



PRESS RELEASE

Energy Efficient Mortgage Label: A Guiding Light for a Greener European Housing Market

Brussels, 26 February 2021 – For immediate release

At a time when efforts are underway at EU level to redesign the regulatory and monetary policy framework to address climate change risk and support the transition to a more sustainable economy, **twenty-three pioneering lending institutions** from **eleven countries** have already adopted the **Energy Efficient Mortgage (EEM) Label**, covering the four corners of the Old Continent, large and small lending institutions, traditional banks and FinTech platforms.

The EEM Label, which will implement **green best practices** and deliver comprehensive **ESG loan portfolio data** across the Single Market, will guide consumers, lenders and investors towards a new market ecosystem aimed at delivering favourable and sustainable financing solutions for energy efficient buildings and energy saving renovations.

It is well known that buildings are responsible for 40% of the EU's energy consumption and that most of the EU's building stock was built before 2000. By providing European families with the financing they need to **improve the energy performance** of their homes – considering that each European household would on average need to invest at least 20.000 EUR for these upgrades – it is possible to secure enhanced property values in the medium term and immediate increases in disposable income as a result of the reduction in energy costs.

At the same time, in combining **innovation** and **sustainability** which represent key opportunities and challenges for the Mortgage Industry, the **EEM Label** can help to maximise **positive externalities** for EU citizens and the economy as a whole, by supporting job creation, promoting social inclusion and fighting energy poverty. These considerations are all the more relevant against the background of the current pandemic which is accelerating change, amplifying challenges and ultimately underlining the need to fundamentally revise the paradigm of the financial and economic ecosystem.

Faced with an unprecedented set of circumstances, the **EEM Label** is concrete proof of the commitment of the Mortgage Industry to join forces and deliver long-lasting solutions to manage climate change risks to the benefit of all.

EEM Label lending institutions will be meeting for the first time on **9 March** to discuss the next steps!

Contact:

Luca Bertalot

Administrator

Energy Efficient Mortgage Label

Tel. +32 2 285 40 33

lbertalot@hypo.org

Notes to the Editor:

- 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 February 2021, **23 lending institutions** from **11 countries** hold the Label covering **17 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.
- 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 around 7.6 trillion EUR at the end of 2019. As of February 2021, the EMF has 14 members across 12 EU Member States as well as a number of observer members.
- 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 February 2021, the ECBC has 125 members across 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 2.7 tn at the end of 2019.