

# Green Leasing

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**Delivering on ESG goals –  
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# Agenda

**1 What is a green lease**

**2 Why is it important?**

**3 BBP Green Lease Toolkit overview**

**4 Detailed clause overview**

**5 Steps for success**

**6 Any questions**

# What is a Green Lease?

A green lease is a standard form lease with additional clauses included which provide for the management and improvement of the environmental (and social) performance of a building by both owner and occupier(s). Such a document is legally binding, and its provisions remain in place for the duration of the term. A green lease, therefore, represents the firm commitment of both owner and occupiers, to take action on sustainability.

**Better Buildings Partnership, 2024**



# The Better Building Partnership

## Better Buildings Partnership Membership

56

MEMBERS

+£340bn

AUM

+450m

SQ FT

## Managing Agents Partnership Membership

18

MEMBERS

~ 1,000M

SQ FT

+26,000

BUILDINGS





# Green Lease Toolkit Journey



# Why is green leasing important?

**Support  
compliance with  
legislation**

**Improve building  
performance**

**Contribute to  
cost savings**

**Incentivise  
Investment**

**Improve working  
relationships**

**Improve data &  
reporting**

**Support  
sustainability  
goals**

**Foster strong  
employee  
engagement**

**Enhance  
reputation &  
differentiation**

**Increase  
building  
attractiveness**



# BBP Green Lease Toolkit



# Project Governance

## Chair



Jane Wakiwaka  
London & Regional Sustainability Director  
*The Crown Estate*

## BBP Executive



**Project Management**  
Laura Noctor-King  
Head of Sustainability –  
Engagement



**Comms & Website**  
Sophia Tysoe  
Stakeholder Engagement &  
Communications Manager

## Green Lease Toolkit Steering Committee

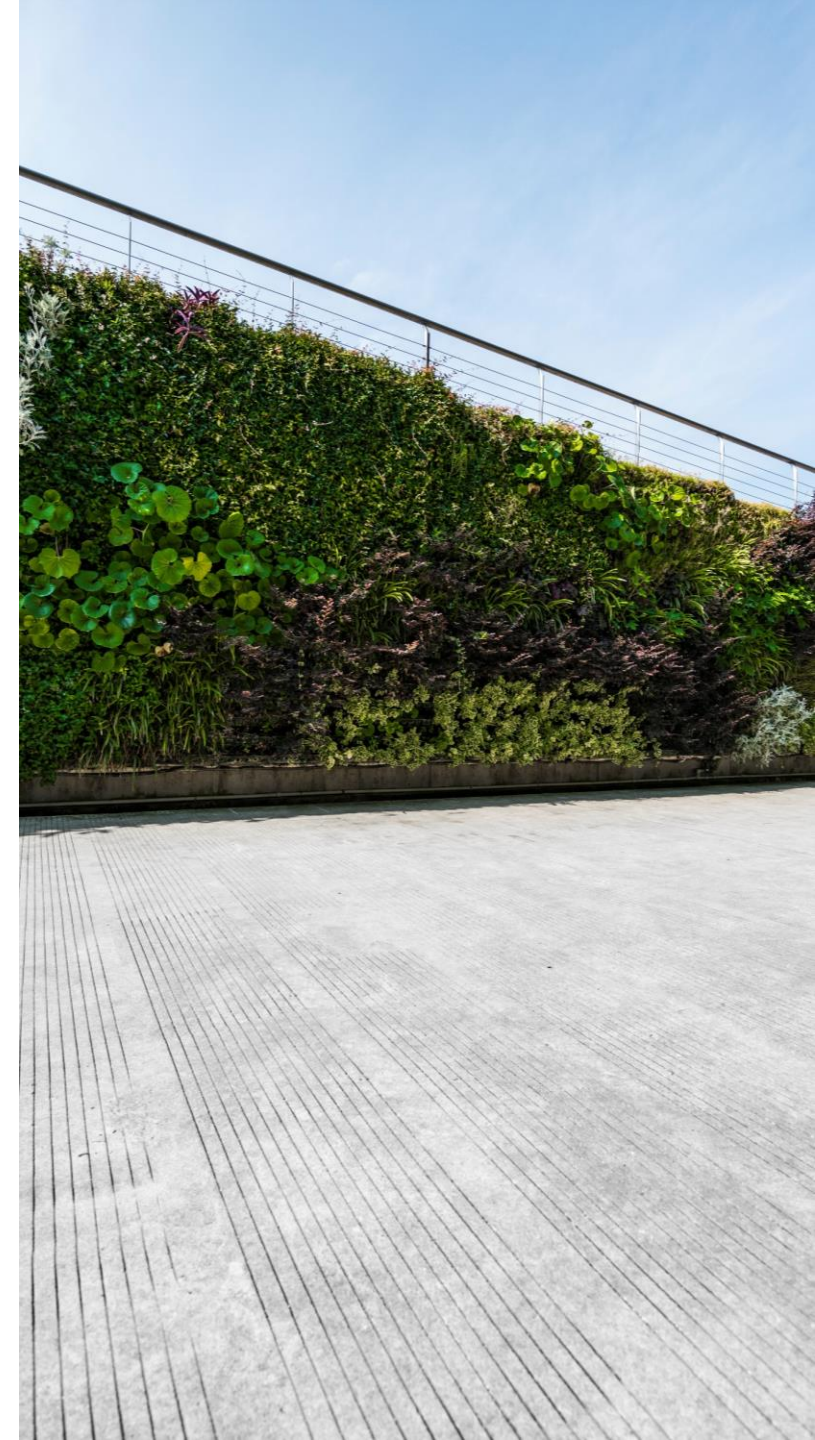
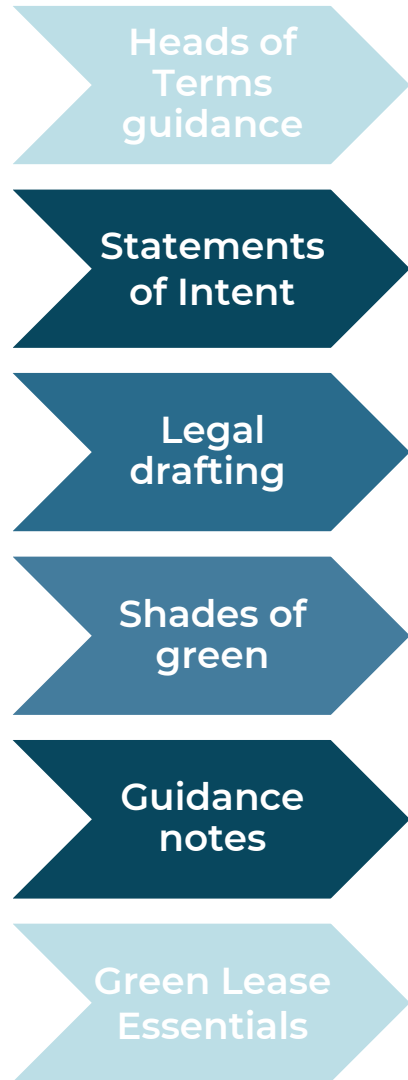


## Green Lease Toolkit Legal Working Group





# What you will find inside!



# Detailed Clause Overview



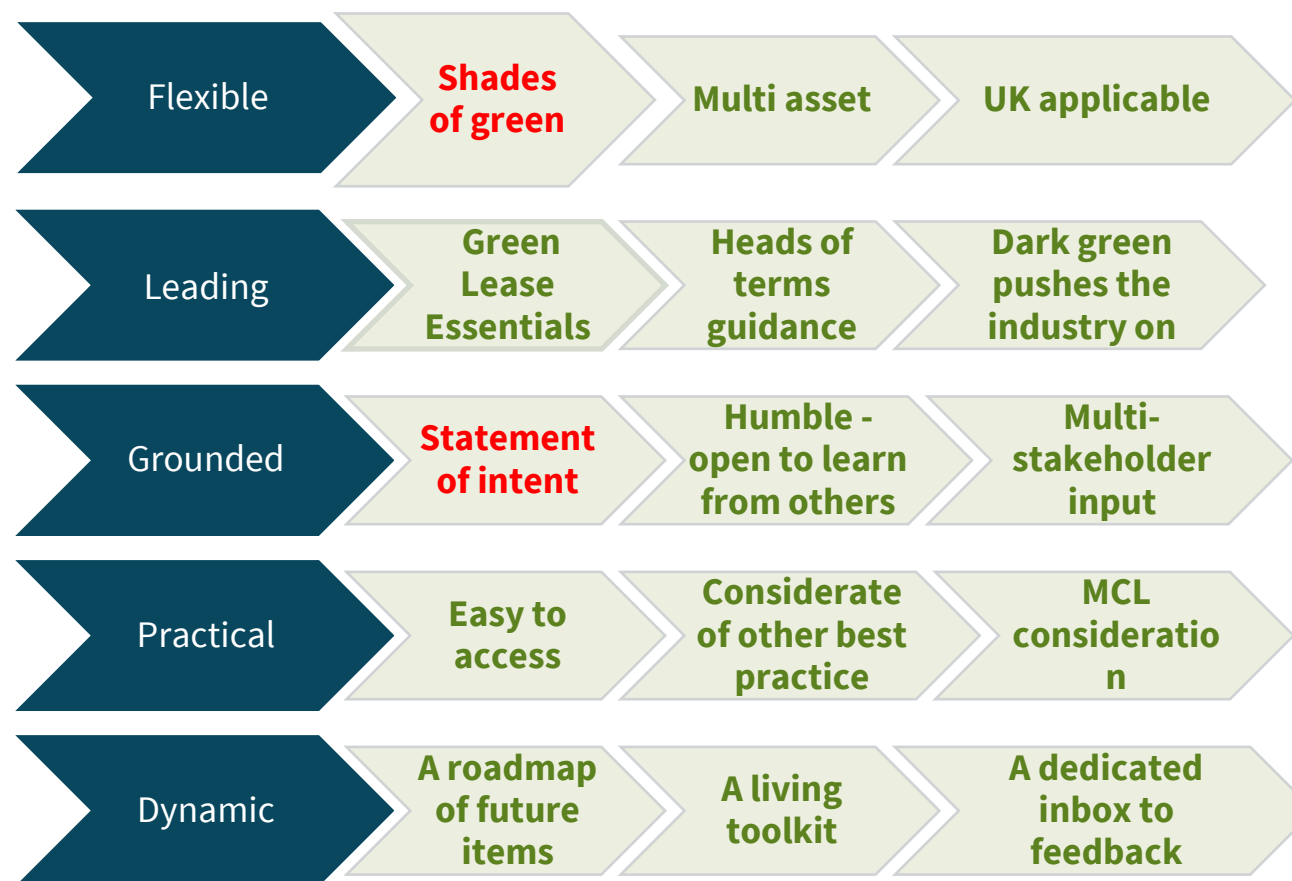
Legal Clauses – providing the specific wording that can be incorporated within the lease these can be copied and utilized directly or amended whilst seeking to maintain the ‘intent’ behind each clause. Drafting notes provide further guidance.

Drafting linked to MCL lease of part of office v1.6. for context only

Definitions	Co-operation	Building Management Group	Social Impact	Sustainable Use
Data Sharing	Metering	Smart Buildings	Extending Landlord's Rights	Restriction on Landlord's Rights
Tenant Alterations	EPCs	Waste	Yield up	Circular Economy
Dispute Resolution	Standards	Renewable Energy	Rent Review	Service Charge



# Overview of Legal Drafting



Environmental Performance – extended from energy, water, waste, GHG emissions +other adverse impacts to now include biodiversity and resilience (and clarify cover of embodied carbon and travel to/from the Premises/Building).

Additional definitions added to support new clauses on waste, renewable energy and social impact.

Net Zero Carbon is not defined/does not expressly feature but is there in the background. Effort is concentrated on operational clauses necessary to achieve Net Zero in the operation, maintenance and improvement of the Premises/Building

## Co-operation on Environmental Performance

Level	Intent (signpost for drafting)
Light	Co-operation (without legal obligation) to identify initiatives to improve Environmental Performance
Medium	Co-operate to identify initiatives to improve Environmental Performance + obligation to consider proposals of other
Dark	As in medium + obligation to respond to proposal + initiatives to include reducing GHG emissions by [X] % per annum (Premises and Building)
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains a co-operation provision which sets out the shared aim of the parties to improve the Environmental Performance [and Social Impact] of the Premises and the Building and their agreement to cooperate to achieve this. (Note: Environmental Performance extended to include biodiversity and resilience).

- A low entry starting point acceptable to all
- 3 levels of clause
- Social Impact can be added



# GL Essential 2:

## Building Management Group

Level	Intent (signpost for drafting)
Light	No formal process but agree to engage as often as reasonably required on improvement on Environmental Performance, data sharing, a travel plan
Medium	At L's option a forum is set up for such engagement which L and T will attend + L's reasonable endeavours to secure managing agent attendance
Dark	L to establish a forum for such engagement, which will also include setting targets for an [X%] reduction in GHG emissions (Premises and Building) and otherwise as in medium clause.
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains provision for the parties to communicate on adequacy of data sharing re the Environmental Performance, travel plans [and Social Impact] and for discussion on environmental sustainability [and Social Impact] issues.

- Another low entry starting point acceptable to all
- 3 levels of clause
- Social Impact can be added

# GL Essential 3:

## Sustainable Use – New Clause

Level	Intent (signpost for drafting)
Light	L and T not to operate in way which increases energy/water consumption and use reasonable endeavours to ensure efficient use of energy and water. T to operate equipment/facilities as per reasonable requirements of L to maintain EP of Premises and L to properly operate BMS/ other equipment etc to maintain EP
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains a provision which requires behavioural change. The Landlord and the Tenant will not use or operate the Premises so as to have an adverse impact on Environmental Performance and will use reasonable endeavours to minimize energy and water consumption and waste generation (all permitted uses/intensification of use protected and works not required).

- Obligations around the low-hanging fruit
- About behavioural change and efficiency – not about works/capex
- Protections for L and T on change of use/ intensity of use/ambient conditions

# GL Essential 4:

## Data Sharing

Level	Intent (signpost for drafting)
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### DATA SHARING

- mutual obligation to share energy/water/waste data and if agreed other Environmental data re the Premises (T) and the Building (L- but excluding other tenants' data) [and Social Impact Data]
- confidentiality obligation save for specified purposes (monitoring/improving Environmental Performance or reporting (mandatory, voluntary or green finance related)
- where data is used it is anonymised.
- consent of T to utility provider to Premises providing data direct to L.

### METERING

- L to install metering of Premises where reasonably practicable, to be smart meters where practicable with T having online access to smart meter data (note entry protections in MCL will apply) and in default T can install (at L's costs) or if no L default T can install at own cost

### SMART TECH (optional)

- if installed T not to adversely affects its efficient operation and comply with any digital protocol policy of L

Full legal drafting of clauses is provided on the website

**Statement of intent:** The Lease contains a provision which a) ensures L and T regularly and transparently share data regarding at least the use of energy, water and waste within the demise and the common parts (and where agreed other Environmental Performance [and Social Impact] data) (with confidentiality obligations re the data) plus T consent to supplier providing data direct to L and b) ensures that an individual meter/submeter/AMR can be installed in the Premises to capture energy and water usage.

- Perhaps the most essential "Essential" – from previous toolkit but with updated confidentiality provisions and updated provisions to ease administrative burden on tenant
- The building block for all meaningful action to reduce resource use and GHG emissions and for Landlord assistance to Tenant on reduction
- Only one level of clause – just essential – not light, medium or dark



# GL Essential 5:

## Landlord's rights to do work

Level	Intent (signpost for drafting)
Light	L's right to carry out works to Premises to improve the Environmental Performance/EPC with T consent not to be unreasonably withheld and entry protections of MCL+ L's right to do improvement works to common parts despite disruption (to be minimised)
Medium	The same right for L for the Premises conditional only on T acting reasonably agreeing the proposed works will improve the Environmental Performance
Dark	The same right for L for the Premises with no requirement for T's agreement/consent
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains provisions to avoid paralysis of the Environmental Performance/EPC rating of the Building during leases (which may affect the tenant consent MEES Exemption) (continued...)

- From previous toolkit but with guidance on application of MEES and at the dark green end an absolute right for L to do works which does not override the usual protections for T (quiet enjoyment/derogation from grant)
- Critical decade for mitigation of climate change. Should leases paralyse ability to mitigate climate change impacts?
- Support but not drafting for a tenant contribution to cost to extent of resultant savings

# GL Essential 6:

## Tenant's Alterations

Level	Intent (signpost for drafting)
Light	<p>Provide L with adequate info to assess impact on Environmental Performance/EPC/other environmental rating of Premises/Building and post alterations with as built info etc.</p> <p>No works adverse to these without L's consent (not to be unreasonably withheld)</p> <p>T's right with L's consent to carry out alterations designed to improve Environmental Performance/EPC/other environmental rating of Premises/Building</p>
Medium	<p>As in light but an absolute obligation on T not carry out alterations with an adverse effect on Environmental Performance/EPC/other environmental rating of Premises/Building</p>
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains provisions restricting Tenant alterations which adversely affect the Environmental Performance, EPC rating or other environmental rating of the Building or the Premises. The Lease includes provisions giving the Tenant the right to do alterations which improve the Environmental Performance, EPC or other environmental rating, with L's consent not to be unreasonably withheld.

- From previous toolkit but with lightest green version removed as unacceptable given adverse effects on the EPC rating may have serious consequences for L + extended to cover other building ratings

# GL Essential 7: EPC Protection

Level	Intent (signpost for drafting)
	<ul style="list-style-type: none"><li>• T not to commission EPC unless required by EPC Regs</li><li>• Where EPC required at L's option T must use L's assessor or pay costs of EPC L commissions</li><li>• T to co-operate with L commissioning EPC and provide relevant info/plans and allow access</li><li>• Each party to provide other with reference number of any EPC they commission</li><li>• T not to commission EPC of Building</li><li>• T not to do anything which may adversely affect an EPC rating of Premises/Building</li></ul>
Full legal drafting of clauses is provided on the website	



**Statement of intent:** The Lease contains provisions which govern when, and the process by which, an EPC is obtained by a Tenant, giving the Landlord some control over this so as to ensure high quality EPCs are commissioned.

- Only one level of clause given critical importance of protecting EPC ratings in light of MEES
- More control for L since last toolkit given MEES - reflects current market practice and MCL drafting



# GL Essential 8:

## Recycling of Waste

Level	Intent (signpost for drafting)
Light	Obligation on L and T to [use[all] reasonable endeavours to] minimise waste to landfill, Salvage (i.e. recover, reuse, repurpose, reprocess or recycle) as much waste as reasonably practicable, and on L to provide and T to use Waste segregation system
Medium	As in light + Share data re Waste removed, Salvaged, sent to landfill Work together to reduce Waste to landfill/increase Waste Salvaged Deal with Waste in accordance with any Waste Policy for the Building from time to time
Dark	As in medium + Waste Policy required + Achieve a Salvage Target (to be included in defined terms)
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains provisions the objective of which is to require landlords and tenants to minimise the amount of waste generated from all activities in the Premises and the Building that is sent to landfill and maximise the amount that is recovered.

- New clause not in previous toolkit. Now required given understanding and importance of circular economy principles and embodied carbon impacts
- Applies equally to L and T in respect of operational waste and building works waste

# GL Essential 9: Reinstatement

Level	Intent (signpost for drafting)
Light	<ul style="list-style-type: none"> <li>L to give notice if items T not required to reinstate and to have regard to adverse impact on EP (disregarding waste) unless required for re-use/re-letting</li> <li>T to [use[all] reasonable endeavours to] minimise waste to landfill, to Salvage (i.e. recover, reuse, repurpose, reprocess or recycle) as much waste as reasonably practicable.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>As in Light +</li> <li>share data with L re Waste removed, Salvaged and sent to landfill and comply with any Waste policy for the Building</li> </ul>
Dark	<ul style="list-style-type: none"> <li>As in Light +</li> <li>comply with L's Waste Policy</li> <li>reasonable endeavours pre-expiry to agree Waste Salvage Plan</li> <li>Reasonable endeavours to achieve Salvage Target</li> </ul>
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains provisions that L will give notice to T of any alterations not to be reinstated and should have regard to adverse impacts on EP (disregarding waste) unless reinstatement required for re-use/re-letting.

Where reinstatement is required, the objective is to reduce the amount of waste generated on yield up, minimise the amount that is sent to landfill and maximise the amount that is reused, repurposed, reprocessed or recycled including through shared agreement to achieve re-use, waste policies and recycling targets.

- The first part of this clause is in the previous toolkit.
- The second part of this clause is new and is consistent with the introduction of the new clause on Waste

# GL Essential 10:

## Renewable Energy

Level	Intent (signpost for drafting)
Light	Mutual obligation (on L for the Building and T for the Premises) to procure a green tariff for electricity where that is available at commercially reasonable rates (note: this does not restrict either parties choice of green tariff type)
Medium	Mutual obligation (on L for the Building and T for the Premises) to procure from a Green Supplier i.e one which supplies/generates 100% renewable electricity and obligation to provide evidence of source of energy to other party
Dark	Mutual obligation (on L for the Building and T for the Premises) to procure 100% renewable electricity by one or more of: <ul style="list-style-type: none"> <li>• On-site generation, or if impracticable/cost prohibitive then ;</li> <li>• Off-site PPA with renewable energy developer, or impracticable or cost prohibitive then:</li> <li>• Procurement from a Green Supplier</li> <li>• Provision of evidence of source</li> </ul>
Full legal drafting of clauses is provided on the website	

**Statement of intent:** The Lease contains a provision which promotes the procurement of renewable electricity for the Building with options for higher quality green tariffs and allowing the parties to prioritise on-site renewables and encourage off-site additionality, which either the landlord and/or the tenant can adopt, depending on practicality and cost.

- This is a new clause. As well as operating the Premises and Building in an energy efficient way and where possible doing works to improve the energy efficiency, it is important to decarbonise power supplies to the Premises and the Building. This clause only deals with electricity supplies. Precise drafting will depend on which party procures supply for the Premises

# L and T works and the Circular Economy

Level	
Light	<p>Applies to all L and T works. L and T use reasonable endeavours:</p> <ul style="list-style-type: none"><li>- where materials available and no material increase in cost to use a hierarchy of reused, low carbon, recycled or recyclable materials</li><li>- to ensure new F&amp;F /P&amp;E is resource efficient</li><li>- to comply with Waste provisions</li><li>- To use working methods which minimise GHG emissions and water use if no material increase in costs.</li></ul>
Medium	<p>An absolute obligation to do the things contained in the Light clause</p>
Full legal drafting of clauses is provided on the website	

**Statement of Intent:** the lease contains provision for both parties to apply circular economy principles to work by either of them via the use of a hierarchy of types of sustainable materials

- A new clause concerned with the importance of staying within our planetary boundaries in terms of the extraction and use of natural materials
- Based on The Chancery Lane Project drafting in Aatmay's clause

Level	
Light	L and T co-operate with each other re occasional surveys re Social Impact L and T compliance with anti-slavery/trafficking laws including Modern Slavery Act and so far as reasonably practicable ensuring supply chain contracts require this
Dark	As in Light + T will, where practicable, comply with L's policies from time to time on workplace policies to maximise local employment within the Building, D and I policies to improve accessibility to the Building, delivery consolidation policies for the Building and food waste policies

**Statement of Intent :** The lease contains provision for parties to cooperate in responding to social impact surveys, comply with anti-slavery/trafficking laws and procure so far as practicable that their supply chains comply.

- New definition of Social Impact issues included as optional in the Co-operation and Building Management Group provisions
- Guidance on types of issues involved and on the Living Wage and some suggested drafting



## Dispute Resolution

- Remains as in the existing toolkit. Limited market evidence of any different options (e.g. penalties and rewards tied to targets, mandatory alternative dispute resolution methods)

## Standards: new clause re Environmental Rating Standards which apply to the building or premises

- T not to use in a way which adversely affects such a standard
- NABERS UK rating clause re documenting any arrangement for L to provide services out of hours

## Rent Review:

- Assumption Premises can be lawfully let
- Largely the same as the existing toolkit, namely support for usual principles applying to landlord's improvement works (i.e. rentalised), tenant's voluntary improvement works (i.e. disregarded), tenant's work with adverse rental impact (i.e. disregarded), and tenant's works pursuant to an obligation (i.e. rentalised)
- Some drafting provided to enable works to proceed even if the usual position cannot be agreed
- Notes possibility in indexed linked provisions of discounting or increasing the index to reflect meeting/failing to meet agreed green KPIs

- Costs of express obligations on L are recoverable
- Otherwise no challenge on costs if increase due to services which promote Environmental Performance (to a limit of a 10% increase)
- L to act in interests of good and environmentally responsible estate management
- L entitled to have regard to Environmental Performance of Building but ensure any increased cost is economically proportionate
- Suggested additional services : minimising deliveries scheme, recycling Waste, technology to monitor/control Environmental Performance, metering , steps to reduce water usage, payment of taxes etc in respect of carbon emissions impact of Premises, advice to improve the Environmental Performance, collecting and analysing data

**Full legal drafting of clauses is provided on the website**

**Statement of Intent:** The lease contains some limited cost recovery for services which take account of environmentally responsible approach to services

- Guidance only on parties expressly agreeing cost contributions to improvement works based which result in savings for tenants
- Reference to the statement in the RICS Professional Statement on Service Charges in Commercial Property that “improved sustainability ...measures are factors in any cost benefit analysis justifying improvement costs”
- Drafting provided in context of MCL lease – one level only

# Steps for Success

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**#1**



Start early  
and align  
objectives

**#2**



Re-cast  
the relationship  
(partnership)

**#3**



Have the right  
experts in  
the room

**#4**



Be clear in  
the Head of  
Terms

**#5**



Act / deliver on  
the lease!



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# *Thank You*

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