Delegated Act for the economic activities of construction, acquisition, and ownership of real estate, as well as the minimum safeguards. Version 1.2 of the ENGAGE Templates, which focuses on the disclosure requirements for home renovation loans, is expected to be released in Q2 2025.

The ENGAGE Templates will continue to expand to incorporate the most relevant European sustainability regulations and disclosure requirements (e.g., European Investment Bank (EIB) – European Investment Fund (EIF) disclosures for renovation projects).

Two pilot lenders, Unión de Créditos Inmobiliarios, S.A., as well as Nationale-Nederlanden Bank N.V. have been submitting data as according to the ENGAGE Templates for Netherlands and Spain. Additional banks and lenders from across Europe are expected to adopt the ENGAGE Templates over the course of 2025.

The ENGAGE Templates have been operationalised through a dedicated IT infrastructure, the ENGAGE Portal. Stakeholders will be able to evaluate ESG criteria in the ENGAGE



Portal and to use the infrastructure as a secure data room for sustainable disclosures, starting with the required disclosures to check the EU Taxonomy- alignment.

Market participants have positively welcomed the ENGAGE Templates and Portal, in particular, with regards to the conversion of the regulatory requirements of the EU Taxonomy into concrete data fields.

The ENGAGE for ESG initiative has consolidated its position in the market and aims to become a widespread industry standard in 2025. By way of example, the ENGAGE Templates have been showcased as a best practice by Climate Strategy & Partners in their report *Mortgage Portfolio Standards: The EPBD Delegated Act process can synchronise regulatory developments, climate initiatives, and EU technologies to offer a window into the future*<sup>2</sup>.

In November 2024 the Hellenic Financial Stability Fund (HFSF) published its *Sustainability Report 2023*. In the report<sup>3</sup>, the HFSF supports the ENGAGE for ESG initiative and urges Greek banks to join the initiative to support the increase of sustainable finance and promote better monitoring and measurement for banks' lending portfolios.

## Response to the Call for Feedback

The Draft Delegated Act proposed by the European Commission under Omnibus I does not specifically target the residential real estate financing activities (sections 7.1, 7.2 and 7.7) of the Climate Delegated Act.

In terms of the disclosure requirements applicable to credit institutions for loans, the Draft Delegated Act mainly focuses on excluding such institutions from the assessment with the Taxonomy criteria (eligibility and alignment) where the value of the financing activity is not financially material for their business. The European Commission sets the materiality threshold at 10% of their assets. This means that if the cumulative value of those loans is below 10% of the denominator of the Green Asset Ratio referred to in section 1.1.2 of Annex V of the Disclosures Delegated Act, the Taxonomy-eligibility and alignment assessment is not mandatory.

Annex V of the Disclosures Delegated Act is not impacted by the Draft Delegated Regulation when it comes to the disclosure requirements for loans. Consequently, lending institutions would still be required to disclose the Green Asset Ratio according to the existing methodology.

The ENGAGE Consortium is of the opinion that the non-introduction of critical amendments to the existing disclosures for credit institutions is positive for market participants for the

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<sup>2</sup> Report available at [https://www.climatestrategy.es/en/informe\\_29.php](https://www.climatestrategy.es/en/informe_29.php)

<sup>3</sup> Report available at <https://hfsf.gr/en/hfsfs-esg-sustainability-report/>



purposes of consistency and efficiency, as many institutions have already developed methodologies to comply with the Taxonomy disclosure requirements in the past years.

Notwithstanding the foregoing, the ENGAGE Consortium is aware of the multiple challenges faced by lending institutions for the assessment of Taxonomy alignment for residential mortgage and renovation loans and believes that those Taxonomy criteria could be revised to allow an effective implementation of the Taxonomy Regulation and Delegated Acts. Our suggestions relate to:

**1. The interaction of the Taxonomy Regulation and Delegated Acts with the Energy Performance of Buildings Directive (EPBD) recast national implementation legislation**

The ENGAGE Consortium has observed that the Climate Delegated Act provides with criteria that eventually may collide with the upcoming national laws to be enacted in implementation of the EPBD. In this regard, consistency between the EU legal acts and the national implementation acts should be ensured.

**2. The simplification of the Taxonomy criteria for renovation activities**

The ENGAGE Consortium, specifically, the pilot institutions members of the initiative, have flagged certain difficulties when it comes to the application of the Taxonomy-alignment criteria for home renovation loans, e.g., issues to identify major renovations or to determine the primary energy demand reduction. As an example, the Taxonomy criteria could clearly establish the number of EPC label degrees that the renovation activity should improve, or require the adoption of certain specific energy efficiency measures. In this context, the European Investment Bank has developed a specific tool, i.e., the Green Eligibility Checker, designed to calculate if a specific home renovation loan reduces the primary energy demand (PED) by 30% and hence can be deemed to be defined as "EIB green" and eligible for EIB funding. The [ENGAGE Templates](#) include a specific section that will allow lenders and banks to verify the PED reduction.

**3. The simplification of the Taxonomy criteria for new buildings**

The Taxonomy criteria for new buildings could be simplified, in particular, for residential homeowners, in those elements where it presents most complexity, e.g., DNSH criteria. In addition, EU Member States' legal setups for the construction, acquisition and ownership of buildings differs substantially. As such, the Taxonomy Regulation could provide with enough flexibility to contemplate and allow the alignment assessment under the diverse legal configurations. For instance, in Netherlands, homeowners assume the legal ownership of the property acquired during the whole construction process. As a result, the provision of the evidence required for the Taxonomy alignment as natural persons is especially burdensome.



#### 4. The data availability and accessibility challenge

The availability and accessibility of energy performance data remains a critical challenge that jeopardises the effective implementation of the Taxonomy Regulation and Delegated Acts. The lack of data and the obstacles to access where available operates at various levels:

- First, the lack of a harmonised European-wide EPC scale poses an issue for the comparison of buildings' energy efficiency. In this regard, the ENGAGE Consortium advocates for the definition at European level of the EPC scales, including the specific indicators like, for instance, the primary energy demand (kWh/m<sup>2</sup> per year) for a clear correlation with the Taxonomy Technical Screening Criteria requirements as also advocated by the [ECB staff response to the ESMA consultation paper on the securitisation disclosure templates under Article 7 of the Securitisation Regulation](#).
- Second, the unavailability of EPC information at property level also poses an issue for credit institutions. To some extent, this is due to the different interpretations of the General Data Protection Regulation across Europe. The situation with the introduction of the update version of the EPBD has not changed so far in many European countries (such as Germany, Greece, and Italy), given that the national implementation legal acts have not been passed yet. The availability of EPC information open access in a machine-readable format via APIs and ready for bulk upload and download is pivotal, as this would enable the matching of loan-level data with EPC data, helping the disclosure of the energy performance information of the underlying assets of loans.
- Third, for some Taxonomy criteria, e.g. the DNSH criteria or the minimum safeguards, the collection of the evidence needed to verify the Taxonomy alignment is especially difficult, in particular, for residential homeowners.
- Last, but not least, the ENGAGE Consortium believes that for the purposes of incentivising the disclosure of the sustainability metrics under the Disclosures Delegated Act, it would be beneficial to allow EPC proxies based on standard market practices with the appropriate safeguards to ensure transparency and prevent greenwashing. While the Joint Committee of ESAs rejected in its [Q&As](#) the use of estimated EPCs for the disclosures under the ESMA templates, the ENGAGE Consortium is of the opinion that, in lack of EPC information available at national or regional databases for financial institutions, such permission could contribute to the renovation wave.



The ENGAGE Consortium is convinced that these proposals can contribute to the effective implementation of the Taxonomy Regulation and its Delegated Acts, as well as enhance the transparency in sustainable finance.

We remain at disposal of the European Commission to further elaborate on measures for the improvement of the Taxonomy regulatory framework.

Yours faithfully,

DocuSigned by:  
*Marco Angheben*  
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Marco Angheben

ENGAGE for ESG Coordinator, on behalf of

The ENGAGE Consortium



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