

# Green Lease/ Sustainability Playbook

A quick guide

Landlord and tenant obligations as to sustainability can take a number of different forms. In this briefing we set out an overview of the documents you may come across and when they are most likely to be used.



## Heads of Terms template wording

### What does it do?

Gives clarity at the pre-contract stage that a green lease/sustainability commitment is agreed in principle between the parties. Offers an early focal point for discussion around what that commitment is going to look like.

### Who is it for?

If landlords have a sustainability guide for their estate or portfolio, it is useful to present this to tenants at Heads of Terms stage.

## Green lease clauses

### What does it do?

Provides enforceable contractual commitments to ensure that the premises are occupied and serviced in a manner which fosters sustainability. Clauses can be graduated from a less stringent “light green” commitment to more ambitious “dark green” obligations, depending on the circumstances.

### Who is it for?

New tenants. Existing tenants seeking renewal (subject to being a “reasonable modernisation” on any 1954 Act protected renewal) and existing tenants looking to vary (regear) their leases.

## Memorandum of Understanding

### What does it do?

A non-binding document which sets out a statement of intent between the parties, providing a clear framework to operate within. This will often be based on the model form MOU drafted by the Better Buildings Partnership as part of their Green Lease toolkit. Particular attention will be required to the Appendix where best practice recommendations are set out, which the parties agree to consider and, where appropriate, implement.

### Who is it for?

Both new and existing tenants who are prepared to engage with the concept of working together with their landlord to reduce the environmental impact of their premises but are not prepared to enter into contractually binding commitments.



## Sustainability guide and lease clauses

### What does it do?

In some instances we recommend the use of a landlord branded sustainability guide, together with a lease rider whereby the parties covenant to act in accordance with the guide. This allows the landlord to incorporate its required sustainability provisions, but on a standardised rather than lease by lease basis. This wording is relatively easy to insert into any precedent estate lease.

### Who is it for?

New tenants and existing tenants seeing a re-gear or a lease renewal (subject again to this being “reasonable modernisation” on any 1954 Act protected renewal).

## Data sharing letter of consent

### What does it do?

Typically provides that the tenant will collect and share environmental performance data for the premises and/or allows the landlord to collect that data directly itself. May include optionality as to who is to undertake (and bear the cost) of the installation of any additional metering or other smart technology required to collect such data. Arrangement will usually be terminable on notice.

### Who is it for?

All tenants who are only prepared to agree to data collection and the installation of metering for that purpose.

## Data capture/lease tracker

### What does it do?

This is a spreadsheet of data to help identify the approach taken by tenants, and to monitor how successful any sustainability measures are being. This will also help capture the types of property where a particular stance is being more or less successful.

### Who is it for?

This can be implemented on any estate, but will be most beneficial where a letter of consent, or more robust green lease clauses, are in place.



## Tips for maximising engagement

### ■ Be collaborative

Identify which tenants/properties are going to be the “easier wins” and start with them. Does the tenant have their own sustainability strategy which you can refer to for discussion purposes? If dealing with an existing tenant, is a lease event due at which you can initiate a discussion? We are increasingly seeing tenants with their own preferred green lease clauses and requirements, which is a great opportunity for landlords and tenants to work together to maximise sustainability at the property.

### ■ Strategise

Consider your data collection/sharing strategy – are you happy to rely on data collected and shared by the tenant or would you prefer to control the whole collection process yourself? On multilet properties, it may be administratively easier to try and adopt the same approach for all lettings.

### ■ Be clear on the mutual benefits

Have an open dialogue with your tenants from the start – we recommend ensuring you are clear from the outset as to the parameters of your sustainability strategy and its potential benefits for them - both in terms of direct cost reduction and the creation of cultural value. You could set up a sustainability forum at the property with tenants invited to participate in meetings held at regular intervals to discuss sustainability targets and ideas. Provisions around such a forum can be included in the green lease clauses, or in the sustainability guide.

### ■ Adopt a systemic approach

Agreeing the general principle early on will cut down on negotiation of the wording at a later stage in the transaction. You may want to consider your internal policies in respect of signing off any proposed amendments to your standard sustainability clauses. Are you adopting a grading system for how “green” your leases are?

### ■ Future-proof

Keep sustainability under review – schedule regular catch-ups with your professional advisors to ensure that the strategy and drafting remains fit for purpose. Make sure you stay well-informed of developments within the market to help you anticipate future areas of focus. Try to ensure that leases allow scope for the landlord to install and modernise equipment (such as smart meters) in order to safeguard against future regulatory changes and sustainability innovations.

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Chambers UK Guide

## Taking action for our environment

We work together to embed environmental sustainability into our decision-making across our operations in order to address climate change, minimise negative impacts and safeguard nature.

In October 2021 we were one of the first law firms of our size to make a public commitment to halve our Scope 1, 2 and 3 greenhouse gas emissions by 2030, from a 2019/20 baseline. In September 2023 our target was verified by the Science Based Target initiative (SBTi).

Our Sustainability Board, which comprises our Responsible Business Partner, Managing Partner, Heads of Finance, Risk and Operations, and Responsible Business Manager, sets our strategy, ensures we have the right systems and processes in place, and reviews performance.

Our Green Impact Group engages the firm on environmental issues and our strategic priorities. The Group provides a forum to share ideas and create experiences that drive a culture of sustainability including volunteering opportunities that support nature restoration projects.

# -50%

emission reduction target by  
2030 on a 2019/20  
baseline

# 100%

renewable energy across our  
offices

# -41%

reduction in the number of  
printers in our offices

## Membership and partnerships





# Our key team



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