

## CONTRACT FOR SUPPLIER SERVICES

### Section 1 - FORM OF CONTRACT

**CONTRACT FOR** : **Catalysing stronger leadership by fossil fuel companies on climate change**

**PURCHASE ORDER NUMBER :** **40094275**

**THIS CONTRACT is made**

**BETWEEN** : The Secretary of State for International Development at the Department for International Development, [Insert Address] ("DFID");

**AND** : Critical Resource ("Supplier")  
whose principal place of business, or, where the Supplier is a company,  
whose registered office is situated at  
Acre House, 11/15 William Road, London NW1 3ER

(together "the Parties").

#### **WHEREAS:**

- A.** DFID requires the Supplier to provide the services as defined in Section 3 (the "Services") to [DFID (the "Recipient"); and
- B.** the Supplier has agreed to provide the Services on the terms and conditions set out in this Contract.

**IT IS HEREBY AGREED** as follows:

#### **1. Documents**

This Contract shall be comprised of the following documents:

Section 1	Form of Contract
Section 2	General Conditions
Section 3	Terms of Reference
Section 4	Schedule of Prices

This Contract constitutes the entire agreement between the Parties in respect of the Suppliers obligations and supersedes all previous communications between the Parties, other than as expressly provided for in Section 3.

#### **2. Contract Signature**

If the Original Form of Contract is not returned to the Contract Officer (as identified in Section 4) duly completed (including the applicable Purchase Order Number at the top of Section 1), and signed and dated on behalf of the Supplier within **15 working days** of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Contract void.

**No payment will be made to the Supplier under this Contract until a copy of the Form of**

Contract, signed on behalf of the Supplier, is returned to the Contract Officer.

**3. Commencement and Duration of the Services**

The Supplier shall start the Services in early July 2015 (the "Start Date") and shall complete them by 20 November 2015 (the "End Date") unless this Contract is terminated earlier in accordance with its terms and conditions.

**4. Financial Limit**

Payments under this Contract shall not, in any circumstances, exceed £ 65,000 exclusive UK VAT (the "Financial Limit").

**5. Time of the Essence**

Time shall be of the essence as regards the performance by the Supplier of its obligations under this Contract.

For and on behalf of  
The Secretary of State for  
International Development

Name:

Position:

Signature:

Date: 2 July 2015

For and on behalf of Critical Resource

Name:

Position:

Signature:

Date:

## Section 3

# Terms of Reference

### **‘THE HEAT IS ON’ initiative: Catalysing stronger leadership by fossil fuel companies on climate change, Phase I**

#### **Introduction**

Phase I of ‘The Heat Is On’ initiative aims to lay the foundations to catalyse fossil fuel industry leadership on climate change through engagement with fossil fuel companies and other stakeholders to conduct novel research and analysis into the potential for greater industry action on climate change, and to identify gaps within current initiatives, to include a developing country focus.

It is well accepted by scientists, governments, and civil society alike that man-made climate change is occurring, and that the use of fossil fuels is a significant cause. Climate change impacts are already being felt most strongly in the developing world, where adaptive capacity is poorest. Many developing countries are seeing investments from extractive industry companies to extract their natural resources, especially hydrocarbons, leading to the growth of their economies and giving them the opportunity to graduate from aid.

In response to external pressures around climate change, many fossil fuel companies have put in place good-practice initiatives on climate change, e.g. the World Economic Forum’s Oil and Gas Climate Initiative, IPIECA’s Climate Change Working Group and the recent public call from European oil and gas CEOs for progress on a global carbon pricing system. However, while growing in number, these responses fail to match the scale of the challenge. The fossil fuel industry has not yet advanced a compelling vision for its future, compatible with the global consensus on the need to significantly reduce greenhouse gas emissions.

This initiative will define what the fossil fuel industry’s leadership on climate change means practically – particularly in the context of resource-rich developing economies – through constructive engagement with industry. The initiative presents an opportunity to catalyse industry change following the production of the final working paper, through a non-binding process which will focus not on what the industry is doing already, but what more can be achieved identifying through research and analysis where gaps exist specifically in new producer developing economies.

The initiative as a whole is formed of 2 distinct phases: DFID will fund Phase 1 - scoping, research and engagement which these ToRs refer to, to define what fossil fuel industry leadership on climate change means practically, with a particular focus on resource-rich developing economies, and to begin to build industry alignment on this. This will lay the basis for a potential second phase of the initiative, focused on generating significant change within the industry.

The outputs of Phase 1 research will be released in the run-up to the crucial COP 21 meetings in Paris in December 2015. While not intended to directly influence the negotiation of climate commitments by governments, they will aim to set the basis for the industry transformation which may be needed as a result of international agreements made at Paris. It is envisaged that the outputs will be widely read across industry, particularly at senior executive level, but also should help inform debate among donors

and policy makers.

The initiative will be guided by an advisory panel of respected former industry leaders and climate change experts, as outlined (Annex I), which is a requirement of this contract.

The initiative will be launched in early July 2015.

Funding from DFID will come from the 'Releasing the Transformational Potential of Extractives for Economic Development' (RTPEED) programme, which aims to develop policy to maximize the impact of transparency and accountability in the extractives sector.

### **The Objective**

The initiative will develop a vision for the industry's transformation based on research of current activities and identification of potential gaps, and engaging with industry to achieve progress towards this. Alongside the global policy framing, specific focus will be placed on the potential role of industry in new-producer developing countries, to include investor, extractives companies, and utilities companies' perspectives. Phase I scoping, research and engagement will lay the foundations to ultimately change company behaviours around climate change leadership in Phase II. This work will be of direct benefit to developing new producer economies globally.

### **The Recipient**

DFID design teams and other international organisations and donors, country governments, and companies that are involved in the initiative or interested in future involvement or outcomes. Within DFID the proposed recipients are: ARD, RED, CED and relevant country offices.

### **The Scope**

The purpose of the initiative is to engage with fossil fuel companies, including investors, extractives and utilities companies, to research and define what stronger climate change leadership could look like and what the requirements should be, with specific reference to activities in new-producer developing countries as a novel area of research. The initiative should also work to enhance the broader community's understanding of limitations of and areas of concern to the industry. We are not aware of research into this specific area having been previously undertaken. An initial working paper will research the current state of fossil fuel industry leadership on climate change, which will include scoping of existing global initiatives, identification of potential gaps from a global policy and new producer developing country perspective, and consideration of mechanisms to fill these gaps. We are not aware of other research initiatives with a new producer developing country focus, but these should be summarised if identified, and any examples of existing good practice highlighted. Potential links will be made to the transparency and accountability agenda where relevant. The research and scoping for the initial working paper will then be tested through engagements with key players within the industry at an individual industry executive level, as part of a London based roundtable, and at an event for senior executives, all to be held under the Chatham House Rule to encourage open discussion. All discussions will be made available to DFID following Chatham House principles.

Research outputs will help the donor community to understand the perspectives of fossil fuel (related) companies, gaps in existing initiatives and mechanisms to fill them, and what potential could exist for industry to develop a climate change focus to their operations in new producer developing countries.

Consideration should be given throughout the research to the potential of extractive industry transparency and natural resource governance initiatives to progress fossil fuel company climate-change leadership in new producer developing countries.

### **The Requirements**

Critical Resource will lead the research with minimal input from DFID. One pre-launch meeting between Critical Resource and DFID will take place to give the parties an opportunity to exchange thoughts and for DFID to help direct thinking in terms of the potential role of the private sector in new-producer developing economies from a climate change perspective. DFID will be given the opportunity to attend the industry roundtable engagement event, with sufficient notice (3 to 4 weeks) given of meeting dates.

Opportunity will be provided for both parties to come together at the close of the initiative to share thinking and update each other on next steps.

Critical Resource will manage reputation, operational perceived or potential risks to DFID from the initiative. Should any of the companies involved make statements which suggest they aim to undermine the initiative, Critical Resource will make DFID aware with immediate effect. Additionally, if company appetite to be involved in the event is less than was expected at the launch, and has the potential to undermine the success of the initiative, Critical Resource will make DFID aware of this reduced interest and both parties will decide appropriate steps. will be the first point of contact regarding risk management.

### **Constraints and Dependencies**

The project should be completed by the 20th November 2015.

Output 1 working paper should be completed by 14<sup>th</sup> August 2015, with a draft made available to DFID by 31<sup>st</sup> July for potential comments to be provided by DFID by 7<sup>th</sup> August and incorporated by Critical Resource prior to external circulation.

Output 2 stakeholder engagement and final paper should be completed by 20<sup>th</sup> November 2015, with a draft of the final paper made available to DFID by 30<sup>th</sup> October for potential comments to be provided by DFID by 13<sup>th</sup> November and incorporated by Critical Resource prior to external circulation.

Stakeholder management and feedback may impact these timings, but CR should work to have a strong draft in place, and co-ordinate responses appropriately to mitigate any associated risks.

### **Reporting**

Output 1 working paper should be completed by 14<sup>th</sup> August 2015, with a draft made available to DFID by 31<sup>st</sup> July for potential comments to be provided by DFID by 7<sup>th</sup> August and incorporated by Critical Resource prior to external circulation.

Output 2 stakeholder engagement and final paper should be completed by 20<sup>th</sup> November 2015, with a draft of the final paper made available to DFID for by 30<sup>th</sup> October for potential comments to be provided by DFID by 13<sup>th</sup> November and incorporated by Critical Resource prior to external circulation.

### **Output 1: Input papers and senior executive engagement**

Critical Resource will produce one initial research paper (approximately 25 pages, plus any supporting annexes) which will lay the foundations for broader engagement on this subject, to include the current state of fossil fuel industry leadership on climate change, review existing global initiatives and identify

any potential gaps including potential mechanisms to fill such gaps, from a global policy and new producer developing country perspective. Any existing relevant initiatives with a developing country focus will be summarised, and examples of existing good practice highlighted. Links will be made to the transparency and accountability agenda. To be completed by 14<sup>th</sup> August 2015, with a draft made available to DFID by 31<sup>st</sup> July for potential comments to be provided by DFID by 7<sup>th</sup> August and incorporated by Critical Resource prior to external circulation. An initial contents list and outline structure (for this output) will be provided to DFID for comment by 13 July 2015. Stakeholder engagement will take place with individual senior executives to inform both the input and final papers.

### **Output 2: London roundtable, Senior Executives meeting and final paper**

A London roundtable and a senior executives meeting, with a final paper (approximately 35 pages to include an executive summary, plus any supporting annexes) delivered by Critical Resource which will define what stronger climate change leadership could look like and what the requirements should be, containing high level messages from engagement activities and discuss measures which companies would consider signing up to to develop a climate change focus to their operations, with specific reference to activities in new-producer developing countries. The initiative should also work to enhance the broader community's understanding of limitations of and areas of concern to the industry. Links will be made to the transparency and accountability agenda where appropriate. To be completed by 20<sup>th</sup> November 2015, with a draft of the final paper made available to DFID by 30<sup>th</sup> October for potential comments to be provided by DFID by 13<sup>th</sup> November and incorporated by Critical Resource prior to external circulation. An initial contents list and outline structure (for this output) will be provided to DFID for comment by 2<sup>nd</sup> October 2015.

All engagement details will be made available to DFID, along with multi-company meeting notes taken under Chatham House rules, upon completion of the initiative or upon request. For the purposes of this contract we are defining Chatham House rules in the following way: the points made in multi-company discussions will be noted but not attributed to individuals or companies making them. Where meetings take place with one individual or company we do not require meeting notes. However, any matters discussed which are not made available in the final report but are relevant to DFID's understanding of the private sector role in development and climate change should be made available to in an anonymised way according to the sector which the comments arose from.

Date for delivery: 20<sup>th</sup> November 2015.

### **DFID Coordination**

The key contacts in DFID are . A DFID steering committee will provide guidance for the work, with one pre-meeting in advance of the initiative launch.

### **Key Information**

*DFID contacts:*

*Start date and end date:* 2<sup>st</sup> July to 31<sup>th</sup> October 2015

*Value of contract:* £65,000 (excluding UK VAT)