Driving New Finance for Energy Efficiency Investments

Summary for Institutional Investors of the work of the Energy Efficiency Financial Institutions Group (EEFIG)
About Institutional Investors Group on Climate Change (IIGCC) – Europe

The Institutional Investors Group on Climate Change (IIGCC) is a forum for collaboration on climate change for investors. IIGCC’s network includes over 100 members, with some of the largest pension funds and asset managers in Europe, representing over €10 trillion in assets. IIGCC’s mission is to provide investors a common voice to encourage public policies, investment practices and corporate behaviour which address long-term risks and opportunities associated with climate change.

For more information on IIGCC contact info@iigcc.org or visit www.iigcc.org

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Setting the Scene

Investing in energy efficiency is widely recognised as one of the most cost effective ways for the European Union to mitigate the risks and maximise the opportunities associated with climate change and energy security. Such investments can help reduce energy consumption, reduce exposure to current and future climate change legislation and improve productivity and efficiency. The EU increasingly sees energy efficiency as strategic priority due to the high level of energy imports required by EU countries, due to energy price instability and due to the need to transition to a competitive low carbon and resilient economy.

From an investment perspective, climate change and energy security present significant risks and significant opportunities, and there are compelling financial arguments for investing in energy efficiency. Such investments can help reduce energy consumption, reduce exposure to current and future climate change legislation and improve productivity and efficiency. These, in turn, improve overall business performance.

Yet, despite the compelling case for action, much more could be done. For example, it has been suggested that €60-100 billion needs to be invested annually in EU buildings alone to achieve Europe’s 2020 energy efficiency targets. However, the current rate of investment is less than half this, and five times lower than that required to deliver the EU’s 2050 decarbonisation targets for buildings. This investment gap cannot be filled by the public sector alone but will require the private sector to play a leading role in the provision and deployment of the capital required.

1 Key Findings for Institutional Investors

The EEFIG Project

The Energy Efficiency Financial Institutions Group (EEFIG) was established in 2013 as a specialist expert working group by the European Commission and the United Nations Environment Programme Finance Initiative (UNEPFI). Its aim was to determine how the challenges involved in obtaining long-term financing for energy efficiency in the building, industry and SME sectors might be overcome. From late 2013 to early 2015, EEFIG engaged with over 100 organisations from the finance sector (including several IIGCC members), from business, from industry, from government and from energy efficiency market-related companies.

EEFIG released its final report “Energy Efficiency – The First Fuel for the EU Economy: How to Drive New Finance for Energy Efficiency Investments” in February 2015. The report offers a series of recommendations to all relevant actors – including policymakers, finance institutions, companies, and energy service providers – on how the demand for investment in energy efficiency might be strengthened and on how the barriers to the supply of capital for energy efficiency investment might be addressed.

3 EEFIG (2015) (Note 1).
The findings from EEFIG’s research that are of most relevance to institutional investors are:

- **There is a need to increase the level of priority and attention assigned to energy efficiency**, both within the investment industry and within companies. At present, energy efficiency investments often need to meet relatively short investment horizons and high return hurdles, and limited attention is paid to the wider strategic benefits of these investments.

- **The relative costs of project development, finance documentation, processing and aggregation (transaction costs) remain high.** These higher costs are, in part, attributable to the heterogeneous nature of energy efficiency investments and, in part, attributable to the immaturity of the market for such investments. The consequence is that many financial institutions see energy efficiency investments as less attractive than other investment opportunities.

- **In order to reduce transaction costs and facilitate the bundling of investments for recycling to the bond market**, there is a need for (a) standardised legal contracts, underwriting processes, measurement, verification and reporting requirements and energy performance contracts, (b) project rating system(s) that provide credible, transparent assessments of the technical and financial risks of energy efficiency projects and their contracting structure, and (c) a robust evidence base on the impact of building energy performance on investment performance.

- **There is a general lack of robust, credible and easily accessible data** that would enable investors to make high quality decisions and to fully understand the risks and benefits of investing in energy efficiency.

- **Regulation has been, and remains, the key driver of energy efficiency.** At least in the short-term, a significant amount of energy efficiency investment can be unlocked simply by ensuring that existing EU energy efficiency-related legislation is fully transposed and enforced by EU Member States.

- **Financial sector regulation (e.g. in relation to capital adequacy requirements) may limit the amount of capital available for energy efficiency.**

- **Public funds could play a critical role in leveraging private funds and providing technical assistance.**

- **There is a wide variety of financial instruments** (e.g. risk-sharing facilities, subordinated loans, covered bonds, energy efficiency funds, real estate funds, green bonds) **that may be used to finance energy efficiency.**
## Priorities for Institutional Investors

Analysis of the EEFIG report suggests that there are six areas where institutional investors should focus their efforts:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>1. Awareness</strong></td>
<td>Increase their own awareness of the benefits of energy efficiency and in the companies and entities in which they invest.</td>
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<tr>
<td><strong>2. Data and Evidence</strong></td>
<td>Support efforts to ensure that relevant and credible data on energy efficiency is readily available to key investment decision-makers.</td>
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<td><strong>3. Standards</strong></td>
<td>Support efforts to reduce the cost and improve the up-take of energy efficiency investments, including the development of standards for each element in the energy efficiency investment process.</td>
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<td><strong>4. Engagement</strong></td>
<td>Encourage companies and other entities in which they invest to adopt energy management systems, to appoint senior managers with responsibility for energy efficiency and to consider energy efficiency investment programmes as an integral part of their investment plans.</td>
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<tr>
<td><strong>5. Public Policy</strong></td>
<td>Encourage policymakers to ensure that existing EU legislation on energy efficiency is fully implemented and consistently enforced across EU Member States.</td>
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<tr>
<td><strong>6. Financial Instruments</strong></td>
<td>Support the development and deployment of financial instruments for energy efficiency.</td>
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2 Financing Energy Efficiency in Buildings

Setting the Scene: The Obstacles to Progress

Buildings are responsible for 40% of European final energy consumption. Given that 75-90% of the buildings standing today are expected to be still in use in 2050, the energy efficient renovation and upgrade of existing building stock is a key priority. EEFIG analysed how energy efficiency might be financed in each of the main building sub-sectors (i.e. commercial property, public buildings, and private residential properties). The most important findings from the EEFIG report that are relevant to the investment sector are that there is a need for:

- **Strong, clear and homogenised regulatory frameworks with effective enforcement of building energy regulations.** EEFIG argues that, at least in the short-term, a significant amount of energy efficiency investment can be unlocked by ensuring that the Energy Efficiency Directive and the Energy Performance of Buildings Directive are fully transposed and enforced by EU Member States.

- **Increased awareness of the benefits of energy efficiency among building owners and managers.**

- **Relevant, credible and readily available data on energy efficiency.** At present, accessing, processing and interpreting energy efficiency data is costly and frequently requires specialist expertise.

- **Credible energy performance certificates and codes.** Investors actively use performance certificates and codes in their investment appraisals and decisions, in situations where these are clearly defined, credible and properly enforced.

- **Credible standards for each element of the energy efficiency investment process.** There is a need to commoditise and standardise legal contracts, underwriting processes, procurement procedures, measurement, verification and reporting requirements, energy performance contracts and certificates, and insurance. This standardisation will help lower the finance and transaction costs for energy efficiency, and facilitate the bundling of investments for recycling to the bond market, thereby significantly increasing the volumes of capital market finance that are available.

- **To create scale.** Many attractive energy efficiency investments are of small size and are often part of larger projects (and, as a result, difficult to disaggregate). To reduce transaction costs, financial institutions require access to low cost, retail distribution channels supported by the right levels of technical and technology resources to cost-effectively identify, process and aggregate many thousands of similar energy efficiency investments into bundles of sufficient scale and diversity to allow cheaper access to the wholesale capital markets.

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4 EEFIG notes that the subsectors have different characteristics which, in turn, affect the specific types of financing mechanism that might be required. In commercial buildings, investment decisions are often based on short-term time horizons and there are frequently split incentives between the owners and the occupiers. While split incentives are often less problematic for public buildings, the finance available for energy efficiency-related projects can be constrained by procurement procedures and balance sheet restrictions under public accounting rules. Finally, the market for energy efficiency in private residential buildings is highly fragmented, and significant effort is required to stimulate energy efficiency investments at scale.
Case-study: Investor Guidance on Energy Efficiency in Real Estate portfolios

IIGCC has produced guidance for investors\(^5\) and trustees\(^6\) to support their efforts to ensure that their real estate portfolios are managed in a way that addresses climate change-related investment risks and opportunities. The investor guide, for example, provides:

- An overview of European climate change and building energy-related legislation.
- A discussion of the relationship between building energy efficiency and investment performance.
- A summary of the tools available to investors.
- Practical guidance on how investors can integrate climate change considerations into their real estate investment practices.

Approaches to Stimulate Energy Efficiency Investment in Buildings

Policy-led Approaches

- **Ensure that public finance focuses on addressing specific market failures and enables risks to be shared with the private sector.** EEFIG points to the role that EU structural and investment funds could play in leveraging private funds and providing technical assistance. EEFIG argues that public funds should look to stimulate interventions that go beyond business as usual and beyond minimum energy performance requirement levels. EEFIG cautions that such interventions should not hold-up or subsidise already economically attractive opportunities, or create an artificial markets which would collapse once the public funds are withdrawn.

- **Provide market and fiscal incentives to boost emerging financial instruments for energy efficiency in buildings.**

- **Standardise and improve buildings certification processes and energy performance certificates.** Within this, EEFIG emphasises the need to develop common methodologies for cost calculations, and guidance on the actual implementation and comparison of different calculations.

Case-study: The Investor Confidence Project\(^7\)

The European Commission Horizon 2020 programme is funding the Investor Confidence Project (ICP) Europe to develop a series of third-party verifiable, best practice energy performance protocols, covering all stages of energy efficiency projects. The aim is to increase deal flow by reducing transaction costs and providing more market confidence in energy savings and performance risk in general.

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\(^7\) [http://www.eeperformance.org/europe.html](http://www.eeperformance.org/europe.html)
Market-led Approaches

- Develop common underwriting and investment procedures for both debt and equity investments.
- Develop a project rating system to provide a transparent assessment of the technical and financial risks of buildings renovation projects and their contracting structure.
- Develop the evidence base on the impact of building energy performance on investment performance.

Case-study: Benchmarks and Methods

Investors have played an active role in developing and implementing benchmarking and other tools that enable portfolio and building energy performance to be assessed and compared. Examples include:

- Global Real Estate Sustainability Benchmark
- Green Rating (France)
- IPD EcoPAS (Eco-Portfolio Analysis Service)
- International Sustainability Alliance Benchmark
- Real Estate Environmental Benchmark (UK)

Financial Instruments for Energy Efficiency Investment in Buildings

EEFIG identifies a wide array of new and existing financial instruments that may be relevant to the financing of energy efficiency. The financial instruments that are most likely to be of interest to institutional investors are:

A Mature Financial Instruments

- Risk-sharing facilities, such as those that help remove part of the uncertainty or first-loss risks from energy efficiency investments.
- Subordinated loans and covered bonds. While subordinated loans and covered bonds are widely used financial instruments, they have only found limited application in building energy efficiency investments. EEFIG argues that subordinated loans may be able to replace grants in markets where the cash-flows from energy efficiency investments do not require high amounts of public grants, and that covered bonds, in particular those with a dual recourse (on the asset and the issuing bank), are potentially a low cost refinancing instrument.

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8 See, for example, the work of the Investor Confidence Project at http://www.eeperformance.org/
9 www.gresb.com
10 http://www.green-rating.com/
12 http://www.internationalsustainabilityalliance.org/page.jsp?id=208
13 http://www.jll.co.uk/united-kingdom/en-gb/services/developers-and-investors/sustainability/real-estate-environmental-benchmark
14 http://www.betterbuildingspartnership.co.uk/working-groups/sustainability-benchmarks/real-estate-environmental-benchmark/
• **Energy efficiency allocations in equity, real estate and infrastructure funds.** The scale and reach of real estate and infrastructure funds is significant, with $1.6 trillion invested in real estate funds globally in 2013\(^{15}\). Over 70% of real estate fund managers integrate environmental management systems into their portfolio management, and these investors lead the drive to reflect energy performance in the valuation of commercial buildings. The level of investment in energy efficiency through these funds could further increase if fund managers had a wider appreciation of the multiple benefits of energy efficiency investments.

**Case-study: Climate Bonds Initiative’s Green Property Standards**

The Climate Bonds Initiative’s Green Property Working Group – which included representatives from the European Commission, APG Asset Management, Hermes Real Estate, IIGCC, IGCC and CalSTRS – published draft eligibility criteria for green property investments to be certified under the Climate Bonds Standard in June 2014\(^{16}\). This was followed by a 3 month public consultation, with the final criteria expected to be issued in 2015.

The Standard, which will apply to commercial buildings, residential buildings and upgrade finance, aims to reduce investment transaction costs by providing a standardised screening tool to assess the low carbon integrity of energy efficiency investments.

**B Emerging Financial Instruments**

• **Energy efficiency funds.** Dedicated energy efficiency funds (which may be equity, debt or some combination thereof), because of their attractiveness to socially responsible investors and to investors interested in gaining exposure to energy efficiency opportunities, may help increase the capital available for energy efficiency in commercial and public buildings.

• **Green bonds:** Green bonds are financial instruments in which the proceeds are exclusively applied to projects and activities that promote climate or other environmental sustainability outcomes. Given the long-term, stable characteristics of energy efficiency investments, debt financing is common and the new market for green bonds is a natural place for investors to seek capital for investments in green buildings and energy efficiency in industry. There has been a huge increase in the amount of capital raised through green bonds in the past two years\(^{17}\). EEFIG also notes that the more precise the definition of ‘green commercial real estate’ is and the greater the number of issuers, the greater the impact will be on energy efficiency investing in the commercial and, potentially, public buildings sectors.

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\(^{16}\) [http://www.climatebonds.net/standards/standard/green-buildings](http://www.climatebonds.net/standards/standard/green-buildings)

\(^{17}\) The Climate Bonds Initiative estimates that the green bonds market stood at $35.8bn outstanding on 10 June 2014, with issuance in 2013 ($11bn) and 2014 ($18.3bn) accounting for over 80% of the total outstanding (Climate Bonds Initiative and HSBC (2014), Bonds and Climate Change: The State of the Market in 2014. [http://www.climatebonds.net/files/files/-CB-HSBC-15July2014-A4-final.pdf](http://www.climatebonds.net/files/files/-CB-HSBC-15July2014-A4-final.pdf)).
Recommendations

Investors

- **Support the development of better data on buildings energy performance.** EEFIG recommends that investors support the collection and sharing of data on buildings and their real, measured and verified energy performance to facilitate the preparation of energy efficiency investment cases.

- **Support the development of standards for each element in the energy efficiency investment process.** EEFIG argues that investors have an important role to play in helping develop and adopt standard models for legal contracts, underwriting processes, procurement procedures, forecasting energy savings, measurement, verification and reporting processes, energy performance contracts and certificates, post-completion project hand-over, building valuation and insurance conditions and contracts.

- **Support the development and deployment of financial instruments.** EEFIG recommends that investors share their experience with these instruments, including the costs and benefits, the types of projects that get financed (and those that do not), and the outcomes achieved (in terms of energy savings, cost savings and other benefits).

**Case-study: Sustainability Metrics Translation and Impact on Property Investment and Management**

The UNEPFI, IIGCC, the Principles for Responsible Investment and the Royal Institution of Chartered Surveyors developed a guide to corporate real estate sustainability management for property investment and management organisations. The guide explains how property organisations can use sustainability-related data in their regular investment and asset management routines. It also describes the indicators that may be used in the sustainability assessments of buildings, the current state of international standardisation of these indicators, and the relevance and materiality of these indicators.

Policy Makers

- **Ensure that existing EU legislation and local buildings regulations are fully implemented and consistently enforced across EU Member States.**

- **Ensure that future regulatory pathways for EU buildings provide concerted and consistent regulatory pressure to improve buildings efficiency.**

- **Provide robust data on building energy performance to the market.** EEFIG suggests that building energy consumption data should – subject to ownership and privacy issues – be made available to customers, buildings owners, their advisors and accredited third parties.

- **Support the development and deployment of new financial instruments.**

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• **Support efforts to aggregate energy efficiency investment opportunities.** The aggregation of projects can take two main forms: ‘pooling’ refers to the aggregation of different projects belonging to the same client (e.g. a municipal authority could look to establish a single energy performance contract that covers a municipality renovation offices, swimming pools and sports facilities), whereas ‘bundling’ refers to the aggregation of similar projects belonging to different clients (e.g. the roll out of specific domestic energy efficiency measures in a particular local government area).

**Case-study: The Global Real Estate Sustainability Benchmark (GRESB)**

The Global Real Estate Sustainability Benchmark (GRESB) is an industry-driven organization committed to assessing the sustainability performance of real estate portfolios around the globe. In cooperation with a large group of institutional investors, GRESB collects information on the sustainability performance of property companies and funds. The benchmark is used by institutional investors to engage with their investments with the aims of improving the sustainability performance of their own investment portfolio, and of the global property sector at large.

### 3 Financing Energy Efficiency in Corporations

#### Setting the Scene: The Obstacles to Progress

EEFIG estimates that the EU’s industrial sector is responsible for just over a quarter of European final energy consumption. Energy efficiency in EU manufacturing industries has improved by an average of 1.3% per annum over the last 15 years, and can continue to improve at similar rates, although the exact rate will depend on energy prices, technology development and the strength and intensity of climate change and energy policy. EEFIG suggests that there is the potential for significant additional investment given that many of the energy efficiency projects that have been implemented are ‘low hanging fruits’ that provide relatively short payback times. EEFIG, cautions that financing corporate energy efficiency investment is complex because the sectors are so diverse in terms of their scope, size, structure and exposure to global competition, and because individual companies have very different financial capacities.

Notwithstanding these differences, EEFIG concludes that there are also many commonalities in terms of the obstacles that need to be addressed in order to increase the level of investment in corporate energy efficiency. The most important findings from the EEFIG report that are relevant to the investment sector are there is a need to:

- **Increase the level of priority and attention assigned to energy efficiency at executive and board level.** Most corporate energy efficiency investing takes place as a part of ‘normal’ investment cycles, and usually forms just one component of larger investments. EEFIG considers that if energy efficiency investing were raised at executive board level and given greater internal visibility then this increased transparency would increase the level of attention paid to energy efficiency investments within the standard corporate finance dialogue and, in turn, increase the level of investment made in energy efficiency.

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19 [https://www.gresb.com/](https://www.gresb.com/)
• **Address the relatively short investment horizons and high return hurdles that energy efficiency-related investments need to meet.** EEFIG finds that the most corporate energy efficiency investments are made with short pay-backs (typically 2-4 years).

• **Demonstrate the business value of Energy Management Systems, ISO 50001 and the role of energy managers.** These are all important in ensuring that companies have the technical expertise and resources to identify and take advantage of energy efficiency investment opportunities.

• **Develop credible standards for each element of the energy efficiency investment process.** There is a need to commoditise and standardise legal contracts, underwriting processes, procurement procedures, measurement, verification and reporting requirements, energy audits and energy savings insurance products. This standardisation will help lower the finance and transaction costs for energy efficiency, and facilitate the bundling of investments for recycling to the bond market, thereby significantly increasing the volumes of capital market finance that are available.

• **Increase the availability and use of benchmarking data to support key decision makers in specific industries.**

• **Establish strong regulatory frameworks with effective enforcement of energy efficiency–related legislation.**

• **Ensure that financial sector regulation (e.g. relating to capital adequacy requirements) does not create barriers to investment in energy efficiency.**

### Approaches and Instruments to Stimulate Corporate Energy Efficiency Investment

#### Policy-led Approaches

• **Establish policies that encourage energy efficiency at key points in the corporate investment cycle.** Significant amounts of energy are used by machines and equipment which are core to the production cycle but whose replacement or upgrade tends to driven by useful life or by factors other than energy efficiency. EEFIG notes that policy makers in various countries offer measures (e.g. accelerated depreciation schemes) that support investment in new equipment, and argues that these could be tailored to motivate companies to prioritise energy efficiency.

• **Encourage the establishment of energy management systems and the creation of senior energy manager roles.**

• **Establish open source EU corporate energy efficiency benchmarking databases.** EEFIG suggests that the greater availability of comparable, anonymised industrial process energy intensity and energy efficiency investment performance databases for production sectors is needed for EU companies to benchmark their energy efficiency performance.

• **Establish industry and finance supported energy efficiency sector pathways.** Long-term planning and engagement on sectoral energy trajectories would contribute towards a greater level of alignment between high-level EU and Member State energy goals and individual corporate actions.

• **Ensure that public finance is targeted to address specific market failures and risk share with the private sector.** EEFIG points to the role that EU structural and investment funds could play in leveraging private funds and providing technical assistance. EEFIG argues that public funds should look to stimulate interventions that go beyond business as usual and beyond minimum energy performance requirement levels. EEFIG cautions that such interventions should not hold-up or subsidise already economically attractive opportunities, or create artificial markets which would collapse once the public funds are withdrawn.
Case-study: Public Policy Engagement

IIGCC has actively engaged with the European Commission and with national governments on climate change and energy efficiency. In this engagement, IIGCC has emphasised the need for long-term policy clarity and welcomed the 2030 climate and energy framework, including the greenhouse gas reduction target of at least 40%, which was announced in 2014.

Market-led Approaches

- Promote the establishment of energy management systems and the creation of senior energy manager roles.
- Support the development of energy efficiency performance benchmarking databases.
- Raise energy efficiency as a strategic priority at executive board level and link to key points in the corporate investment cycle.

Case-study: Investor Expectations

IIGCC has issued reports that set out investors’ expectations of corporate climate change risk management, and of corporate strategy in the oil and gas sector specifically.

IIGCC has also produced sector-specific reporting guidance – for the oil and gas, automotive and electricity utility sectors – to make it easier for investors to assess and compare the risks and opportunities posed by climate change and climate policy to individual companies.

Financial Instruments for Corporate Energy Efficiency Investing

EEFIG identifies a wide array of new and existing financial instruments that may be relevant to the financing of energy efficiency. The financial instruments that are most likely to be of interest to institutional investors are:

- **Risk-sharing facilities and subordinated loans.** As energy efficiency markets mature, there is a significant opportunity to use risk-sharing facilities and subordinated loans in place of grants. Both offer the potential to de-risk transactions, thereby helping to remove uncertainties around energy efficiency asset performance and providing the opportunity to lower financing costs and extend maturities to support holistic and long-term corporate energy efficiency investments.

- **Energy efficiency funds.** Dedicated energy efficiency funds (which may be equity, debt or some combination thereof), because of their attractiveness to socially responsible investors and to investors interested in gaining exposure to energy efficiency opportunities, may help increase the capital available for corporate energy efficiency investments.

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• **Green bonds**: Green bonds are financial instruments where the proceeds are exclusively applied to new or existing projects, generally defined as projects and activities that promote climate or other environmental sustainability outcomes. Given the long-term, stable characteristics of energy efficiency investments, debt financing is common and the new market for green bonds is a natural and rapidly growing place for investors to seek capital for investments in energy efficiency in industry. EEFIG also comments that energy efficiency investments will be spurred by a more precise definition of ‘green’.

### Recommendations

#### Policy Makers

- **Policy frameworks should positively support strong corporate energy efficiency investment choices at key points in the corporate investment cycle.**

- **Establish dynamic and effective systems for sharing information and technical experience.** The measures that could be adopted include the development of standardised energy efficiency indicators, standard monitoring and evaluation procedures, technical standards, standard labels and test procedures for industrial equipment, lists of best available technologies and online benchmarking reference tools.

- **Review the most appropriate accounting treatment for energy efficiency projects.** EEFIG notes that the accounting issues (e.g. whether energy efficiency investments must be accounted for on or off the company’s balance sheet, the treatment of energy performance contracts) are likely to act as a barrier to companies exploring and implementing energy efficiency projects. EEFIG argues that there is a need to review the accounting treatment of investments designed to deliver energy (and therefore cost) savings to ensure that accounting rules do not penalise energy efficiency investments.

- **Ensure that finance sector regulation (e.g. relating to capital adequacy requirements) are not barriers to investment in energy efficiency.**

#### Case-study: Carbon Action

Carbon Action is an investor-led initiative to accelerate company action on carbon reduction and energy efficiency activities which deliver a satisfactory return on investment. In 2015, 304 investors with US$22 trillion in assets under management wrote to over 1300 companies across 17 high emitting industries asking them to make emissions reductions (year-on-year), to publicly disclose their emission reduction targets and to invest in projects that provided positive returns on investment.

#### Investors

- **Raise energy efficiency with companies at board-level.** EEFIG recommends that investors encourage companies to adopt energy management systems, to appoint senior managers with responsibility for energy efficiency and to consider energy efficiency investment programmes as integral and strategic components of their investment plans.

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26 See Note 17.
• **Support collaborative processes directed at reducing the cost and improving the up-take of energy efficiency investments.** These collaborative initiatives include those working on sector energy efficiency metrics and indicators, on monitoring and evaluation procedures, on labels and test procedures for industrial equipment, on lists of best available technologies, and on benchmarking reference tools.

• **Support the development of standards for each element in the energy efficiency investment process.**