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With thanks to Greengage, wardell armstrong, WOMBLE BOND DICKINSON



DECARBONISING YOUR BUILDING AS A COMMERCIAL TENANT

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How to get started



If you're a new or existing commercial tenant aiming to address the climate and nature crises, collaborating with your landlord or managing agent can help you achieve your goals.

Although various factors, such as whether you're in a single or multi-occupancy building, will influence your progress, there are several impactful actions you can take.

In this guide we will explore:

Existing tenants:

- How you can progress climate action independently and where you will need support / buy-in from your landlord.
- Collaborating with your landlord - understand the big picture and how you can influence decision-making.

New tenants

- What is a Green Lease / Memorandum of Understanding

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Decarbonising your building as a commercial tenant



Before entering into new lease negotiations or discussing decarbonisation efforts with your current landlord, it is crucial to understand where you can take action yourself, and where you will need the buy-in from your landlord or agent.

Inside your control

How and when you use your space

How much you consume on site (energy, water)

How you support sustainable decision making and sustainable purchasing

How you collaborate to strengthen landlord engagement

Outside of your control

Utility providers e.g. energy, waste

Internal and external building improvements (e.g. LED Lights, temperature)

Building related emissions data

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Independent climate action

If you're an existing tenant, there are ways to reduce the emissions of your building without involving your landlord. It can help by asking the following questions:

How do you use your space?

- Have hybrid working patterns created opportunities to close or reduce your use of space on certain days?

What do you consume on site?

- Can energy savings be made through staff incentives or by embedding sustainable procurement practices?

How can you support sustainable decision making?

- What policies and processes can you put in place to reduce building related emissions?

How can you collaborate to strengthen landlord engagement?

- How can you link up with fellow tenants to develop a collective voice around shared climate goals? How can you build a relationship with your managing agent?

Tip: It's worth considering the above questions if you're about to start a new lease. E.g. you could create a sustainable travel policy before you move.

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Useful resources to support independent action

Our Climate Action Programme resource library has a range of guides and toolkits to help you start reducing emissions independently of your landlord.

- Energy
- Business Waste
- Digital Footprint
- Business Travel and Communiting
- Engaging your employees in climate and nature action
- Sustainable Purchasing
- Case study: Womble Bond Dickinson
- Case study: Wardell Armstrong

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Collaborating with your landlord

If you want to integrate climate goals into a new tenancy agreement or influence changes in your current building, it helps to understand the challenges and opportunities that decarbonisation efforts create for your landlord.

Challenges

Decarbonisation requires investment, which usually can't be recovered through a service charge.

Decarbonisation initiatives can disrupt existing tenants, which may create tenant issues for landlords / agents to manage.

Decarbonising commercial property is not a legal requirement and there is a lack of support from government to act. Other or more urgent issues may need to be prioritised.

Opportunities

Investing in decarbonisation can improve market proposition and tenant retention, strengthen market value of the property and can quickly generate operational cost savings.

Tenants will likely support decarbonisation efforts, as it will help them to meet their own climate goals and improve staff wellbeing.

Action takes time and legislation is changing now. While the Minimum Energy Efficiency Standard (MEES) has been delayed to 2028, the ultimate deadline of an EPC rating of B or higher remains for 2030.

Tip: Sharing useful knowledge and opportunities with your landlord will help them engage with you and identify actions they can take. Check out: Grosvenor Insights and Better Building Partnership

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Influencing landlord decision-making

For the actions that require buy-in, support and/or investment from your landlord, you can pro-actively influence their decision-making in three key ways:

Landlord relationship

Remember – you are your landlord's Scope 3. You can help them by assigning someone to act as the main point of contact, and manage and provide your data regularly and accurately.

Tenant meetings

Landlords / agents are often handling multiple tenant issues at once. It will help them if you can set a dedicated time and space for sustainability to be discussed. E.g. request sustainability to be a fixed agenda item in tenant meetings or link up with other tenants to identify shared climate goals and develop a collective voice.

Lease renewal

If you're considering renewing your lease, you can agree climate commitments with your landlord by using a Green Lease or Memorandum of Understanding (see next page).

Tip: To strengthen landlord engagement with climate action, join local networks, e.g. Bristol Climate & Nature Partnership, to improve your knowledge of available interventions and support, and share with your landlord / agent.

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New tenancy

As a new tenant or a renewing tenant, a Green Lease or Memorandum of Understanding can serve to set your tenancy on the right path and ensure your landlord engages and supports you to achieve your climate goals.

1. Green Lease

What is it? A supplementary document that includes clauses which are intended to help manage and improve the environmental and social performance of a building. There are two types:

Light Green Lease

Clauses typically only cover energy efficiency and are not legally binding. However, this can still serve to set intentions

E.g both sides commit to operate the building sustainably and agree to share data to drive improvements

Dark Green Lease

Clauses go beyond energy efficiency. They are legally binding and require a significant level of commitment

E.g tenant to use only sustainable materials when completing tenant works

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Benefits of a Green Lease

Landlord benefits

Protect or improve asset capital and rental value

Encourage mutually beneficial behaviours with tenants

Secure data for regulatory and reporting requirements

Reduce risk of greater costs, such as increasing insurance premiums, caused by climate risks

Tenant benefits

Sets intention on both sides to reduce environmental impact of building

Provides assurance that ESG and carbon priorities will be met

Cost savings e.g. due to increased energy efficiency

Secures Scope 1 data for climate reporting

By agreeing to work together, landlords and tenants can benefit from mitigating sustainability risk and the subsequent improvements.

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What your green lease could include

Here are a few examples of what your green lease could include. For more examples, check out out spotlight on article with Eloise Cuff (Anthesis).

- **Long lease term –** which may be more amenable for sustainability considerations.

- **Cost sharing for sustainability improvements to the building** – such as renewable energy generation, minimising emissions during the fit of the building, or installing infrastructure to support sustainable travel options e.g. EV charging points or secure bike storage.

- **Transparency on energy use** – it's important to accurately track your energy use for annual emissions reporting so ask the landlord for sub metering for each tenant, and monthly data sharing on usage.

- **Commitment to sourcing renewable energy** – does the landlord provide a 100% renewable electricity supplier contract, or will they allow you to choose your own supplier? See this spotlight on green energy tariffs for businesses for guidance.

- **Climate related risk assessment** – which will assess how the property will manage in extreme temperatures.

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2. Memorandum of Understanding (MoU)



This is a softer option than a Green Lease. A MoU is an agreement between both sides that sets out how the environmental impact of the property should be managed.

It is not legally binding, but it is a quicker way to set up an agreement between landlord and tenant.

Tips for new tenants

How you manage your obligations as a tenant will depend on whether you sign a light or dark Green Lease, or a MoU. However, no matter what you sign, you will increase your chances of successful decarbonisation if you:

- Assign a member of staff to hold and organise your data. You need to be able to read your bills and share data with your landlords.
- Remember this is a commitment that you need to pro-actively manage.
- There are free resources and networks that will help you and your landlord to meet your commitments.

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This guide is part of Bristol Climate & Nature Partnership's Climate Action Programme. By offering a suite of events, resources and peer-to-peer learning opportunities, the Climate Action Programme provides support and inspiration to organisations of all kinds. We promote best practice, identify solutions to challenges, and foster a sense of community amongst organisations in Bristol that are committed to positive change.

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To learn more about our Climate Action Programme or join the Partnership visit:

www.bristolclimatenature.org