

Equitable Origin Assurance System Report 2015

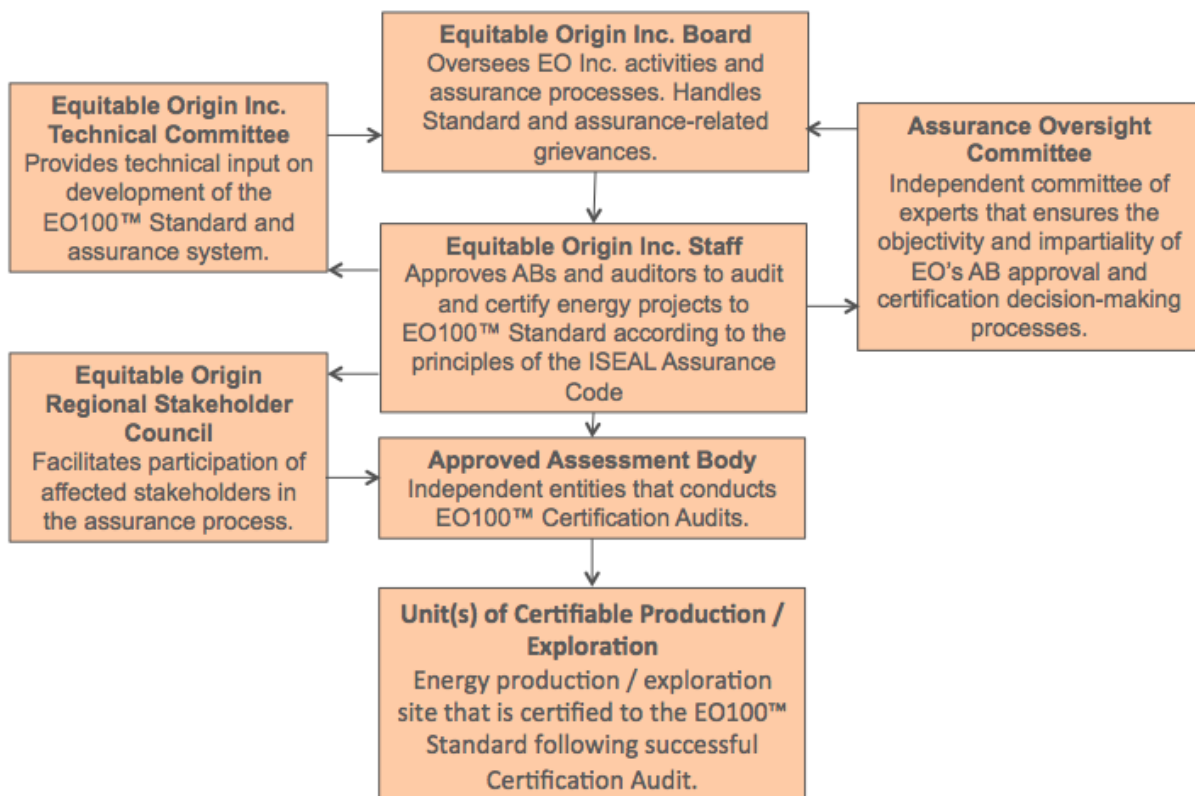
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1. Assurance System Structure

- **List of Standards being assessed under the assurance system (5.2.1 baseline)**
EO100™ 2012 (A)
- **Description of the overall structure of the assurance programme, including the chain of authority and decision-making leading up to the governing body of the standards system (6.1.1 baseline)**

Equitable Origin Inc. (EO) has the authority for approving certification bodies and certifying sites based on the recommendations of the assessment bodies (AB).¹ Ultimate authority for the assurance system rests with the EO Board.



- **For each standard, whether certifier compliance with ISO 17065 or ISO 17021 is required and, if not, what variations and why**

EO assurance procedures were developed in line with ISO 17021. Approved ABs must be accredited to ISO/IEC 17021 or have management systems in place that meet the requirements of EOP-202 Certification Handbook (available in ISEAL files). Criteria for acceptance of ISO/IEC 17021 accreditation is subject to the following criteria:

- The scope of the accreditation is equal to or greater than the scope the AB is seeking EO approval for (at minimum, it must cover the country of application).
- The accreditation is up-to-date.
- The AB is willing to share accreditation assessment findings with EO.
- The AB must provide documentation related to EO requirements that are different than or go beyond ISO 17021 (see Appendix A of EOP-202 Certification Handbook).

¹ Note, we use the term Assessment Body (AB) to refer to the third party audit firm that conducts the certification audit although they do not actually make the certification decision, rather, they assess make a recommendation for certification.

If the AB is not accredited to ISO/IEC 17021, the AB must submit the documents and records requested in the Initial Application column of Appendix A of EOP-202 Certification Handbook and must undergo an onsite office assessment (ISO 17021 accredited ABs only undergo a witness assessment).

- **List of assurance providers (e.g. certification or verification bodies) that are approved to work in the assurance system**

Currently, Deloitte & Touche, Ltda (Colombia) is the only approved AB although Intertek Colombia and NaturaCert (Colombia) have also initiated the approval process. (<http://www.equitableorigin.org/get-certified/certification-process/approved>)

- **How and when stakeholders engage in the assurance process, including complaints process**

Affected stakeholders are a key part of the audit process and their involvement is required to ensure a comprehensive audit process. Stakeholders are notified in advance of the audit via the [Regional Stakeholder Council](#) or directly through EO's AB's and are invited to submit any relevant information regarding the site(s) due to undergo certification. In addition, as part of the pre-audit process, auditors are required to gather information about local stakeholders and contact a representative and diverse sample of stakeholders to interview during the audit (EOP-202 Certification Handbook 5.3 Stakeholder Identification, Notification and Involvement. See also the Stakeholder column in the Certification Audit work flow diagram).

Stakeholder interviews may be in groups or in private, as appropriate to the cultural and site-specific context, and may also include phone or written communication if in-person interviews are not possible. ABs must have procedures to ensure confidentiality and to protect the identity of vulnerable stakeholders and stakeholders that request anonymity.

In the future, EO plans to increase the role of affected stakeholders in the audit process through building their capacity to become more involved in the audit process and in performing regular monitoring in between annual audits.

- **How does the scheme owner drive improvements in the assurance system (e.g. risk management plan, internal reviews, etc.)**

EO's Assurance System is evolving as we learn from the application of our policies and procedures related to the certification process. EO's Assurance System is reviewed at least annually by the senior management team (EOP-201 Assessment Body Approval Procedure, 4.6.3). EO has a risk management process defined in its EOP-103 Policy on Association. The Risk Management Committee is a senior-level Committee empowered by the EO Board to develop policies and procedures to manage risks and to make recommendations to the EO Board.

2. Personnel Competence

- **How auditors are qualified and what training or experience they are required to have**

Individual auditors must also be approved by EO prior to their inclusion in a AB's audit team. To be approved, prospective auditors must have experience in implementing or auditing relevant management systems, must complete a [training](#) course on the EO100™ Standard and certification process, passing exams at the end of each module; must commit to the principles of auditing, including Integrity, Fair presentation, Due professional care, Confidentiality, Independence, and an Evidence-based approach; and must have a university degree.

To be qualified as a Lead Auditor, the individual must have participated as Lead Auditor in at least ten management systems audits over the preceding three years; have previous experience in the energy sector (either as an employee or auditor); and be certified as a management system auditor.

Auditors will be qualified in one or more of the subject matter areas covered by the standard and in the area of auditing. Auditor performance is evaluated through witness assessments conducted by EO whereby auditors are observed conducting certification and verification audits to the EO100™ Standard.

Auditors must undergo the EO100™ Certification System basic training course along with at least one of the following training modules to be approved to conduct certification audits to the EO100™ Standard:

Module 1: Corporate Governance, Accountability & Ethics (Principle 1)

Module 2: Human Rights, Social Impact & Community Development, and Indigenous Peoples' Rights (Principles 2 & 4)

Module 3: Fair Labor & Working Conditions (Principle 3)

Module 4: Occupational Health & Safety (Principle 3)

Module 5: Climate Change, Biodiversity & Environment, and Project Life Cycle Management (Principles 5 & 6)

Module 6: Auditing & Report-Writing

Module 7: Oil & Gas Industry

- **Auditor evaluation process over time and repercussions for poor performance**

To maintain auditor certification and competence, auditors must participate in calibration activities and professional development at least annually.

EO assessment personnel conduct witness assessments to evaluate the performance of auditors as they conduct certification audit activities related to the EO100™ Standard (EOP-201 Assessment Body Approval 7.9.4 and EOC-204a AB Witness Assessment Checklist EOC-202e).

- **How conflicts of interest are managed (5.2.3 improvement)**

The AB is responsible for ensuring that the auditors assigned to the client do not have conflicts of interest with that client (for example, an auditor would be in a conflict of interest if he or she were to audit a business with which they have a monetary relationship) and have not provided consultancy services to that client in the last five years (whether with the AB or in another capacity). See EOP-202 Certification Handbook 7.2.10).

- **Additional ways in which auditor competence is ensured and strengthened**

Detailed competency requirements are contained in 7.3 Auditor Competency Requirements and Appendix F of EOP-202 Certification Handbook. Auditors complete an application form and submit background documents, including copies of professional qualifications. Successful completion of EO100™ training courses is evaluated through course exams. A score of 75% or greater is required for successful completion. A maximum of three attempts may be made to complete a course exam. If an auditor does not pass following three attempts, the auditor must repeat the course. (See also EOP-202 Certification Handbook 7.7 Verification Mechanism and EOC-202e Auditor Application Formula.)

3. Assessment

- **Description of assessment process, including:**

- **Types of audits (on-site, desk audits, etc.):** on-site (head office and project sites)

- **Frequency and intensity of audits including how risk is integrated if relevant:** initial certification audit per audit day guidelines in Appendix D of EOP-202 and risk-based annual verification audits (see EOP-202 5.5 Verification Audit Activities)
- **Structure of audit teams (if audit team is used):** see EOP-202 7.2 Audit Team Composition

- **Whether and how knowledge sharing is allowed within the audit process**

Not addressed by EO audit procedures.

- **Decision-making mechanism and how levels of non-conformity are determined**

The AB's recommendation and audit report are reviewed by EO's certification personnel and a decision is made whether to grant certification. The certification decisions are reviewed by the Assurance Oversight Committee (AOC). If the AB finds that the Operator is in conformance and EO concurs, then EO grants certification for a term of three years.

If the Operator is in conformance pending limited implementation, an action plan is required prior to certification, but the action plan may be implemented over the course of the certification term, as long as the Operator demonstrates progress in each subsequent verification audit. EO reviews the action plan to ensure the actions proposed are adequate and sufficient progress indicators have been identified. Once the action plan is agreed, EO grants certification for a three year term.

If the Operator is not in conformance with any PT1s, EO will not grant certification until a re-audit demonstrates sufficient conformance.

The certification is subject to annual verification audits, and a full re-certification audit must be obtained in the fourth year. Verification audits differ from certification audits in that they focus on specific issues identified using a risk-based approach taking into account the level of performance in the initial audit, the type and complexity of the operations, conditions within the sector (for example, if issues have arisen at other, non-certified sites in the same area), regional context (for example, issues that are particular to the country – such as security or corruption), any complaints or grievances raised by stakeholders and follow-up on action plan items. (See EOP-204: Certification Decision and Certificate Issuance Procedure.)

- **Remediation and sanctions for different gradations of non-conformity**

There are three possible findings at the conclusion of an audit:

1. Conformance with all Performance Targets (at least all PT1s and any PT2s or PT3s per the scope requested by the Operator)
2. Partial conformance with PT1s with an implementation component and conformance with all other PT1s
3. Non-conformance with any PT1s or partial conformance with any PT1s that do not have an implementation component

In the first case, the AB would recommend certification. In the second case, the AB would recommend certification, subject to submission of an action plan by the Operator addressing implementation deficiencies which has to be fully implemented by the next annual verification audit. In the third case of non-conformance, the Operator must develop and implement an action plan, prior to certification, and must request a re-audit once non-conformances have been addressed.

4. Oversight

- **General description of the oversight model, including whether using ISO 17011 model, and frequency and intensity of oversight**

The Assurance Oversight Committee (AOC) is charged with ensuring the objectivity and impartiality of Equitable Origin's assurance processes. EO convenes this independent committee of experts to review the AB approval process and peer review the AB's audit report and certification decisions. See Assurance Oversight Committee Terms of Reference. The AOC reviews 100% of AB approval and certification decisions.

List of the accreditation or oversight bodies operating in the standards system

Assurance Oversight Committee: <http://www.equitableorigin.org/about-us/governance/assurance/>

- **Whether proxy accreditation is used, and the additional measures taken to assess competence in those cases**

Criteria for acceptance of ISO/IEC 17021 accreditation is subject to the following criteria:

- a. The scope of the accreditation is equal to or greater than the scope the AB is seeking EO approval for (at minimum, it must cover the country of application)
- b. The accreditation is up-to-date
- c. The AB is willing to share accreditation assessment findings with EO
- d. The AB must provide documentation related to EO requirements that are different than or go beyond ISO 17021 (see Appendix A of EOP-202 Certification Body Handbook)

5. On-going Scrutiny

- **Description of market surveillance and repercussions of fraud**

Clients with certified sites must adhere to EOP-105 Trademark Use Licensing requirements (4.2 Certified Site Operators) when referring to the certification. These provisions are also contained in the certification agreement between EO and the client. EOP-204 Certification Decision and Certificate Issuance Procedure explains that EO will suspend certification where the client breaches the trademark use and licensing agreement (5.3.1.3).