

## The Chancery Lane Project's sustainable contracts blueprint

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In the face of the escalating climate crisis, the intersection of legal practice and environmental sustainability has never been more critical. At the vanguard is The Chancery Lane Project (TCLP), a global initiative that is reshaping the role of legal professionals and business leaders in the fight against climate change. By harnessing the power of climate contracting, TCLP aims to facilitate fast and fair decarbonisation, providing a comprehensive toolkit for embedding sustainability into the commercial realm.

### | The Chancery Lane Project

The Chancery Lane Project represents the largest global network of lawyers and business leaders committed to leveraging legal frameworks for climate action. With more than 160 free, open-access climate clauses, TCLP equips organisations to make climate considerations an integral part of their commercial transactions and contracts. The project's 2023 impact report showcases successful case studies and experiences from participants, highlighting the tangible effects of climate contracting in driving decarbonisation efforts.

### | Embedding climate considerations: a step-by-step guide

Achieving meaningful climate action through commercial contracts requires a strategic and collaborative approach. Such goals are becoming more pertinent as the ESG requirements of companies become more pressing to their economic future. The following points, inspired by project's work, outlines how organisations can integrate climate considerations into their commercial practices.

#### Prioritise climate in commercial rationale

Board engagement

Ensure the board approves climate terms at the beginning of contract discussions, setting a precedent for integrating sustainability from the outset.

## Early integration

Incorporate climate considerations early in negotiations (perhaps in the heads of terms) to ensure they are central to the final contract, aligning with the organisation's environmental objectives.

## Foster collaborative relationships

### Stakeholder engagement

Initiate early dialogues with counterparties and stakeholders about shared climate ambitions, establishing a foundation for meaningful decarbonisation efforts.

### Use pre-contract documents

Formalise climate considerations in pre-contract documents (perhaps in quotes / scopes of work or company marketing materials), setting expectations for sustainability in financing, design, and other aspects of the transaction.

## Implement effective climate clauses

### Define purposes

Clearly articulate the "Climate-change Purpose" and "Commercial Purpose" within contracts to align with the Paris Agreement's objectives.

### Set emissions-reduction targets

Embed specific emissions-reduction goals in documentation to facilitate monitoring, reporting, and achieving sustainability targets.

## Leverage preambles for climate ambitions

### Articulate intentions

Use preambles / recitals to express the parties' commitment to emissions reduction and alignment with global climate goals, influencing the contract's execution towards sustainability.

## **Conclusion**

The Chancery Lane Project exemplifies the transformative potential of legal innovation in the quest for sustainability. By following the project's blueprint for integrating climate considerations into commercial contracts, businesses can contribute significantly to global decarbonisation efforts. This not only aids in the fight against climate change but also positions companies as forward-thinking leaders in sustainability. As the legal and business communities continue to

embrace the principles championed by TCLP, the path towards a more sustainable future becomes clearer and more achievable for all.

## How Ogier can help

Should you wish to learn anything further about The Chancery Lane Project, please reach out to our Corporate team.

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