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Review of the Equitable Origin 100™ Standard 2012 (A) – Terms of Reference

July 2014 (revised November 2015)

EO100™ Standard¹ Review: Terms of Reference

Overview:

We have learned a number of lessons since we published the EO100™ Standard in February, 2012. These learnings have come through our work with oil and gas operators to implement the EO100 Standard, through our efforts to develop policies, procedures and training for third party auditors to conduct certification audits to the Standard, and through feedback we have received from users of the Standard (companies, auditors and consultants) and other interested and affected stakeholders.

Through this next review of the EO100 Standard we hope to address some of the issues that have been identified, including any substantive omissions, contradictions and redundancies between Provisions

¹ EO100™ is a trademark of Equitable Origin LLC.



and Performance Targets, the need for scientifically robust quantitative performance indicators, and the need for additional stakeholder engagement, including outside of the Amazon region.

The objectives of the comprehensive review are to ensure that:

- The EO100 Standard reflects current stakeholder expectations on social, environmental, and ethical performance of energy development projects
- Certification requirements are clear and widely respected²
- Audits carried out against EO standards are consistent, efficient, and robust
- The EO100 Standard is applicable globally, and is consistent with and informs international best practice
- The Performance Rating System incentivizes continuous improvement³
- The benefits of certification are recognized by stakeholders
- Stakeholders feel ownership over the EO100 Standard

The review process will involve two public comment periods of 60 days each. Summaries of feedback received will be posted within 30 days following the public comment period.

The online tool will be available in English and Spanish. Stakeholders who wish to submit comments in other languages can email their comments directly to contact@equitableorigin.org.

Scope:

The scope of the review will be the EO100 Standard 2012 (A).⁴

In the first public comment period, stakeholders will have the opportunity to comment on a provisionally revised version of the EO100 Standard drafted by the EO Standards Technical Committee. The Technical Committee will solicit feedback on revised Principles, Provisions, and Performance Target 1s. Stakeholders may also comment on other aspects of the EO100 Standard and Certification System, such as assurance procedures.

² Add rigor to quantitative requirements; Improve clarity (avoid vague language)

³ Develop a consistent methodology for the progression of Performance Targets based on factors such as the scope of application, increasing quantifiable performance requirement (based on industry benchmarks), level of stakeholder participation, level of investment, level of transparency/accessibility, and level of implementation.

⁴ You can download the Standard from: <https://www.equitableorigin.org/eo100-for-responsible-energy/overview/>



In the second public comment period, stakeholders will be invited to comment on a second version of the Standard revised by the Technical Committee having taken into account feedback during the first public comment period.

Review Timeline



Standard Revision Process⁵

The Technical Committee shall review each EO standard periodically, such that a review is initiated within five years or less from the date of adoption of the previous version of the standard.

Technical Committee reviews shall consider comments received, new scientific and regulatory developments, effectiveness of the standard as measured by EO’s monitoring and evaluation program, and other factors the Committee considers relevant.

In evaluating comments, the Technical Committee shall consider comments on their technical merits and applicability, regardless of the individual or organization submitting the comment, the language in which the comment is submitted, or the medium used to deliver the comment (e.g. electronic, hard copy, or oral). Comments will be evaluated based on the following elements:

- Technical merits:
 - Reflecting new and emerging best/exceeding/leading practices;
 - Contributing to clarity of language;
 - Enhancing implementation effectiveness;
 - Reflecting new and emerging international standards;
 - Addressing gaps in current coverage.
- Applicability to the scope of the standard (global/industry/topic);
- Stakeholder weighting;
- Conformance with ISEAL Standard-Setting code.

⁵ Excerpt from EOP-101 Standard Development and Governance Procedure: <https://www.equitableorigin.org/library/>



The draft standard shall be made publicly available for two rounds of public comment and consultation; each consultation period shall be open for at least sixty calendar days, in accordance with ISEAL guidelines.

The Technical Committee shall submit to the EO Board the proposed standard, a summary of comments received and responses to those comments, and documentation of the development process. The EO Board shall either approve the standard or return the standard to the Technical Committee for further development (with specific comments and recommendations).

EO will make every effort possible within the limits of organizational resources to make draft standards accessible for public comment by all stakeholders, including those with limited access to communications technology and infrastructure.

Following consultation, the Technical Committee shall submit to the EO Board the proposed standard, a summary of comments received and responses to those comments, and documentation of the development process. The EO Board shall either approve the standard or return the standard to the Technical Committee for further development (with specific comments and recommendations).

Stakeholder Participation

In line with our founding principle of extensive stakeholder engagement, EO is committed to expanding our outreach to and engagement with all interested stakeholders in order to encourage their participation in the Standard review process. EO seeks to engage a variety of stakeholders including communities and Indigenous Peoples affected by energy development projects; local, national and international non-governmental organizations; international governmental organizations; energy companies and industry associations; local, regional and national government bodies and agencies in home and host countries; investors and financial institutions, including socially responsible investors; downstream users of energy; academia; energy service providers and contractors; and related standards bodies and initiatives.

EO invites participation from all stakeholders concerned with the impacts associated with energy development. EO will also conduct direct outreach with stakeholders affected by those impacts in regions where operators are actively implementing or have expressed an interest in implementing the EO100 Standard or where communities are interested in using the EO100 Standard.

To ensure that the EO100 Standard continues to be representative of affected communities' expectations, EO will strive to maintain links with grassroots organizations and provide meaningful opportunities for their participation in the evolution of the Standard. EO has considered the challenges associated with reaching affected communities given geographical, technological and linguistic



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limitations and is committed to ensuring the Standard consultation process is accessible to all interested stakeholders wishing to participate.

To address this challenge, EO will identify key stakeholders that may need additional support to be able to contribute to the public comment process. EO will conduct culturally appropriate consultation activities that take into account the need for translation into local languages, the need to address complex issues of power within communities, the need to include disadvantaged and vulnerable groups, and the need to provide for opportunities for participation to individuals without access to the internet.

Submitting Feedback:

We are seeking stakeholder feedback on the draft Terms of Reference. EO welcomes input on any areas of the Terms of Reference but in particular, we would like your comments on the scope and objectives of the Standard review.

Please submit your comments and feedback on the Terms of Reference directly to EO, via email to: contact@equitableorigin.org.

For those without access to email, please contact us via phone to make alternative arrangements:

- US toll free: 1 888 4500 804
- US: 917 677 7671
- Colombia: +57 1 744 2371
- Ecuador: +593 2 601 2231
- UK: +44 20 3519 2571

To join our mailing list and receive updates about the standard review process, please send a blank email to contact@equitableorigin.org with “subscribe” in the subject line.



Appendix 1: EO100 Standard Revision Work Plan – Summary (updated)

	2013	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16
Determined need to review EO100 Standard and develop timeline	■											
EO Board approved EO100 Standard review and draft timeline	■											
Conduct stakeholder mapping		■	■						■	■		
EO Board to review stakeholder mapping			■								■	
Post Standard Review Terms of Reference for public comment			■									
EO Board reviews and approves Standard Review Terms of Reference				■								
Conduct pre-consultation stakeholder outreach and engagement			■							■		
Conduct consultation engagement				■	■		■			■	■	
Communicate to current users of the EO100 Standard timeframe for implementation of revised Standard			■									2017
Announcement of 90-day consultation period			■						■			
Public comment period for EO100 Standard review				■						■	■	
Internal review of EO100 Standard		■										
Technical Committee review of EO100 Standard			■		■	■		■	■		■	■
EO Board review and approval of final revised EO100 Standard									■			2017
Release revised EO100 Standard												2017

Appendix 2: Needs Assessment

EO continues to believe in there is a need for a comprehensive social and environmental performance standard and independent verification for the energy industry. Growing global demand for energy has significant implications for people and our planet. Even faced with low prices and improvements in energy efficiency, oil production is predicted to grow 12% from 2014 to 2040 due to increasing demand from India and China.⁶ Renewables are projected to overtake coal as the largest source of electricity by the early-2030s.⁷

⁶ World Energy Outlook 2015, IEA: <http://www.worldenergyoutlook.org/weo2015/>

⁷ Ibid.



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The development of renewable and non-renewable resources has the potential for great economic opportunity and for considerable risk to the well-being of communities and ecosystems. Although much progress has been made by business and regulators to better manage risk at operations, examples of poor performance persist, as does a lack of public confidence in the sector.

More than half of the world's oil supply is produced in emerging economies, countries that may lack national standards for responsible production or the incentives to enforce them.⁸ Similarly, two thirds of renewable energy growth between 2014 and 2020 is predicted to come from China, India, Brazil and other developing countries.⁹ While standards and regulations exist, there is no uniformity or clear pathway through a maze of overlapping national and international standards. Energy companies that take extra precautions are not rewarded, and local regulations may not adequately protect social and environmental resources. The social license to operate of some energy companies is at risk, and lawsuits filed after the fact are slow, expensive, and non-preventative. At the same time, consumers and businesses have no independently verified basis for purchasing from energy companies exhibiting best or leading practices. This reality reaffirms the need for a global certification system.

The EO100 Standard confirms responsible business practices through independent verification and formal certification. This provides an assurance to investors, regulators, communities and employees that energy from a project certified to the EO100 Standard has been produced or generated to the highest standard available and that steps have been taken to ensure social and environmental impacts are addressed to achieve the most positive overall outcome for all stakeholders.

Many recommendations and guidelines exist in the oil and gas industry; however, the energy industry as a whole lacks a comprehensive, rigorously developed and stakeholder-negotiated standard that independently verifies an operator's social and environmental performance and enables the monetization of an operator's best practices. The following table shows the key components of the EO100 Standard and Certification System as compared with other leading international standards.

⁸ Using EIA data for 2014

<http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=53&aid=1&cid=regions&syid=2014&eyid=2014&unit=TBD>
and the IMF list of Emerging Market and Developing Economies in 2015:

<http://www.imf.org/external/pubs/ft/weo/2015/01/pdf/text.pdf>

⁹ Medium-Term Renewable Energy market Report 2015, International Energy Agency: https://www.iea.org/bookshop/708-Medium-Term_Renewable_Energy_Market_Report_2015



Standard Comparison Table:

	EO100™	ISO 26000	DJSI	IFC	GRI	UN Global Compact	SA 8000	ISO 14001	OHSAS 18001
Management System	Yes	No	No	Yes	No	No	Yes	Yes	Yes
Performance Indicators	Yes	No	Yes	Yes	No	No	No	No	No
Certification at the asset level	Yes	No	No	No	No	No	Yes	Yes	Yes
Tradeable certificates	Yes	No	No	No	No	No	No	No	No
Ecolabel	Yes	No	No	No	No	No	No	No	No
Rating system	Yes	No	Yes	No	Yes	No	No	No	No
Developed with stakeholders	Yes	Yes*	No	Yes*	Yes*	No	Yes*	No	No
Independently verified	Yes	No	No	Yes	Not required but possible	No	Yes	Yes	Yes
Designed for site-level application	Yes	No	No	Yes	No	No	Yes	Yes	Yes
Public reporting	Yes	Yes	No	Only category A	Yes	Yes	No	No	No
Oil & Gas Industry Specific	Yes	No	Yes (sector supplement)	Yes (EHS)	Yes (sector supplement)	No	No	No	No
Self-assessment tool	Yes	Yes	Yes	No	Yes	Yes	No	No	No

** Many standards, guidelines and reporting initiatives were not developed with extensive input from affected communities or from Indigenous Peoples.*

The EO100 Standard is the only certification standard of such technical breadth specifically designed for the energy industry. Furthermore, the EO100 Standard represents the consensus achieved from a broad group of stakeholders, including Indigenous Peoples and their organizations.

Appendix 3: Risk Assessment

The following is a summary of the risks that were identified during the initial development phase of the EO100 Standard. These risks continue to be considered by EO in our standard and assurance system development and stakeholder engagement processes.

These factors could increase the transaction costs of adopting the EO100 Standard and therefore represent a risk to the adoption (uptake), applicability or eventual impact of the Standard:

- The standard may not be suited to the operational and/or managerial context of its intended audience.
 - *Actions to mitigate risk:* The EO100 Standard has been developed to be readily adaptable within existing industry management systems as well as company-developed



proprietary systems that incorporate elements of these and other systems. EO also seeks to include industry participation in the development and revision of the EO100 Standard.

- The cost to adopt, incorporate or be certified against the EO100 Standard may be too high for small or medium-sized companies.
 - *Actions to mitigate risk:* EO has developed an innovative fee structure that allows operators of relatively small projects to adopt the EO100 Standard without incurring a significant financial burden.
- The operator may hold multiple certifications already, each requiring an independent audit, and may choose not to adopt, may deprioritize, or may take for granted that it will achieve certification to EO100 based on a perception that it is “just another audit.”
 - *Actions to mitigate risk:* EO provides operators the necessary knowledge and support to find opportunities to perform the EO100 audit in conjunction with other ongoing audits and therefore save financial and time resources. EO is also working with certification bodies to identify opportunities for audit integration.
- Operators and project developers may make overreaching claims about their company’s social or environmental practices based on the certification of individual fields or projects.
 - *Actions to mitigate risk:* EO has developed a Procedure on Trademark Use & Licensing for Certified Operators (EOP-105)¹⁰ that specifies the types of claims companies may make after achieving certification to the EO100 Standard. In addition, EO has developed a Policy on Association (EOP-103)¹¹ that provides for disassociation with operators or other business entities who engage in activities that are unacceptable and contrary to EO’s mission and vision.
- Economic and social development programs created by operators who implement the EO100 Standard may lead to cultural change that is undesirable for some local community members and may create unequal conditions among communities within the immediate locality.
 - *Actions to mitigate risk:* The EO100 Standard provides a common framework that can be used by communities to set expectations of operators and project developers and foster constructive dialogue between companies and communities.

¹⁰ <https://www.equitableorigin.org/library/>

¹¹ <https://www.equitableorigin.org/library/>



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The Standard also includes many transparency requirements for operators in relation to their social and environmental practices as well as requirements for community participation in the design of any development programs.

EO prioritizes the involvement of Indigenous Peoples in the governance of the EO100 Standard, including a dedicated seat on the stakeholder-based Board of Directors of EO Inc. – the highest governing body with authority over the EO100 Standard.

EO integrates stakeholder engagement as a cornerstone of our governance structures and processes, and gives significant voice to stakeholders who are or may be directly affected by energy development activities on the ground.