

## PRESS RELEASE

### Adoption of EU Taxonomy Delegated Act marks milestone opens new chapter in EU's sustainability efforts

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The EMF-ECBC welcomes the ambition and leadership of the EU in laying down a clear and comprehensive path towards a more sustainable way of life for the EU's citizens and businesses. The adoption today by the Council of the [EU Taxonomy Delegated Act](#), which contains the technical screening criteria ("TSC") for climate change adaptation and mitigation under the EU Taxonomy Regulation, marks an important milestone in the EU's journey to achieve carbon neutrality by 2050 through the [EU Green Deal](#) and, in the case of buildings, the [EU Renovation Wave Strategy](#).

Against a backdrop where 75% of the EU building stock is believed to be energy inefficient, improving the energy performance of the EU's homes, workplaces, schools, hospitals, libraries or other public buildings has a crucial role to play in meeting the EU's targets. In this context, the Taxonomy TSC adopted today will be key in guiding investment to environmentally sustainable economic activities, including those relating to buildings.

Since 2015, the EMF-ECBC, through the [Energy Efficient Mortgages Initiative](#) (EEMI), has been leading market efforts to mobilise the potential of the mortgage industry to finance and therefore transform the energy efficiency of the EU's buildings. At the heart of its efforts is the [Energy Efficient Mortgage \(EEM\) Label](#), which is aimed at identifying Taxonomy-aligned energy efficient mortgages in banks' loan portfolios as a robust way of stimulating consumer demand and supporting banks in aligning to these important requirements over time, enabling them to demonstrate portfolio eligibility and deliver transparency and best practice at European and global level.

After today's adoption of the TSC, all eyes will now turn to their implementation. Careful and appropriate guidance and clarity around the 'usability' of the Taxonomy for underlying financial products will be extremely important. Only the right balance between the ambitions of the EU's Renovation Wave Strategy and Taxonomy eligibility will stimulate and propel market development in energy efficient mortgages. The EMF-ECBC stands ready to support the European Commission in getting this balance right and embedding the EU Taxonomy in banks' activities.

Commenting on this recent development, EMF-ECBC Secretary General, **Luca Bertalot**, said:

*"The EU Taxonomy will act as a compass for sustainable economic activities and therefore will be an important guide for banks in funding the Renovation Wave our future generations need. The identification of taxonomy-aligned assets is essential if we want to mobilise and scale-up investment in a carbon-neutral future, as well as a green recovery from the pandemic. Through its efforts to deliver an innovative, green market ecosystem around EEM, green covered bonds and green European Secured*

*Notes (ESN), our industry is a driver for change for our economy and remains absolutely committed to ensuring the transition is not only sustainable but leaves no one behind.”*

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**Notes to the Editor:**

1. Established in 1967, the **European Mortgage Federation (EMF)** is the voice of the European mortgage industry, representing the interests of mortgage lenders and covered bond issuers at European level. The EMF provides data and information on European mortgage markets, which were worth over EUR 8.1 tn. at the end of 2020. As of December 2021, the EMF has 14 members across 12 EU Member States as well as a number of observer members.
2. In 2004 the EMF founded the **European Covered Bond Council (ECBC)**, a platform bringing together covered bond issuers, analysts, investment bankers, rating agencies and a wide range of interested stakeholders. As of December 2021, the ECBC has 126 members from across the more than 30 active covered bond jurisdictions and many different market segments. ECBC members represent over 95% of covered bonds outstanding, which were worth over EUR 2.9 tn. at the end of 2020.
3. The **Energy Efficient Mortgage (EEM) Label** was established in 2020 by the European Mortgage Federation – European Covered Bond Council (EMF-ECBC) as a clear and transparent quality label for consumers, lenders and investors, aimed at identifying energy efficient mortgages (EEM) in lending institutions’ portfolios, which are intended to finance the purchase/construction and/or renovation of both residential (single family & multi-family) and commercial buildings, with a focus on building energy performance. The first labels were issued in 2021 and as of December 2021, 37 lending institutions from 13 countries hold the Label covering 48 financial products.

The development of the EEM Label was triggered by the EMF-ECBC’s work, in its role as Coordinator, on the Energy Efficient Mortgage Initiative (**EEMI**). As such, the EEM Label is an Industry-led initiative designed to support the market with a three-fold target:

- To achieve a gradual implementation of the EU Taxonomy in the mortgage sector (1/3 of bank portfolios), facilitate a fundamental shift of bank strategies, triggering a green wave in the mortgage market which counts for around 45% of EU GDP, and allow the market to contribute to the EU Green Deal and Renovation Wave Strategy
  - To provide investors and consumers with a robust European benchmark and set of best practices which will boost market confidence and secure social inclusion.
  - As endorsed by the European Banking Authority, to stimulate the collection of mortgage-specific data via the EEML Harmonised Disclosure Template (HDT) focusing on key energy efficiency and ESG parameters of the underlying asset, providing a quantitative database which demonstrates the “greenness” of labelled products.
4. For the latest updates from the EMF-ECBC, follow us on [Twitter](#), [LinkedIn](#) and [YouTube](#).