Trends towards the simplification of ESG reporting

Banco de Portugal
Lisbon, 17 November 2025
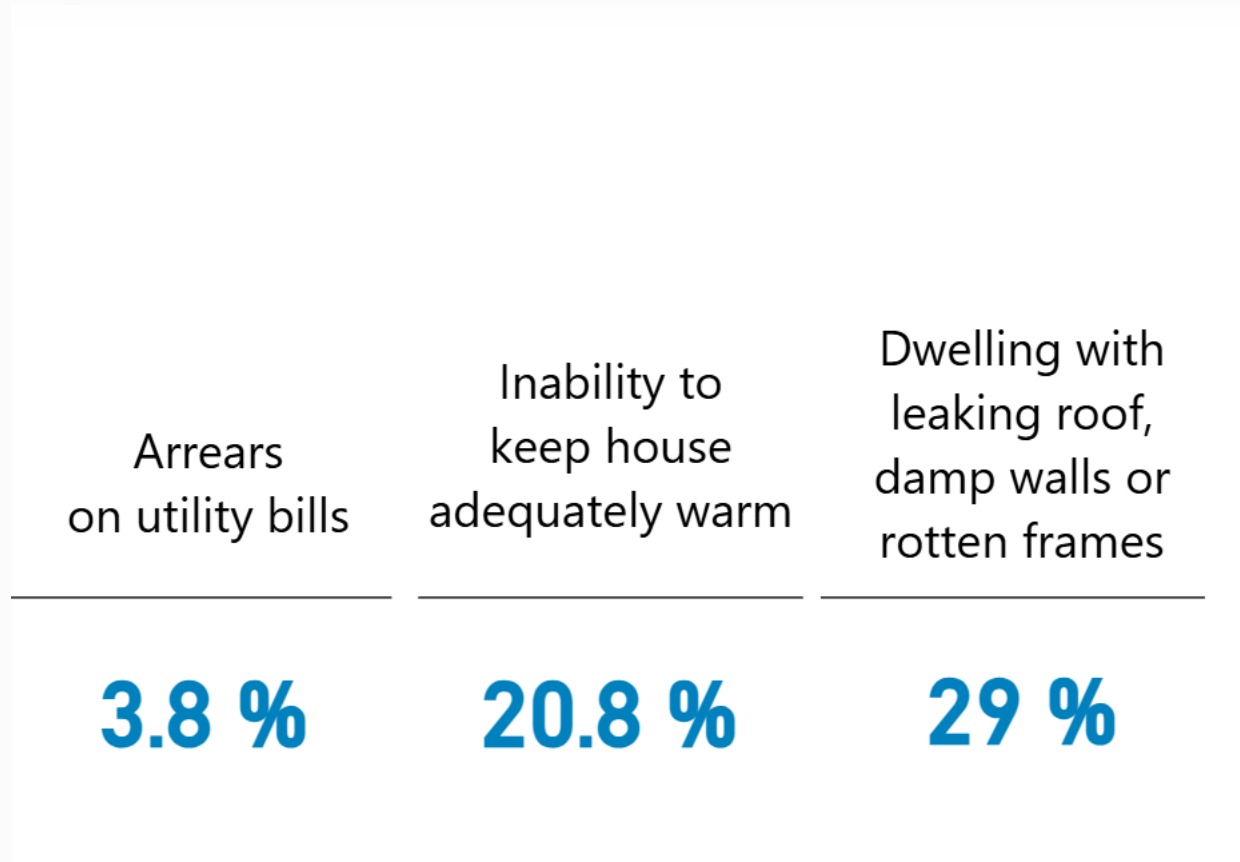
ENGAGE
for ESG

Energy poverty in Portugal

Arrears on utility bills	Inability to keep house adequately warm	Dwelling with leaking roof, damp walls or rotten frames
3.8 %	20.8 %	29 %

Source: Data as of 2023, European Building Stock Observatory

- **3.8%** of the total population was having arreas on their utility bills.

- **20.8%** of the total population was not able to keep their home adequately warm over the cold periods of the year.

- About **29%** of the total population was living in a dwelling with leaking floor, damp walls or rotten windows, frames or floor.

ENGAGE for ESG initiative

- Launched in November 2022 and co-funded by the European Union with a LIFE grant.
- The ENGAGE for ESG initiative aims to provide a simple solution for ESG reporting for mortgages and home renovation loans.
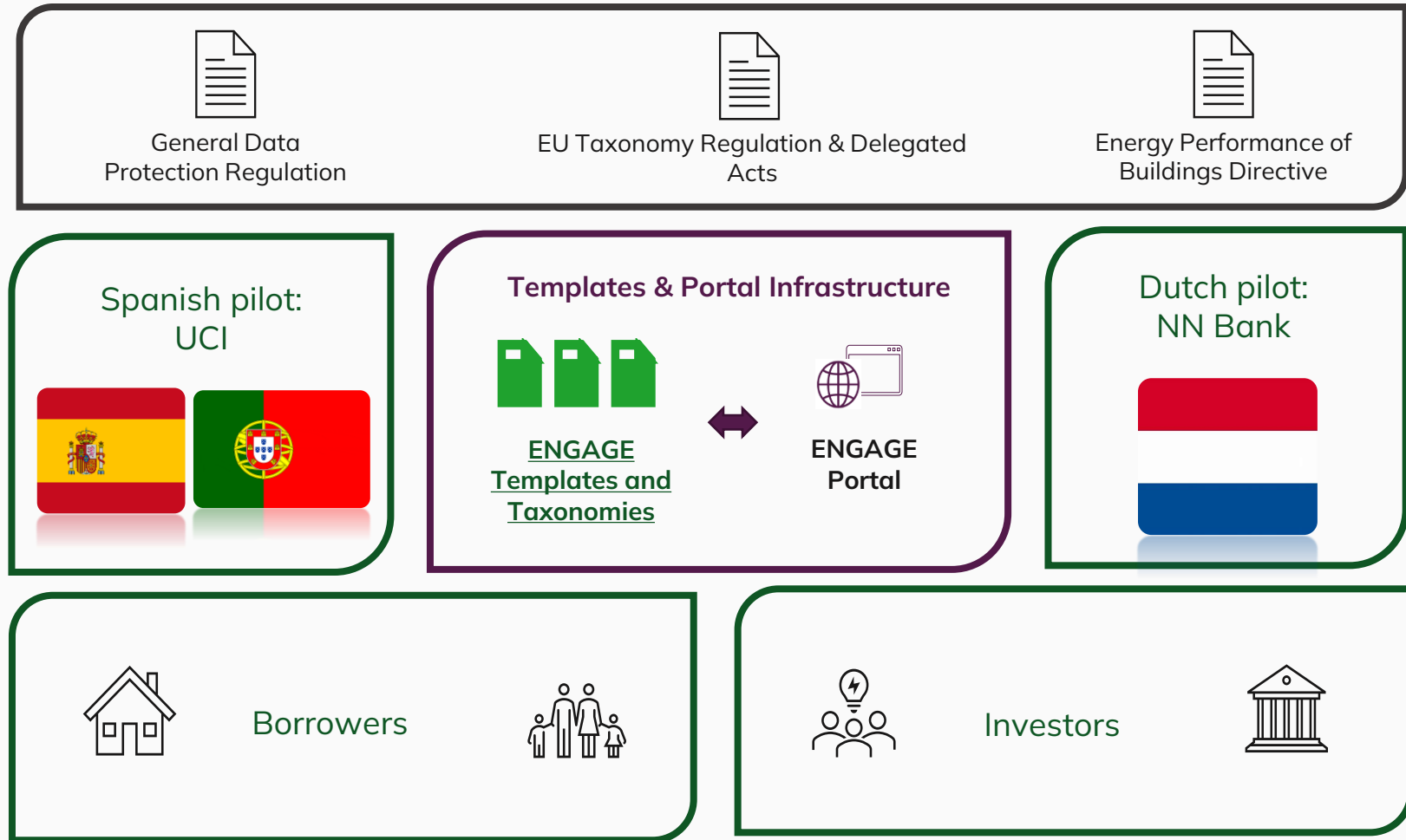
ENGAGE for ESG initiative description

Two main pillars:

1. A **disclosure template** for residential real estate data;

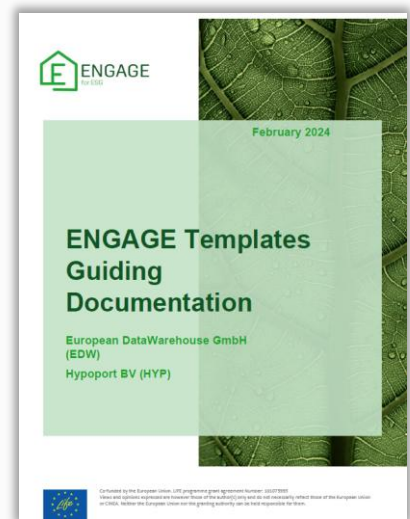2. A **portal** to assess EU Taxonomy alignment and data quality.

General Data Protection Regulation
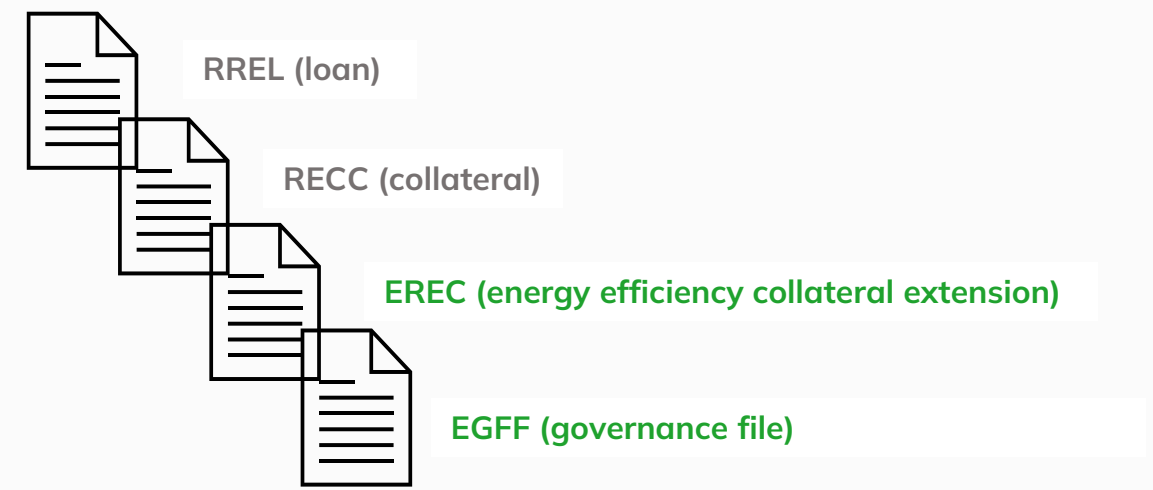
EU Taxonomy Regulation & Delegated Acts

Energy Performance of Buildings Directive

Spanish pilot: UCI

Templates & Portal Infrastructure

ENGAGE Templates and Taxonomies

ENGAGE Portal

Dutch pilot: NN Bank

Borrowers

Investors

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The ENGAGE Templates

Templates

Guiding Documentation

Sample files

RREL (loan)

RECC (collateral)

EREC (energy efficiency collateral extension)

EGFF (governance file)

Available upon request via a simple form:
Request for Access to the ENGAGE Templates

The ENGAGE Templates: structure

Building block 1 delivered

Building block 2 delivered

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 and existing buildings;
b) Loans for the renovation of existing buildings.

Building block 2
- European Investment Bank information requirements (Group Green Checker) to capture funds from green financing programs for the financing of the renovation wave.

The ENGAGE Templates: how it works

Building Block
- Fields marked with **0** denote the original ESMA Template
- Fields marked with **1** indicate the ENGAGE Add-On fields

Fields used for Taxonomy Technical Screening Criteria (TSC) assessment
- Fields with **N** are <u>not</u> optional for the TSC assessment for that economic activity.
- Fields with **Y** are not needed per se for the specific check, for that economic activity.

	ND Options for the BUILDING BLOCK 0		ND Options for the BUILDING BLOCK 1			Building block 0: Minimum level of fields for	Building block 1: Field Optional for the calculation of:				Building block 1: Field Optional for the calculation of:	
	ND1-ND4 allowe	ND5 allowe	ND1-ND7 allowe	ND5 allowe	FORMAT		Minimum Safeguards	Section 7.7.1 - EPC class	Section 7.7.1 - Top 15%	Section 7.7.2 or 7.1 - PED 10% lower NZ	DNSH 7.7	DNSH 7.1
			NO	NO	{ALPHANUM-28}							
			YES	YES	{ALPHANUM-1000}			N	N	N		

We have transparently indicated per economic activity which data fields the ENGAGE Portal applies in the EU Taxonomy Technical Screening Criteria assessment

Only a limited number of data fields are actually needed!

In this example, of the ENGAGE v1.2 EREC file we see that only a limited number of data fields is needed for the economic activity 7.7 assessment checks:

- **In green the minimum data needed for SCC checks**
- **In purple the DNSH check**
- **In light blue the PCAF / CO2 financed emissions**

	FIELD CODE	CONTENT TO REPORT	Section 7.7.1 - EPC class A	Section 7.7.1 - Top 15%	Section 7.7.2 10% lower NZEB
Identifiers	EREC1	Unique Identifier			
	EREC2	Underlying Exposure Identifier Building block 0			
	EREC3	Collateral Identifier Building block 0			
	EREC4	General Activity Designation	Y	Y	Y
SCC 7.7	EREC5	Construction Year	Y	Y	Y
	EREC6	Construction permit application date			
	EREC7	Energy Performance Certificate (EPC) Class	Y		
	EREC8	Estimated or officially produced EPC	Y		
	EREC9	Issuance date of most recent EPC	Y		Y
	EREC10	EPC original Validity	Y		
	EREC11	EPC Methodology			
	EREC12	Energy Performance Certificate (EPC) Status			
	EREC13	EU-Equivalent EPBD-Regime			
	EREC14	Primary Energy Demand (PED) of the building			Y
	EREC15	Estimated or officially produced Primary Energy Demand (PED)			
	EREC16	Primary Energy Demand (PED) Based on Reference Building			
	EREC17	Primary Energy Demand (PED) Based on Building or Building unit			
	EREC18	Nearly zero-energy building (NZEB) theshold			Y
	EREC19	Climatic zone code			
	EREC20	Geographic Region - climatic zone			
	EREC21	Building unit in top 15% indicator		Y	
	EREC22	Top 15% Explanatory Variable			
	EREC23	Top 15% Object Reference Value		Y	
	EREC24	Top 15% Object Treshold Value		Y	
DNSH	EREC25	DNSH EO2 Indicator	Y	Y	Y
	EREC26	DNSH EO3 Indicator			
	EREC27	DNSH EO4 Indicator			
	EREC28	DNSH EO5 Indicator			
	EREC29	DNSH EO6 Indicator			
Renovation SCC	EREC30	Balance for renovation of existing buildings			
	EREC31	Balance of IMR of EE equipment			
	EREC32	Balance of IMR of RE equipment			
	EREC33	Balance of EE equipment			
	EREC34	Balance of RE equipment			
	EREC35	Large new constructions			
Financed Emissions	EREC36	Financed CO2-emission	Y	Y	Y
	EREC37	Surface Area	Y	Y	Y
	EREC38	GHG Data Score	Y	Y	Y
	EREC39	GHG Emission Factor	Y	Y	Y

The ENGAGE Portal: high level overview

- The ENGAGE Portal enables lending institutions to **upload and assess the alignment of their loan portfolios with the EU Taxonomy**.

- The Portal incorporates detailed **loan** and **collateral level checks**.

- Access to multiple stakeholders (internal reporting, rating agencies, investors, regulatory supervisors, etc.) upon invitation.

- The ENGAGE Portal allows users to assess multiple portfolios based on the EU Taxonomy.

- The Portal output is twofold:

  1. The **data quality feedback**;

  2. The **EU Taxonomy alignment report**.

- **Trial access** available subject to a standard legal arrangement (available upon request).

Co-funded by the European Union

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ENGAGE EU Taxonomy alignment report

ENGAGE – EU Taxonomy alignment report with a breakdown of Technical Screening Criteria assessment per economic activity

ENGAGE EU Taxonomy alignment 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
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
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
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 EU Taxonomy alignment 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 for ESG: a tool for investors, rating agencies, regulators, and auditors

The ENGAGE solutions help you:

Gain insights into RMBS, covered bonds, and residential real estate mortgage and home renovation loan portfolios

Collect granular ESG information to produce your ESG ratings

Access granular information to prepare reports and policy recommendations

The UCI experience: data availability

Data fields available for all loans*

General Activity Designation	Building 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 Safeguards are complied with	Link towards UN Guiding Principles on Business and Human Rights	Link alignment with the OECD Guidelines for Multinational Enterprises

Data fields available for 80-99% of the loans

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	

Data fields available for 1-40% of the loans

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

Non-available data

Top15 Numerator	Building unit in top-15% indicator	Top15_Object Threshold Value	Top15_Document Issuance Date	Construction permit application date
Top15 Denominator	Top15_Object Reference Value	Top15_Document Name	Top15_Document URL	

* Statistics obtained from a large data sample in the ENGAGE Portal

The UCI experience: benefits and challenges

BENEFITS

- Serves for **self-assessment** 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. The Templates **mitigate our reporting process operational risk** which helps us with the accurancy of the data and therefore covers our reputational risk.

- Gives us leverage to ask Spanish and Portuguese authorities to update mandatory property information.
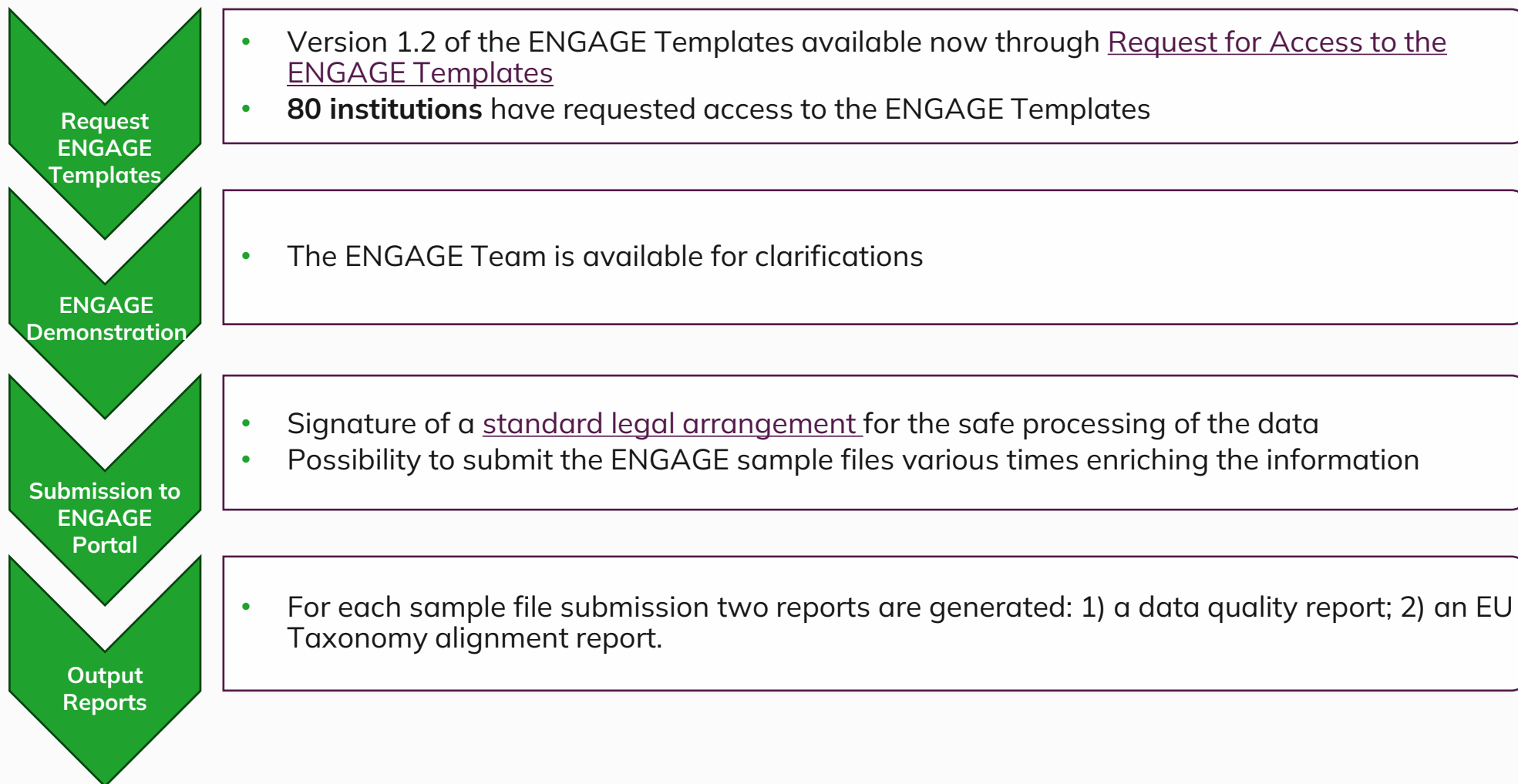
CHALLENGES

- 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/.

Free ENGAGE trial period until July 2026

Request ENGAGE Templates
- Version 1.2 of the ENGAGE Templates available now through Request for Access to the ENGAGE Templates
- **80 institutions** have requested access to the ENGAGE Templates

ENGAGE Demonstration
- The ENGAGE Team is available for clarifications

Submission to ENGAGE Portal
- Signature of a standard legal arrangement for the safe processing of the data
- Possibility to submit the ENGAGE sample files various times enriching the information

Output Reports
- For each sample file submission two reports are generated: 1) a data quality report; 2) an EU Taxonomy alignment report.

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Remain informed

- Scan the QR code to stay up to date on ENGAGE for ESG with all initiative updates, research insights, and upcoming events;

- Visit our website;

- And follow us on LinkedIn!

ENGAGE for ESG

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engage4esg.eurodw.eu/

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