

The Chancery Lane Project: model climate clauses

by Practical Law Corporate Transactions

Toolkit | **Maintained** | Australia, United Kingdom

The [Chancery Lane Project \(TCLP\)](#) brings legal professionals together to draft clauses and other legal resources that lawyers, businesses and governments can use to support the fight against climate change and the move towards achieving [net zero](#).

This toolkit sets out an index of the TCLP model climate clauses by practice area. Each clause can be adapted for use in common commercial contracts and transactions in all jurisdictions.

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About this toolkit

This toolkit sets out an index of model climate clauses that have been drafted by [The Chancery Lane Project \(TCLP\)](#). Each model clause is available for free on the [TCLP website](#).

Each clause can be adapted for use in common commercial contracts and transactions to help fight climate change and support the move towards achieving [net zero](#).

For more information about TCLP, see the [TCLP website](#).

TCLP is continually drafting new clauses and this toolkit will be updated periodically to include those new resources. For a full list of the current TCLP model clauses, see the [TCLP website](#).

About the model clauses

Each model clause aims to address a specific climate change issue that can be mitigated or addressed by adopting contractual obligations to change the behaviour of the parties. While most model clauses can be incorporated into commercial agreements, some model clauses take the form of licences, scorecards, questionnaires, charters and meeting minutes.

In addition to setting out the terms of each model clause, including alternative drafting options where relevant, the following information is also provided by TCLP to assist the user to adopt the clause:

- An overview of the climate change issue the clause seeks to address and how it promotes a [net zero](#) future.
- A link to a separate user manual (found under the "Additional resources" heading at the right hand side of each model clause) that provides detailed additional information about the climate issue the clause is seeking to address, how the clause works to address the issue, and the legal and environmental context in which the model clause operates. Where relevant, drafting notes addressing further optionality and issues to consider when using the clause are also provided.
- Drafting notes as to whether the clause can be used with other model clauses or whether its use would modify another model clause, and the amendments that may be required.

The model clauses also make use of standard TCLP glossary terms. The TCLP glossary terms relevant to each model clause are set out at the end of the clause's text. These glossary terms can be used with the model clauses or on a standalone basis. Each TCLP glossary term includes drafting notes and provides guidance about its application. A full list of the glossary terms can be found on the [TCLP website](#).

Each model clause has been given two titles. One reflects the content of the clause and the other is a child's name. TCLP have adopted the use of a child's name to encourage long-term thinking and a focus on the next generation, who will be most affected by the climate crisis. TCLP uses the child's name when cross-referencing to other clauses. Both titles are included in this toolkit.

Although each model clause is based on the laws of England and Wales, the concepts are adaptable for use in contracts in all jurisdictions.

Model clauses

This table sets out the current list of [TCLP](#) model clauses together with a brief overview of each clause's content and proposed usage. For more information about each clause, click on the link to the TCLP website in each clause name.

The clauses are grouped by their main practice area. Where a clause is relevant to more than one practice area, it is listed under its predominant area of use.

Banking and finance

Clause name	Scope of clause
<i>Climate Checklist for Prospectuses and Other Public Offering Documents</i> (Tilly's clause)	A checklist for the identification, assessment and disclosure of climate-related risk factors in prospectuses and other public offering documents issued in connection with debt securities . It adopts the categories of risk identified by the Task Force on Climate-Related Financial Disclosures' (TCFD) and is designed to be read alongside the TCFD recommendations.
<i>Climate Related Disclosure in Loans</i> (Anna's clause)	<p>A clause setting out the borrower's obligation to provide reporting on:</p> <ul style="list-style-type: none"> • The impact of climate change on the business and its long-term financial performance. • The impact of the business on climate change and its mitigation strategies and targets. <p>The clause can be included in the information covenants set out in any facility agreement and is not limited to green or sustainability linked loans.</p>
<i>Debt Finance Clauses (and LMA Facility Amendments) Promoting Sustainable Water Usage</i> (Evie's clause)	<p>A facility agreement clause that provide for margin increases and reductions linked the borrower's achievement of water sustainability key performance indicators.</p> <p>The clause also includes standard form amendments to the Loan Market Association (LMA) facility agreements to permit the borrower to invest in water sustainability and usage reduction strategies without lender consent.</p>
<i>Environmental Business Charter</i> (Chloe's clause)	A business charter for use by the legal and finance community to support the decarbonisation of the economy by incorporating environmental awareness and best practice into their business operations.
<i>ESG Linked Pricing Adjustment for Derivatives Transactions</i> (Lara's clause)	A clause for inclusion in a derivatives contract that adjusts counterparty payments to achievement of agreed ESG key performance indicators (KPIs). The clause can be incorporated into an ISDA Master Agreement or confirmation .
<i>Facility Agreement Clauses Promoting Sustainability Linked Loans within the Cement Industry</i> (Larissa's clause)	A sustainability-linked loan clause to be incorporated into facility agreements used by cement companies. The provisions include covenants, representations and a ratcheted interest rate linked to emissions reduction performance.
<i>GHG Emissions Management Plans in Infrastructure and Construction Project Finance</i> (Rose's clause)	A clause setting out conditions precedents , representations and warranties , covenants and

	events of default for inclusion in facility agreements, engineering, procurement and construction (EPC) contracts and design and build (D&B) contracts, to address climate change risks and promote the decarbonisation of debt funded assets.
Green Loan "Starter Pack" (Harrison's clause)	A green loan clause for use in a facility agreement; the clause is aligned with the May 2020 Green Loan Principles produced by the Asia Pacific Loan Market Association (APLMA), the LMA and the Loan Syndications and Trading Association (LSTA).
A Beginner's Guide and checklist for Accessing Sustainability-Linked Loans (SLLs) (Clara's guide and checklist)	A guide to help introduce borrowers to, and encourage them to access, sustainability-linked loans.
Late Payment - Green Interest Remedies (Matthew's clause)	A default interest provision that requires default interest to be applied to purchase carbon offsets or to an agreed green cause.
Sustainability Linked Loans (Casper's clause)	A sustainability-linked loan clause that incorporates the May 2020 Sustainability Linked Principles produced by APLMA, LMA and LSTA. The provisions can be used in facility agreements and other financial product terms.

Capital markets

Clause name	Scope of clause
Capital Markets ESG Due Diligence Questionnaire (Gordon's DDQ)	A capital markets focused due diligence questionnaire that requires the company to provide information about its impact on climate change to help financial institutions and other investors understand and evaluate a company's approach to integrating material environmental factors into its business practices.
Environmental Targets for a Limited Partnership Agreement (Stella & Flora's clause)	<p>A clause for inclusion in a limited partnership agreement entered into in connection with a private fund or investment management agreement that requires environmental, social and governance (ESG) issues to form part of the fund's investment due diligence and pricing considerations. Achievement of agreed net zero and other ESG targets are linked to increased management fees and payment of an additional carry percentage.</p> <p>The clause is compatible with the Institutional Limited Partners Association (ILPA) standard form document and adopts the Principles for Responsible Investment.</p>

Commercial transactions

Film, television and sponsorship

Clause name	Scope of clause
<i>Green Film Production Credits</i> (Lewi's clause)	A clause for use in production agreements that requires video and film production companies to disclose the carbon footprint generated by the production in its credits.
<i>Net Zero Sponsor Activation Clause</i> (Alexandros' clause)	A clause for use in sponsorship agreements that requires the sponsor and the sponsored party to work together to promote climate action and the move towards net zero . In addition to obligations imposed on the sponsored party to promote the net zero partnership and its achievements, the clause includes financial incentives for the sponsor if it reaches its net zero targets.
<i>Promotion of Sustainable Consumption and Travel in TV Production</i> (Joni's clause)	A clause for use by commissioning broadcasters and platforms that requires production companies to promote sustainable product consumption and travel, both on-screen and during production.

Supply and manufacturing

Clause name	Scope of clause
<i>Auditing Water Usage in Supply Chains</i> (Lagatha's clause)	A clause for use in supply agreements requiring the supplier to conduct an annual audit of its water consumption. The parties also agree an annual water usage target for the supplier, with payments to or from the supplier being made if the target is achieved or not. The supplier is also required to include similar clauses in its supply contracts.
<i>Green Termination Provision (Short Form)</i> (Annie's clause)	<p>A clause to enable a customer to terminate a supply agreement if:</p> <ul style="list-style-type: none"> It wants to engage an alternative supplier to achieve a reduction in its carbon footprint or emissions. The supplier's environmental practices bring into disrepute the customer's reputation (in relation to environmental matters) or are inconsistent with good environmental practice and policy.
<i>Circular Economy Product Design Obligation</i> (Alex's clause)	<p>A detailed clause for use in a design or manufacturing agreement.</p> <p>This clause sets out circular design requirements that minimise emissions and optimise a product's:</p> <ul style="list-style-type: none"> Use of environmentally friendly and recycled components. Ability to be reused, recycled, refurbished or repaired. <p>The clause also includes circular manufacturing requirements imposing obligations relating to the use and selection of raw materials, and the</p>

	carbon footprint of the final product. Additional post-manufacture obligations are included, requiring the manufacturer to provide a repair and end-of-use recycling service. A bonus payment mechanism is also provided to incentivise the manufacturer to meet agreed circular manufacturing targets.
<i>Climate Change Due Diligence Questionnaire for Suppliers</i> (Raphael's procurement DDQ)	<p>A due diligence questionnaire designed to help a customer understand how a potential supplier approaches climate change risks and impacts. Specifically, it includes questions relating to the supplier's:</p> <ul style="list-style-type: none"> • Corporate policies, processes and risk analysis. • ESG focused due diligence and contractual requirements incorporated into its procurement processes. • Facilities, employees and operations. • Negative environmental issues that may arise from its business activities.
<i>Climate Contract Risk Sharing (ex Force Majeure)</i> (Iris' clause)	A force majeure clause for use in a supply contract to ensure the parties balance financial and climate change related risks, and that they work together to avoid unintended adverse environmental and social issues.
<i>Green Supplier Agreement Terms</i> (Zoë and Bea's clause)	A green procurement clause and checklist for use in supply agreements. This clause imposes emissions measurement, management, reduction and reporting obligations on the supplier.
<i>Net Zero Target Supply Chain Cascade Clauses</i> (Owen's clause)	<p>A clause that requires a supplier to, among other things, set a net zero target that aligns with the customer's emissions target and work to meet that target by an agreed date.</p> <p>Breach of the obligations permits the customer to terminate the contract or require the supplier to offset their carbon emissions.</p>
<i>Reducing Supply Chain Food Waste</i> (Runa's clause)	A clause for use in food chain supply agreements that requires the parties to minimise and reduce food waste. The clause also includes, among other things, requirements for the parties to measure and regularly report on the food waste generated as a result of the contract and any food waste reduction activities undertaken.
<i>Reduction of CO2 from Single Use Plastic</i> (Alice's clause)	A clause setting out service level agreements (SLAs) for use in facility management contracts (particularly those providing in-house catering services) to reduce the use of single use plastics. The clause also includes mechanics for payment deductions if the SLAs are not met.
<i>Renewable Energy Requirements in Supply Contracts</i> (Viola's clause)	A clause for use in supply agreements where the supplier is required to procure energy from renewable sources. The clause includes an audit right and compliance reporting obligations, as well as an

	obligation for the supplier to use its reasonable efforts to include similar clauses in its supply contracts.
<i>Supplier Environmental Threshold Obligations</i> (Teddy's clause)	<p>A clause for use in supply and other business agreements that sets out:</p> <ul style="list-style-type: none"> • The supplier's disclosure warranties relating to its projected emissions output arising from the contract. • Supplier undertakings requiring it to implement a plan for continuous reduction to its emissions output, offset certain emissions and requiring it to include equivalent provisions in its down-stream supply contracts relevant to the contract. • Mutual obligations for the parties to set a net zero target, provide annual environmental reporting and implement environmental and sustainability training.
<i>Supply Chain Sustainable Land Use Clause and Questionnaire</i> (Rowen's clause)	<p>A clause for inclusion supply chain contracts that:</p> <ul style="list-style-type: none"> • Imposes an obligation on the parties to review and improve environmental performance, and to reduce negative environmental impacts arising from land use. • Requires the supplier to regularly complete a sustainable land use and management self-assessment questionnaire which focuses on potential and actual adverse environmental impacts in their business and supply chains and the promotion of sustainable land use and management practices.
<i>Sustainability Clauses in Supply Chain Contracts</i> (Austen's clause)	A clause for inclusion in supply chain contracts to extend positive climate change measures adopted in one country to contracting parties operating in countries that have a reduced legislative focus on climate and environmental matters.
<i>Target Product Carbon Footprint (Schedule for Consumer Goods Contracts)</i> (Ming's clause)	A clause for inclusion in a supply of goods contract. The provisions in the clause document the creation and operation of a Target Product Carbon Footprint budget applicable to the goods manufactured and supplied under the contract. The clause also sets out price adjustment mechanisms to incentivise the parties to meet and exceed the budgeted targets.
<i>Termination for Greener Supplier</i> (Agatha's clause)	A clause to enable a customer to terminate a supply agreement without penalty unless the existing supplier can at least match the green credentials of the alternative supplier's offer.
<i>The 'Green Supplier' Contract - A Standardised Contractual Pricing Model</i> (Luke's clause)	A clause that sets out a supplier's obligations to adopt a variety of environmental targets. The clause also includes price alteration mechanisms that are aligned to encourage achievement of the targets.
<i>The Net Zero Standard for Suppliers</i> (Matilda's annex)	A short clause to be annexed to a supply chain contract which imposes greenhouse gas reporting,

	target setting and reduction obligations on suppliers. The clause also includes price alteration mechanisms that are aligned to encourage achievement of the emission targets.
<i>Transparent Sourcing of Greener, Fairer Renewable Energy</i> (Ayshe's clause)	<p>A clause for use in contracts related to the production of renewable energy (including manufacturing, energy transport and mining) that obliges the parties to primarily:</p> <ul style="list-style-type: none"> • Reduce greenhouse gas emissions and pollution. • Ensure that no forced labour or modern slavery is used. • Meet due diligence obligations relating to identifying the location of mines and the production workforce in the supply chain. <p>The clause includes audit and default provisions.</p>

Construction

Clause name	Scope of clause
<i>Benchmarking of Project Greenhouse Gas Emissions</i> (Izzy's clause)	A clause for use in construction contracts that financially incentivises a contractor to meet greenhouse gas (GHG) emissions targets. This clause also includes mechanisms to adjust those targets by benchmarking the contractor's GHG emissions against its competitor's emission levels and financial incentives (and penalties) linked to achievement of the targets.
<i>JCT Energy Efficiency and Environmental Obligations</i> (Mary's clause)	A clause for inclusion in Joint Contracts Tribunal (JCT) standard design and build documents to ensure that the works meet specified environmental, sustainability and energy efficiency standards.
<i>Climate Aligned Construction Waste Management</i> (Francis' clause)	<p>A construction contract clause that imposes:</p> <ul style="list-style-type: none"> • Contractual obligations in respect of material usage, and waste management procedures to ensure GHG emissions are minimised. • Requirements to minimise wastage of materials. • Key performance indicators relating to recycling, reusing and disposing of waste.
<i>Climate-Resilient Landscape Design Contracts</i> (Edgar's clause)	A clause for inclusion in landscape architect appointment documents and building contracts to require that available open space is used in an environmentally efficient manner and that the completed landscaping achieves specified biodiversity gains.

<i>Construction Materials: Procurement</i> (Tristan's clause)	A clause for inclusion in construction documents that documents a carbon budget and related reporting obligations that a contractor must comply with throughout a development. Meeting the carbon budget will require use of sustainable materials and procurement processes.
<i>Modern Methods of Construction (MMC) and Net Zero Provisions for Construction or Development Agreements</i> (Madhavi's clause)	<p>A clause for inclusion in a modern methods of construction (MMC) contract to enable the parties to achieve net zero targets and adopt sustainable construction practices during the design, construction and installation of off-site fabricated modules used in construction projects. The clause includes provisions requiring:</p> <ul style="list-style-type: none"> • Periodic reporting regarding the climate impact of materials used in the works and the conduct and actions taken to satisfy the party's net zero objectives. • Good management of materials and waste disposal to reduce greenhouse gas emissions. • The purchase of carbon credits to offset residual greenhouse gas emissions.
<i>Net Zero Aligned Construction Modifications</i> (Luna's clause)	A clause that enables building contractors to propose variations to the works throughout the term of the project to achieve agreed green objectives.
<i>Net Zero Obligations in FIDIC Engineering, Procurement and Construction (EPC) Contracts</i> (Olivia's clause)	A clause for inclusion in the International Federation of Consulting Engineers (FIDIC) form of engineering, procurement and construction (EPC) contract to impose obligations on the contractor and subcontractors to reduce their GHG emissions and achieve agreed net zero targets. Additionally, the clause includes an obligation to offset GHG emissions produced after all reasonable efforts have been made to reduce emissions.
<i>Climate Standard of Care (Construction)</i> (Estelle's clause)	A clause for use in construction documents imposing performance standards on contractors and service providers to ensure that construction obligations are undertaken using methods and resources designed to achieve specified green objectives.
<i>Subcontractor / Supplier Self-Assessment Climate Questionnaire (Construction)</i> (Robyn's questionnaire)	<p>A questionnaire for construction subcontractors and suppliers, designed to develop and accelerate climate risk and emissions reduction strategies for the project. The questionnaire sets out the expectations of the engaging party relating to:</p> <ul style="list-style-type: none"> • Environmental management systems (EMS). • Use of materials and waste management. • Energy consumption and climate risk of the relevant construction materials, plant or equipment. • Reporting requirements.

	Subcontractors or suppliers then self-assess their performance against the identified criteria.
<i>Sustainable On Site Working Practices</i> (Ashkan's clause)	A clause requiring contractors and project delivery teams to use sustainable working practices on site to reduce the energy used in construction projects. The clause is revenue neutral for the employer.

For information on issues to consider when inserting substantive provisions into a construction contract to address climate change concerns, see *Practice note, Climate change clauses for construction contracts*.

Company law

Clause name	Scope of clause
<i>Board Paper Implementing Net Zero for SMEs</i> (Lila's clause)	A board paper that provides information for directors to help them consider the need for, and the benefits of, adopting net zero objectives and targets into corporate strategy. The paper also includes a detailed checklist to assist the company develop its climate change strategy.
<i>Board Minutes: Consideration of Climate Change Factors</i> (Darcy's board minutes)	Wording for inclusion in board minutes to confirm that the directors have considered emission targets, climate change risks, or the company's environmental and social impact policies, when reaching a decision.
<i>ESG Aligned Company Articles</i> (Arlo's clause)	A clause that incorporates ESG focused objects into a company's articles of association (or constitution). This clause also imposes ESG related duties on directors. This clause also requires directors to manage the company business in a manner that both benefits and reduces its harmful effects on society and the environment.
<i>Green Company Articles</i> (Ragnar's clause)	<p>A clause for inclusion in a company's articles of association (or constitution) that sets out the company's:</p> <ul style="list-style-type: none"> • Environmental and social objectives. • Related directors duties. • Obligation to develop an environmental strategy, and an annual emission reduction target and annual water target. • Obligation to prepare an annual environmental report, which must be made public • Need to take into account the company's environmental strategy and the funding requirements of future environmental projects when declaring a dividend. <p>The clause also contains an optional cash sweep to allow the directors to direct profit towards environmental projects if its emission reduction target or water target has not been met.</p>

<i>Green Shareholders' Agreement</i> (Lauren's clause)	<p>A clause setting out ESG matters for use in shareholders' agreements that:</p> <ul style="list-style-type: none"> Imposes obligations and restrictions on the company and its management to ensure the company adopts sustainability goals and a net zero transition plan and sustainability management standards in relation to those goals and plans. Requires shareholders to support climate change mitigation strategies and achievement of climate goals. Those outcomes are directly linked to dividend payments, share value, and share transfer and disposal rights.
<i>Green Shareholders' Agreement (Short Form for SMEs)</i> (Ava's clause)	A short form version of Lauren's clause, suitable for use by small and medium enterprises. The clause focuses on emissions reductions rather than wider sustainability goals and does not tie shareholder rights to achievement of a net zero target.
<i>Net Zero Within Company Whistleblowing Policies</i> (Sasha's clause)	Wording for use in a whistleblowing policy to extend its application to disclosure of climate issues and non-adherence to the company's existing net zero or sustainability policies. The clause includes guidelines and considerations for implementation of the whistleblowing policy generally.
<i>Paris Aligned Company Articles</i> (Pasfield's clause)	A clause that incorporates net zero focused, and Paris Climate Agreement aligned, objects into a company's articles of association (or constitution).
<i>Shareholder Resolutions Relating to a Company's Climate Change Commitments</i> (Elsie's resolutions)	<p>A shareholder resolution that sets out obligations requiring the company to:</p> <ul style="list-style-type: none"> Implement climate change strategies that align with the goals of the Paris Climate Agreement, particularly in relation to achieving net zero. Report to shareholders on progress against such strategies.
<i>Template Board Paper for Significant Contracts / Transactions</i> (Griff's clause)	Suggested wording for board papers to ensure that the climate impacts of significant contracts and transactions and the associated climate risks to the business are considered by the board.

Dispute resolution

Clause name	Scope of clause
<i>Avoiding Excessive Paperwork in Dispute Resolution</i> (Toby's clause)	A clause for inclusion in dispute resolution clauses that requires the parties to include climate change mitigation issues in discussions in the event a default arises. Specific obligations are also included, such as:

	<ul style="list-style-type: none"> • Use of electronic communications, documents and bundles where possible. • Use of recycled and environmentally friendly materials for any hard copy documents. • The purchase of carbon offsets or planting of native trees to offset greenhouse gas emissions arising from the dispute.
<i>Green Litigation and Arbitration Protocols</i> (Emilia's protocols)	<p>Protocols that parties to litigation or arbitration proceedings can adopt at the start of a dispute to reduce paper consumption and to encourage the adoption of other policies that seek to minimise the environmental impact of the proceedings, such as using videoconferences and minimising travel.</p> <p>These protocols could also be adopted by law firms as part of their matter management policies.</p>
<i>Low Carbon Arbitration Hearings</i> (Mia's clause)	A clause for use in boilerplate arbitration clauses and arbitration agreements that require the parties to undertake arbitration with a view to reducing the carbon footprint of the dispute. This is achieved by requiring the parties to develop a carbon reduction plan, and use electronic documents and virtual hearings.

Employment

Clause name	Scope of clause
<i>Employer – Employee Environmental Obligations</i> (Eric's clause)	A clause for use in employment contracts that repurposes periods of gardening leave and sabbaticals as opportunities to volunteer with environmental organisations.
<i>Employee Climate Engagement Provisions</i> (Athena's clause)	<p>A clause for use in employment contracts that requires the employer to provide, and the employee to participate in, ESG training sessions.</p> <p>This clause also includes wording for inclusion in a supplier code of conduct or ESG policy setting out a company's requirement for its suppliers to commit to providing ESG training to their employees.</p>
<i>Environmental, Social and Governance (ESG) Based Performance Conditions for Employee Incentive Awards</i> (Scarlett's performance conditions)	Sample performance conditions for use in an employee share plan if vesting of part of the award is conditional on meeting specified ESG targets.
<i>Net Zero Culture Employment Handbook</i> (Elliot's handbook)	Net zero and sustainability policies for incorporation into a company's employment handbook. These policies set out the employee's obligations to meet the company's net zero target and comply with environmentally focused procurement, expenses and travel policies.

General contracts

Clause name	Scope of clause
Carbon Footprint Reduction - Mutual Notification Right (Carbon Footprint Reduction Notice) (Zain's clause)	A clause setting out a mutual right for the parties to request amendments to the contract to reduce the emissions footprint resulting from the agreement and the performance by the parties of their obligations under it.
Carbon Contract Clauses for Environmental Performance, and Associated Incentives and Remedies (Jessica's clause)	A clause that: <ul style="list-style-type: none"> Includes climate considerations in standard contract drafting. Includes climate metrics for performance in all contracts. Sets out a mechanism akin to liquidated damages for breaches with negative climate impacts, requiring a mandatory donation to an appropriate non-profit organisation in lieu of cash compensation.
Choice of Green Governing Law Clause (Leo and Molly's clause)	A climate-friendly governing law clause that requires the governing law to be interpreted in a manner consistent with the objectives of the United Nations Framework Convention on Climate Change and the Paris Climate Agreement.
Climate Change Clauses for Heads of Terms (Hanley's clause)	A clause for use in heads of terms that requires the parties to consider the financial risks relating to climate change as part of the due diligence process and to agree to work together to mitigate any identified risks. The clause also imposes an overarching obligation for the parties to undertake the deal in a way that will not amplify the impact of climate change or carbon emissions.
Climate Policy Footprint (Emilio's checklist)	A checklist for use in contracts that requires disclosure of a company's climate related lobbying, financing, sponsoring and climate leadership activities. Disclosure may be one off or ongoing throughout the term of the contract to ensure that the counterparty's activities are aligned with the goals of the Paris Climate Agreement.
Climate Purposed NDA Terms (Confidentiality Agreement) (Kaia's clause)	A clause for inclusion in non-disclosure agreements (NDA) or confidentiality agreements that require the parties to consider how climate change mitigation can be achieved as part of any future commercial relationship.
Climate Recitals (Eddie's recitals)	Recitals for inclusion in any commercial agreement that contains provisions relating to the parties' intention to achieve move toward achieving net zero and other objectives aligned with the Paris Climate Agreement emission reduction targets.

<i>CoolerPlate Clauses (Climate Aligned Boilerplate)</i> (Nico's clause)	Revised boilerplate provisions that embed climate issues and net zero targets into contract terms used in most agreements.
<i>Entire Business Net Zero Objectives</i> (Sebastian's clause)	A clause setting out a suite of clauses that a company can incorporate into its contracts to ensure that both parties have Paris Climate Agreement aligned targets, implementation approaches, governance standards and policies.
<i>Green Transaction Execution Protocols</i> (Evan's protocols)	Green execution protocols for adoption by parties at the start of a transaction to minimise the carbon footprint of deal execution. The protocols focus on reducing paper and single-use plastic consumption, business travel and data consumption, and discouraging other environmentally unfriendly practices to reduce the greenhouse gas emissions generated throughout a transaction.
<i>SME's Net Zero Objectives</i> (David's clause)	A straight-forward clause designed for use by small and medium-sized enterprises (SMEs) in a variety of contracts. The clause requires each party to set public net zero targets, develop a net zero transition plan, measure and report against targets and their carbon footprint and provide climate change and sustainability training to employees and contractors. Breach of the provisions triggers an obligation to remedy the breach and to pay an agreed amount to a nominated charity.
<i>Stakeholder Company Climate Questionnaire</i> (Javier's clause)	<p>A questionnaire to enable an individual to understand a company's position on climate change and its net zero ambitions. The questionnaire sets out an extensive list of questions, including questions relating to the company's:</p> <ul style="list-style-type: none"> • Climate change governance standards, policies and strategies. • Net zero targets and related key performance indicators. • Consideration of stakeholders when considering climate change issues and impacts. • Carbon offsetting.
<i>Supply Chain Emissions Scorecard</i> (Maria's scorecard)	A scorecard to be incorporated as a schedule to commercial agreements that sets out the emissions reduction requirements expected of the supplier. The scorecard also enables the parties to quantify where they are, and are not, meeting sustainability requirements, and sets out the mitigation steps being taken to improve performance.

Insurance

Clause name	Scope of clause
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<i>Climate-related Knowledge Sharing Between Insurer and Insured</i> (Lovisa's clause)	<p>A clause for use in any insurance policy requiring the insurer to provide the insured with a climate-related risk report outlining, among other things, general market trends and processes, procedures and targets that would enable the insured to contribute to specified environmental objectives. In response, the insured must also report on its current processes and procedures to identify, assess, manage and mitigate climate-related risks.</p> <p>The clause also includes an obligation for the parties to meet and discuss each report. If the insured meets any objectives agreed in such a meeting, a premium reduction of an agreed percentage is applied to the policy.</p>
<i>Exclusions from Insurance Coverage for Climate Harms</i> (Connor's clause)	An insurance exclusion clause that excludes loss arising as a result of climate change, including loss arising as a result of the insured party failing to meet emission reduction targets.
<i>General Condition to Commercial Insurance Policies: Climate Change Risk Assessment</i> (Kitty's clause)	A clause for use in all commercial insurance policies that requires the policy holder to undertake a climate change risk assessment of its business.
<i>Green Dispute Reporting in After the Event Insurance Policies</i> (Charlotte's clause)	A clause to be incorporated into insurance policies covering dispute costs and expenses that require the insured to conduct the dispute in a way that meets agreed environmental best practices.
<i>Incentives for Insured Parties to Disclose and Meet GHG Emissions Targets</i> (Millie's clause)	A clause adapting <i>Connor's clause</i> by including premium reduction and increase mechanisms aligned to the insured meeting agreed emission reduction targets.
<i>Insurance: Disclosure and Mitigation of Pending Climate Change Litigation</i> (Cassie's clause)	A clause that extends the scope of an insurance policy to <i>indemnify</i> the insured against losses arising from climate change litigation.
<i>Insurance Premium Adjustment for D&O Climate-related Financial Disclosures</i> (Archie's clause)	A clause that reduces insurance premiums if the insured party has disclosed climate-related risks and opportunities in the areas of governance, strategy, risk management, and metrics and targets in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations or other agreed environmental standards.
<i>Parametric Insurance Incentives for the Protection of Coral Reefs</i> (Nemo's clause)	A clause for inclusion in a parametric insurance policy for insurance against damage to a coral reef caused by high winds. The clause also includes premium reduction mechanisms if the insured party undertakes agreed climate change adaption measures (such as coral transplantation) and applies its own funds to help repair the insured reef following a high wind event.
<i>Repair or Refurbishment in Insurance Claims</i> (Paolo's clause)	A clause that permits an insurer to repair, refurbish or replace a damaged insured item as an alternative to a cash payout.

Intellectual property

Clause name	Scope of clause
<i>Climate Solutions IPR Licence</i> (Benjamin's licence)	An intellectual property right (IPR) licence that makes free the IPR for the purpose of researching and developing solutions that seek to minimise the impact of climate change or otherwise seek to achieve the goals of the Paris Climate Agreement.

Land and agriculture

Clause name	Scope of clause
<i>Conservation Covenant for Soil Preservation and Enhancement</i> (Orli's clause)	A conservation covenant that requires the landowner to, among other things, annually improve the health of the soil on the land and to comply with Good Agricultural and Environmental Conditions (GAEC) 4 (Providing minimum soil cover), GAEC 5 (Minimising soil erosion) and GAEC 6 (Maintaining the level of organic matter in soil) (as published in the <i>Guide to cross compliance in England 2020</i>).
<i>Heads of Terms for Landowner Collaboration on Environmental Schemes</i> (William's clause)	Heads of terms between two landowners setting out the parties' intention to enter into a collaboration agreement in relation to their land. The collaboration agreement is intended to improve the environmental benefits of the land (including through the promotion of carbon sinks and nature-based solutions) and to document the parties' agreement to work together to identify projects or investments that could be applied for collectively to facilitate the parties' ability to meet their overarching environmental goals.
<i>Promotion of Regenerative Farming Methods through Profit of Pasturage Agreements</i> (Helen's clause)	A clause for inclusion in a profit of pasturage agreement, under which the owner of the land grants grazing rights to the grantee and each party agrees to manage the land in a way to promote biodiversity and climate change mitigation.
<i>Sustainable Soil Management Obligations</i> (Soren's clause)	A clause that, among other things, aims to ensure that sustainable soil management practices are adopted by the parties and that they impose such obligations on third parties occupying their land. This clause can be incorporated into a wide range of commercial contracts.

Private equity

Clause name	Scope of clause
<i>Climate Change Due Diligence Questionnaire</i> (Lola and Harry's DDQ)	A <i>due diligence</i> questionnaire that asks the target company to provide information regarding a wide range of climate change related matters to assist investors or buyers assess potential climate change risks, formulate appropriate <i>warranties</i> and

	<p>indemnities, and assess whether the company has been greenwashing.</p>
<p><i>Climate Standard Transaction Terms</i> (Callum and Theo's clause)</p>	<p>Model climate terms and conditions for inclusion in standard investment documents.</p> <p>This detailed clause ties the investment to projects that align with the Paris Climate Agreement or an agreed climate change standard. They also impose obligations on the company to meet sustainability goals, adopt and comply with a climate change standard and sustainability management standard, and provide related reporting obligations.</p> <p>Optional provisions for inclusion in a shareholders' agreement relating to meeting the climate change obligations are also provided.</p>
<p><i>Climate Purchase Agreement and Underwriting Sponsor Warranties</i> (Dottie's clause)</p>	<p>Director and major shareholder warranties relating to disclosure of the company's environmental position (including any potential liabilities) and its performance by reference to specified metrics.</p>
<p><i>Green Acquisition Obligations</i> (Sienna's clause)</p>	<p>A clause for inclusion in a share purchase agreement or asset purchase agreement that requires the purchaser to maintain or improve the target company's climate change footprint and credentials following completion. The clause is also linked to the payment mechanism, with funds released from an escrow account if the post-completion climate targets and obligations are met.</p>
<p><i>Green Investment Obligations</i> (Frank's clause)</p>	<p>A wide ranging clause for use in non-leveraged investment documents to ensure that environmental and climate change issues are central to the investment and the operation of the business. Specifically, the clause sets out obligations for the founders and investors to operate and manage the company in an environmentally responsible way, ethically and in a manner that achieves specified social purposes. Among other things, the provisions also requires the company to set a net zero target and provide ongoing investor disclosure of climate related risks and opportunities, and other sustainability information.</p>
<p><i>Management Equity Ratchet Terms</i> (Bella's clause)</p>	<p>A clause for use in investment documents to financially incentivise management to meet targets linked to climate change and environmental issues. The clause documents an equity ratchet to increase management's equity interest in the entity if agreed climate change targets are met during the term of the investment.</p>
<p><i>Net Zero Completion Adjustment Clause</i> (Felix's clause)</p>	<p>A net zero or carbon budget adjustment clause for inclusion in the completion accounts mechanics to provide the purchaser with certainty regarding the target's emissions position at completion and incentivise the seller to ensure that the target's emission levels do not increase before completion.</p>
<p><i>Net Zero Convertible Loan Note</i> (Nozomi's clause)</p>	<p>A clause for use in a convertible loan note document. The clause contains an issuance condition precedent that requires the issuer to set a net zero target. The</p>

	clause also incentivise achievement of the target by reducing the coupon (that is, interest) payable on the debt.
<i>SPA / Investment Agreement: Disclosure of Climate Change Plans</i> (Zack's clause)	A clause for use in a share purchase or other investment agreement that sets out climate and net zero warranties given by the target and related disclosure obligations owed to the investors.

Property

Clause name	Scope of clause
<i>Alteration / Improvement Provisions in Leases to Improve Climate / Environmental Impact of Buildings and Better Use of Shared Space</i> (Rosie's clause)	A clause for inclusion in a commercial lease that require the landlord to act reasonably and not delay its consent if a tenant proposes alterations that will improve the environmental performance of the premises, the building or the wider development.
<i>CLLS Certificate of Title: Climate Change Disclosures</i> (Tomas' disclosure checklist)	Disclosures that can be added to the City of London Law Society (CLLS) Certificate of title 7 th edition (CoT) to, among other things, highlight climate change risks relating to the property and provide information about the property's current environmental credentials, including in relation to lease provisions that seek to improve the environmental performance of the property.
<i>Green Assured Shorthold Tenancy (AST) Clauses</i> (Toryn's clause)	A clause for inclusion in an AST agreement (or other tenancy agreement) that give the tenant a rental rebate for buying renewable energy, recycling and reducing household and water waste. The clause also include provisions enabling the landlord to install renewable or energy efficient products while the property is tenanted.
<i>Green Service Charge Provisions for Commercial Leases</i> (Hannah's clause)	A clause for inclusion in a commercial lease to ensure that the environmental performance of buildings is maximised. The clause, among other things, permits the landlord to recoup the costs and expenses it incurs in improving the environmental performance of the building and also requires the landlord and the tenant to cooperate to identify and implement strategies to improve that environmental performance.
<i>Landlord and Tenant Obligations to Create Additionality in Renewable Electricity Generation</i> (Oisín's clause)	A commercial lease clause that requires the parties to procure the supply of an agreed amount of 100% renewable energy for use at the property. The clause contains cascading obligations if compliance is cost-prohibitive or impractical.
<i>Landlord and Tenant Obligations to Provide Renewable Electricity</i> (Lotta's clause)	A clause for inclusion in a commercial lease that requires the landlord or the tenant to procure electricity from 100% renewable energy sources.
<i>Net Zero Land Promotion Agreement</i> (Rory's clause)	A clause for inclusion in land promotion and development agreements designed to ensure that the development meets net zero , green transport, community, affordable housing, biodiversity and planning objectives.

	The clause also includes financial incentives for the developer if the final development is sold having achieved the net zero targets.
<i>Promotion of Carbon Sinks and Ecological Restoration in Lettings of Rural Land</i> (Georgie's clause)	<p>A clause for inclusion in an agricultural land lease that, among other things, requires the tenant to meet agreed biodiversity objectives and to manage the land, water and livestock in a way that protects or improves the environment (or that mitigates climate change).</p> <p>This clause also includes mechanisms for the valuation of climate benefits and for the tenant to be paid that valuation amount at the end of the lease term.</p>
<i>Report on Title - Climate Change Clauses</i> (Marni's clause)	Climate change related statements to add to a property report on title to highlight potential future climate change risks that may affect the property.
<i>Green Residential Lease Clauses</i> (Emma's clause)	Covenants for inclusion in a lease that require the tenant to occupy the property in an energy efficient manner. This clause also sets out a range of specific green tenant covenants including the use of sustainable materials and 100% renewable electricity, recycling, composting, heating, and ongoing compliance with regulations relating to the environmental performance of the property that may be introduced during the term of the lease.
<i>Securing Net Zero in Planning Development Projects</i> (Evelyn & Ezra's clause)	A clause for local planning authorities to incorporate into policies, planning obligations and permissions designed to ensure that developments are constructed and maintained in a sustainable way. Alternative drafting imposing obligations for developments to meet net zero objectives are also included.
<i>Sustainable and Circular Economy Principles in Leasing Arrangements for Repairs and Alterations</i> (Aatmay's clause)	Sustainable and circular economy provisions for inclusion in the repair, alteration, yielding up and decoration covenants in a lease. The clause requires the parties to predominantly use reused, reclaimed or recycled materials when undertaking alterations and repairs. The materials selected must also be capable of reuse or be recyclable at the end of their life.

Transport

Clause name	Scope of clause
<i>Energy Efficiency in Shipping</i> (Otto's clause)	A clause for inclusion in a charterparty agreement that requires charterers and owners to take all reasonable steps to maximise the fuel efficiency of the vessel, including working with related parties such as port operators to achieve that goal. The clause also includes financial penalty provisions for breach of these obligations.
<i>Fuel Reporting Clause for Shipping Charterparties</i> (Aiden's clause)	A clause for use in a time or voyage charterparty agreement that requires:

	<ul style="list-style-type: none"> • The use of lower emission fuels. • The vessel to be used in a manner that maximises its fuel efficiency. • Ongoing reporting about the energy efficiency of the vessel.
<i>Greener and More Efficient HGVs in Road and Multimodal Transport Agreements</i> (Caesar's clause)	A clause for use in transport agreements and supply chain contracts that requires contracting carriers to use an agreed number of energy efficient vehicles, meet emission targets and offset a percentage of their emissions. This clause also includes an ongoing obligation for carriers to reduce emissions by continuously renewing their heavy goods vehicle fleet.
<i>Incentivising Fuel Efficiency Investments In Time Chartered Vessels</i> (Ariel's clause)	A clause for inclusion in a time charterparty agreement that enables the cost of installation of an energy saving device on a vessel to improve its energy efficiency to be shared between the vessel owner and the charterer.
<i>Maximising the Laden Ratio of Vessels in Shipping Charterparties</i> (Bradleigh's clause)	A clause for inclusion in a charterparty agreement that requires the parties to maximise the efficient use of vessels and to specifically maximise vessel loads and minimise ballast voyages.
<i>Model Smart Mobility Data Sharing Clauses</i> (Suki's clause)	Clauses for inclusion in public procurement and data processing agreements to facilitate sharing of personal data relating to mobility (for example, vehicle travel times and routes) to enable the data receiver to make evidenced-based decisions and policies relating to agreed environmental purposes, such as reducing car use or improving air quality. The clauses have been drafted to comply with the EU General Data Protection Regulation (Regulation (EU) 2016/679) (GDPR).
<i>Sustainable Connectivity in Rail Franchise Agreements</i> (Sava's clause)	A clause for inclusion in rail franchise agreements that requires train operating companies (TOC) to use a certain percentage of low emissions vehicles for ancillary transport services provided to connect passengers with rail services. This clause also incentivises the TOC to develop long-term solutions to achieve net zero targets, by recognising investment in low emission road transport solutions and more sustainable working practices.

END OF DOCUMENT

RESOURCE HISTORY

New climate clauses (June 2022).

This toolkit has been updated to include new climate clauses in relation to soil sustainability (see Soren's clause in [Land and agriculture](#)), the use of renewable power in tenanted commercial premises (see Oisín's clause in [Property](#)) and small and medium-sized enterprises (see David's clause in [General contracts](#)).

New built environment clauses (May 2022).

This toolkit has been updated to include four new built environment clauses: Net Zero Obligations in FIDIC Engineering, Procurement and Construction (EPC) Contracts (Olivia's clause) (see [Construction](#)) and CLLS Certificate of Title:

Climate Change Disclosures (Tomas' clause), Landlord and Tenant Obligations to Provide Renewable Electricity (Lotta's clause) and Green Service Charge Provisions for Commercial Leases (Hannah's clause) (see [Property](#)).

New finance clauses (May 2022).

This toolkit has been updated to include two new finance clauses: Environmental Targets for a Limited Partnership Agreement (Stella & Flora's clause) (see [Capital markets](#)) and ESG Linked Pricing Adjustment for Derivatives Transactions (Lara's clause) (see [Banking and finance](#)).

New construction clause (April 2022).

This toolkit has been updated to include the new construction clause, Modern Methods of Construction (MMC) and Net Zero Provisions for Construction or Development Agreements (Madhavi's clause) (see [Construction](#)).

New land and agriculture clauses (March 2022).

This toolkit has been updated to include a new collection of clauses addressing issues relating to soil preservation, landowner collaboration and regenerative farming (see [Land and agriculture](#)).

New supply and manufacturing clauses (January 2022).

This toolkit has been updated to include two new supply and manufacturing clauses: Renewable Energy Requirements in Supply Contracts (Viola's clause) and Transparent Sourcing of Greener, Fairer Renewable Energy (Ayshe's clause) (see [Supply and manufacturing](#)).

New transport clause (December 2021).

This toolkit has been updated to include Model Smart Mobility Data Sharing Clauses (Suki's clause) (see [Transport](#)).

New supply chain and transport clauses (November 2021).

This toolkit has been updated to include new supply chain (see [Supply and manufacturing](#)), transport (see [Transport](#)) and company law (see [Company law](#)) model clauses. The new clauses are Aiden's clause, Ariel's clause, Ava's clause, Bradleigh's clause, Matilda's annex, Rowen's clause and Runa's clause.

TCLP Net Zero Toolkit: new insurance clauses (November 2021) .

This toolkit has been updated to include four new [insurance](#) model clauses that have been released by TCLP as part of its [Net Zero Toolkit](#). The new clauses are Lovisa's clause, Paolo's clause, Millie's clause and Nemo's clause.

TCLP Net Zero Toolkit: new model clauses (October 2021).

This toolkit has been updated to include 20 new model clauses published by TCLP in connection with the release of its [Net Zero Toolkit](#). The additional clauses relate to the following topics: [Banking and finance](#), [Company law](#), [Construction](#), [Film, television and sponsorship](#), [General contracts](#), [Insurance](#) and [Supply and manufacturing](#).

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