

# ENGAGE for ESG

## EU Taxonomy insights for mortgages

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Outvie Event, Amsterdam  
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Co-funded by the  
European Union





# ENGAGE: introduction

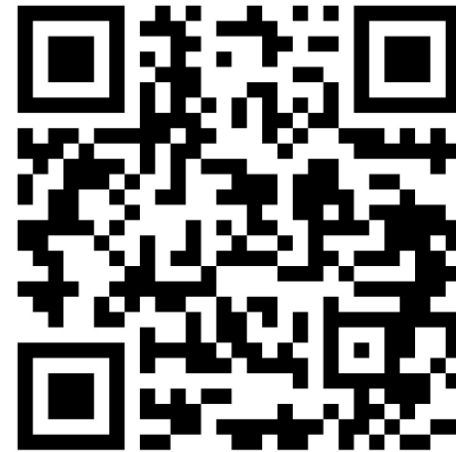
## ENGAGE *in short*

ENGAGE is a market-driven initiative, co-funded by the EU, aimed at developing and maintaining a future-proof standard for residential real estate loans and ESG data. Our primary focus is on aligning with the **EU Taxonomy**-related disclosures, a fundamental element of EU sustainable finance regulation.

We do this by developing and maintaining:

- **Template Add-ons:** Enhancing existing mortgage loan disclosure frameworks through a flexible system of *ESG add-ons*. These *add-ons* are market-designed and built with transparency in mind.
- **ENGAGE Portal:** Providing a platform where stakeholders can evaluate ESG criteria with complete transparency. The portal also functions as a secure data room and potentially as a repository for sustainable disclosures.

Scope: EU, Residential (mortgage) loans, EU Taxonomy, EIB, CSRD



URL: <https://engage4esg.eurodw.eu/>

Over 70 EU financial institutions joined and requested the templates.

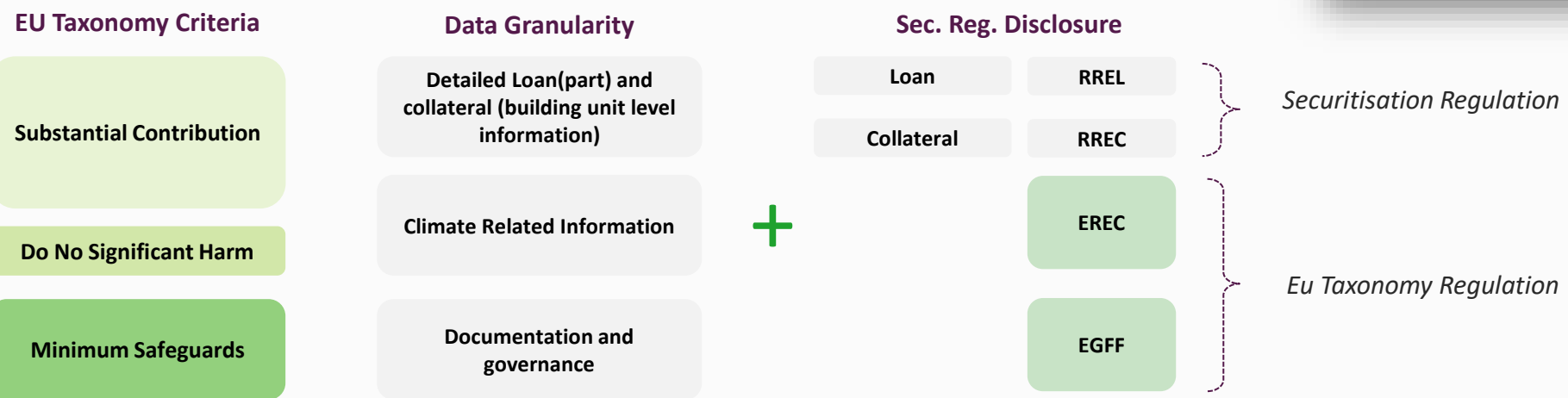
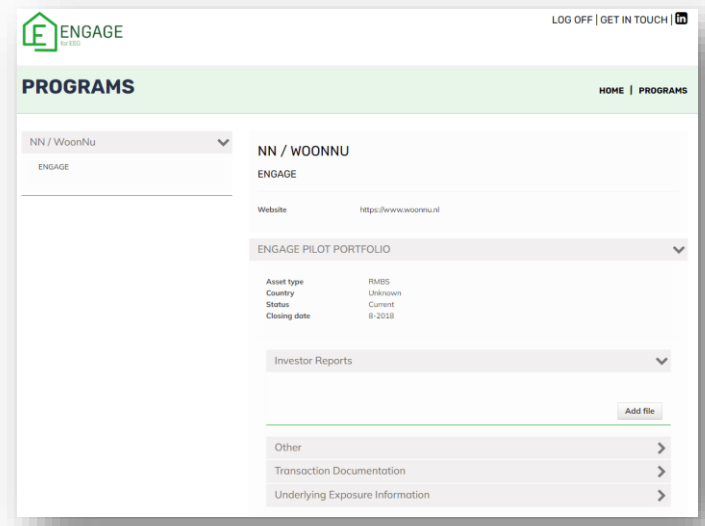
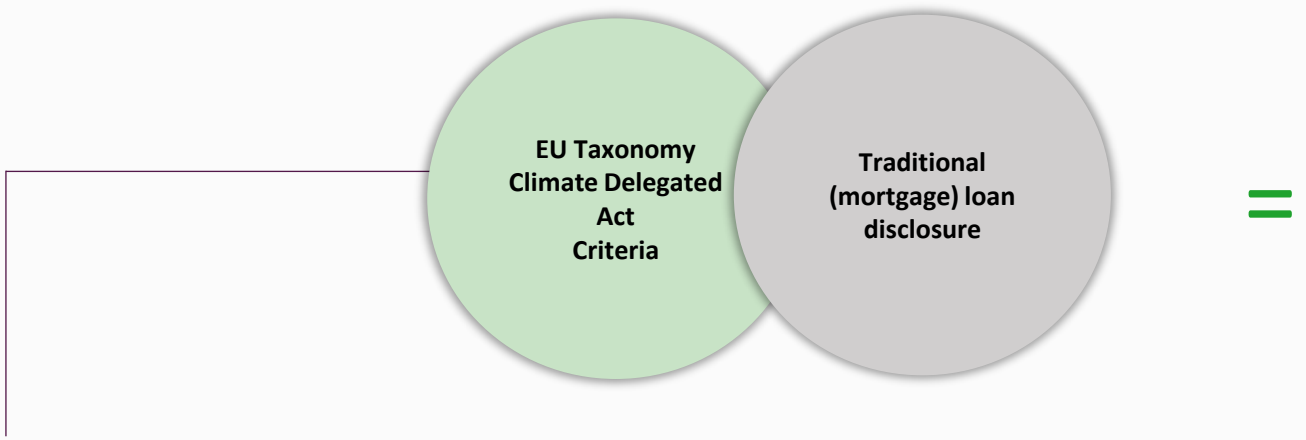
## Consortium members



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.



# ENGAGE: *Combining Mortgage Disclosure + EU Taxonomy*



Combining the (implicit) data requirements of the EU Taxonomy with common mortgage loan disclosure format(s)



# The ENGAGE Add-on: how it *works*

## Using the ENGAGE Add-on

- Add-on to ESMA Disclosure Templates Annex 2 and 6.
- Dovetailing – Common Denominators: **by identifying common denominators among data elements**, financial institutions can simplify and streamline their (often costly) reporting processes.
- This will **reduce the time and resources required to comply with multiple regulations**, allowing financing institutions to focus on their core business: lending money.

						NO Options for the BUILDING BLOCK 0		NO Options for the BUILDING BLOCK 1				Building block 1: Field Optional for the calculation of:				Building block 1: Field Optional for the calculation of:	
BUILDING BLOCK	TEMPLATE CATEGORY	SECTION	FIELD CODE	FIELD NAME	CONTENT TO REPORT	ND1-ND4 allow	ND5 allow	ND1-ND7 allow	ND8 allow	FORMAT	Building block 0: Minimum level of fields for	Minimum Safeguards	Section 7.7.1 - EPC class	Section 7.7.1 - Top 10%	Section 7.7.2 or 7.1 - PED 10% lower NZI	DNH 7.7	DNH 7.1
1	ENG Annex 2: RPE Add-on	ENGAGE Additional Collateral-level information section															
1	ENG Annex 2: RPE Add-on	Economic Activity information	EREC1	Unique Identifier	Report the same unique identifier here as the one entered into field RPEL1.			NO	NO	{ALPHANUM-28}							
1	ENG Annex 2: RPE Add-on	Economic Activity information	EREC2	Underlying Exposure Identifier Building block 0	Unique identifier for each underlying exposure. This must match field RPEL3.			YES	YES	{ALPHANUM-1000}		N	N	N			
1	ENG Annex 2: RPE Add-on	Economic Activity information	EREC3	Collateral Identifier Building block 0	Unique identifier for each collateral. This must match field RPEC3.			YES	YES	{ALPHANUM-1000}		N	N	N			
1	ENG Annex 2: RPE Add-on	Economic Activity information	EREC4	General Activity Designation	Enter the activity designation: - Construction of a new building (CINB) - Acquisition and ownership of building (AOB) - Renovation of existing building (ROEB) - Acquisition and ownership of buildings + renovation (AOBR) - Installation, maintenance and repair of specific measures and/or equipment (IMEQ)			YES	YES	{LIST}		N	N	N			
1	ENG Annex 2: RPE Add-on	Building information	EREC5	Construction Year	Construction year of the building or apartment as per the cadastral or other relevant documentation			YES	YES	{YEAR}		N	N	N			
1	ENG Annex 2: RPE Add-on	Building information	EREC6	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 143 for the application of the Taxonomy criteria, the date of the application for a construction permit is relevant to determine if the Substantial Contribution Criteria of 7.7.1 or 7.7.2 are applicable.			YES	YES	{DATEFORMAT}		N	N	N			
1	ENG Annex 2: RPE Add-on	Energy Performance Certificate (EPC)	EREC7	Energy Performance Certificate (EPC) Class	Enter the Energy Performance Class (i.e. "A", "B" or "C" or the indicator as applicable in your jurisdiction) as depicted on the Energy Performance Certificate (EPC). Or use: Null or Unknown			YES	YES	{ALPHANUM-100}		N	Y	Y			
1	ENG Annex 2: RPE Add-on	Energy Performance Certificate (EPC)	EREC8	Estimated or officially produced 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			YES	YES	{LIST}							

Add-on to ESMA Disclosure Templates Annex 2 and 6 for EU Taxonomy criteria.



# ENGAGE Output: EU Taxonomy *Assessment Report*

Section	Economic Activity	Subsection
7.1	Construction of new buildings	
7.2(1)	Renovation of existing buildings	Major Renovations
7.2(2)		Reduction of (net) Primary Energy Demand
7.3	Installation, maintenance and repair of energy efficiency equipment	
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	
7.6	Installation, maintenance and repair of renewable energy technologies	
7.7(1)	Acquisition and ownership of buildings	Buildings built before 31 December 2020: building has at least an Energy Performance Certificate (EPC) class A.
7.7(1a)		Buildings built before 31 December 2020 - Alternative: building is within Top 15%
7.7(2)		Buildings built after 31 December 2020

## New Constructions

## Renovations

## Existing / new buildings

### ENGAGE Output

#### 1. ENGAGE EUT Assessment output

This report provides a comprehensive overview of the portfolio's underlying exposures in the EUT assessment:

- Each (sub) section of the EU Taxonomy's economic activities is broken down into (partial) alignment.
- Offers greater granularity than DDA templates.
- Enables deeper insights into the nuances of the TSC, including SCC and DNSH.

The output is broken down in loans, collateral (building (units) and balance.

#### 2. EU Taxonomy Data Quality report

We have also developed an EU Taxonomy Data Quality report for mortgage loans, offering detailed insights into data completeness and portfolio quality.

We have transparently indicated per EUT economic activity which data fields the ENGAGE Portal applies in the TSC assessment.





# ENGAGE Output: EU Taxonomy *Assessment Report*



**Portfolio Name** Example Portfolio 2024  
**Portfolio Date (DD-MM-YY)** 01-08-2024

Total # of Loans 1300  
Total # of Building Units 1100  
Total Balance €444,600,000.00  
TSC passed % **50.94%**

			TSC assessment*						TSC pass Total Portfolio											
Section	Economic Activity	Subsection	SCC (check passed)			DNSH* (check) passed			TSC Passed (SCC + DNSH)			SCC (check passed)			DNSH (check) passed			TSC Passed (SCC + DNSH)		
			# of loans	# of Building Units	Balance	# of loans	# of Building Units	Balance	# of loans	# of Building Units	Balance	% of all loans	% of total Building	% of total Balance	% of total loans	% of total Building	% of total Balance	% of total loans	% of total Building	% of total Balance
7.7(1)	Acquisition and ownership of buildings	Buildings built before 31 December 2020: building has at least an Energy Performance Certificate (EPC) class A.	460	411	€133,400,000.00	414	370	€120,060,000.00	411	363	€119,190,000.00	35.38%	37.36%	30%	31.85%	33.64%	27%	31.62%	33.00%	27%
7.7(1a)		Buildings built before 31 December 2020 - Alternative: building is within Top 15%	392	301	€113,680,000.00	353	271	€102,370,000.00	349	301	€101,210,000.00	30.15%	27.36%	26%	27.15%	24.64%	23%	26.85%	27.36%	23%
7.7(2)		Buildings built after 31 December 2020	23	22	€6,670,000.00	21	20	€6,090,000.00	21	22	€6,090,000.00	1.77%	2.00%	2%	1.62%	1.82%	1%	1.62%	2.00%	1%
Total			875	734	€253,750,000.00	788	661	€228,520,000.00	781	686	€226,490,000.00	67.31%	66.73%	57.07%	60.62%	60.09%	51.40%	60.08%	62.36%	50.94%

Example of breakdown for Economic Activity 7.1 (Acquisition & Ownership of Real Estate)

# ENGAGE Output: EU Taxonomy *Assessment Report*

Portfolio Name	Example Portfolio 2024
Portfolio Date (DD-MM-YY)	01-08-2024
Total # of Loans	1300
Total # of Building Units	1100
Total Balance	€444,600,000.00
TSC passed %	50.94%

			TSC assessment*								
Section	Economic Activity	Subsection	SCC (check passed)			DNSH* (check) passed			TSC Passed (SCC + DNSH)		
			# of loans	# of Building Units	Balance	# of loans	# of Building Units	Balance	# of loans	# of Building Units	Balance
7.7(1)	Acquisition and ownership of buildings	Buildings built before 31 December 2020: building has at least an Energy Performance Certificate (EPC) class A.	460	411	€133,400,000.00	414	370	€120,060,000.00	411	363	€119,190,000.00
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Total			875	734	€253,750,000.00	788	661	€228,520,000.00	781	686	€226,490,000.00

This block displays the Technical Screening Criteria (TSC) assessment, per Economic (Sub) Activity. This section of the report displays the absolute number of loans, building units and corresponding balance that passed these checks.



# ENGAGE Output: Assessment Report

Portfolio Name	Example Portfolio 2024
Portfolio Date (DD-MM-YY)	01-08-2024
Total # of Loans	1300
Total # of Building Units	1100
Total Balance	€444,600,000.00
TSC passed %	50.94%

## TSC pass Total Portfolio

SCC (check passed)			DNSH (check) passed			TSC Passed (SCC + DNSH)		
% of all loans	% of total Building u	% of total Balance	% of total loans	% of total Building u	% of total Balance	% of total loans	% of total Building u	% of total Balance
35.38%	37.36%	30%	31.85%	33.64%	27%	31.62%	33.00%	27%
30.15%	27.36%	26%	27.15%	24.64%	23%	26.85%	27.36%	23%
1.77%	2.00%	2%	1.62%	1.82%	1%	1.62%	2.00%	1%
67.31%	66.73%	57.07%	60.62%	60.09%	51.40%	60.08%	62.36%	50.94%

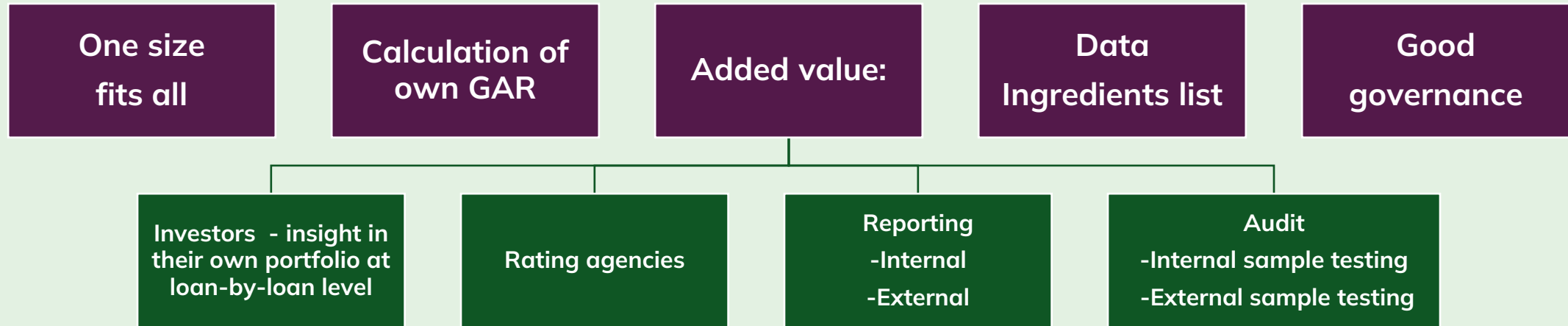
This block displays the Technical Screening Criteria (TSC) assessment, per Economic (Sub) Activity. This section of the report displays the relative (vis-à-vis the portfolio) number of loans, building units and corresponding balance that passed these checks.



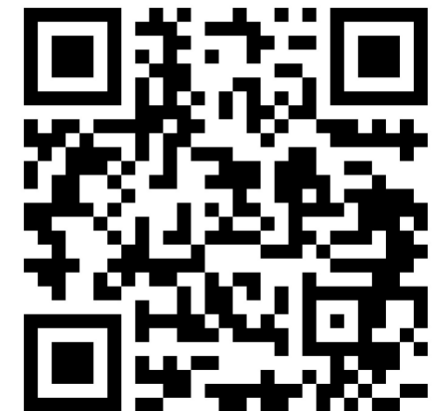


# ENGAGE: success factors

Benefits for Nationale Nederlanden / Woonnu



- Over 70 EU financial institutions joined and requested the ENGAGE Add-Ons`.
- As of this month **ENGAGE portal** is live!
- Interested parties can download the ENGAGE Add-on template and use the ENGAGE portal including the **Data Quality Report** and **EU Taxonomy Assessment Report** for free until the end of this year
- **Register now!**



URL: <https://engage4esg.eurodw.eu/>