



EQUITABLE
ORIGIN

A higher standard. A better choice.™

EO Inc. Procedure
EOPR-302: EO100™ Grading Procedure



EO100™ Grading Procedure

- Policy
- Handbook
- Procedure**
- Checklist

DATE:	Jan 2022
USAGE:	Public
VERSION:	3.0



Table of Contents

	Page
TABLE OF CONTENTS	II
GLOSSARY	3
1.0 PURPOSE AND SCOPE	5
2.0 REFERENCES	5
3.0 THE EO100™ STANDARD	5
4.0 SCORING	6
4.1 Individual Performance Target Scoring	6
4.2 Overall Scoring.....	7
5.0 GRADING	7
5.1 Purpose of Grading	7
5.2 Grading Levels.....	7
6.0 REVISION HISTORY	8



GLOSSARY

Certificate - refers to the certificate issued to an Operator upon a successful certification assessment of a Certifiable Unit to the EO100™ Standard.

Certifiable Unit – The scope of the assessment area including all facilities located within the predetermined geographical area. Facilities include well pads, compressor stations, gas processing plants, batteries, water treatment/storage facilities, and both active and inactive operations. Sometimes used interchangeably with Site.

Certified Unit - Subsequent to the Certifiable Unit achieving EO100™ certification it is called the Certified Unit. Sometimes used interchangeably with Site.

EO100™ Certification Score - the percentage of applicable Performance Target (PT)1s, PT2s and PT3s a certified site achieves following the certification audit.

EO100™ Standard – Sets out the criteria for evaluating responsible social and environmental practices in energy development operations.¹

Facility – A facility is any well, well pad, compressor station, gas processing plant, battery, storage facility, water storage or treatment facility. A number of facilities are included in a Certifiable or Certified Unit.

Objective [of the EO100™ Standard] - A specific element or facet of the EO100™ Standard. Objectives describe a desired state or behavior on the part of Operator.

Operator – Project developer - the entity or firm primarily responsible for energy development activities at the project for which certification is sought, as well as all contractors whose activities could reasonably be expected to impact the environment or people in the area of influence.

Performance Targets (PTs) – Quantitative and/or qualitative indicators for monitoring progress toward the Principles or Provisions of the EO100™ Standard. There are three different levels of targets-Performance Target Level 1 (PT1), Performance Target Level 2 (PT2), and Performance Target Level 3 (PT3).

Self-Assessment – Process during which the operator compiles documents to demonstrate fulfillment of each PT before engaging an independent assessor.

¹ <https://energystandards.org/responsible-energy-development/>



EQUITABLE
ORIGIN

A higher standard. A better choice.™

EO Inc. Procedure
EOPR-302: EO100™ Grading Procedure

Summary Report – Document providing an overview of the operator, the certifiable unit, the assessment process, and scores achieved on the assessment published on EO's website.



1.0 PURPOSE AND SCOPE

This procedure will be applied to all Certified Units that are Certified to the EO100™ Standard for Responsible Energy Development. The following parties should familiarize themselves with this procedure:

- EO-approved assessment bodies and assessors
- EO staff
- EO Technical Committee
- Operators seeking certification

This procedure describes Equitable Origin's scoring methodology and grading system.

2.0 REFERENCES

- EO100™ Standard for Responsible Energy Development and Technical Supplements
- EOH-201: EO100™ Operator Handbook
- EOP-103: EO100™ Certification System Comments, Complaints and Appeals
- EOPR-304: EO100™ Certification Decision and Certificate Issuance Procedure
- EOP-104: EO100™ Trademark Use & Licensing

3.0 THE EO100™ STANDARD

The EO100™ Standard is a set of rigorous performance standards for energy development projects. Developed through a three-year, multi-stakeholder engagement process, the EO100™ Standard is the product of extensive consultation with the energy industry, international NGOs, Indigenous organizations, financial institutions, government, and communities affected by energy projects. The Standard establishes metrics and performance targets to objectively and independently evaluate the environmental, social and governance (ESG) impacts of energy development projects.

The overarching EO100™ Standard for Responsible Energy Development is divided into five Principles, each of which contains several Objectives.

- **Principle 1:** Corporate Governance, Transparency & Ethics
- **Principle 2:** Human Rights, Social Impacts & Community Development

- **Principle 3:** Indigenous Peoples' Rights
- **Principle 4:** Fair Labor & Working Conditions
- **Principle 5:** Climate Change, Biodiversity & Environment

The EO100™ Performance Rating System further divides each Objective into verifiable indicators called Performance Targets. The EO100™ Standard sets three levels of Performance Targets (PTs): PT1 indicates that a site's performance meets industry best practices; PT2 indicates that a site's performance exceeds industry best practices and PT3 indicates that a site's performance leads industry best practices.

The overarching EO100™ Standard for Responsible Energy Development contains approximately 500 Performance Targets. The EO100™ Standard Technical Supplements establish additional performance targets for specific types of energy development projects. For example, within the EO100™ Technical Supplement: Natural Gas and Light Oil Production, there are over 100 Performance Targets distributed between the five principles.

4.0 SCORING

4.1 Individual Performance Target Scoring

Each Performance Target is scored during the certification assessment. There are four possible scores:

- 1) A score of 1 indicates full compliance with the target, meaning that the Operator provides documentation as evidence of meeting the target and it is evident that the practice or policy is also being applied consistently in practice.
- 2) A score of 0.5 indicates partial conformance. A partial conformance is only scored for PT1s. No partial conformances are scored for PT2s or PT3s. A partial conformance could be obtained in one of two ways:
 - a. A policy or procedure may exist but is not consistently applied in practice or
 - b. The target is met in practice but there is no overarching policy, procedure or corporate commitment (as applicable) to ensure consistency and continuity of implementation.
- 3) A score of 0 means that the target is not met in any way. There can be no PT1s with a score of 0 for a site to receive certification.
- 4) Targets can be scored as "N/A" if they are not applicable to the Certifiable Unit.



4.2 Overall Scoring

The overall scores per Objective at each Performance Target Level are summarized first and then the overall scores under each Principle are summarized as per the equations below. A percent achievement under each Objective and under each Principle is calculated.

$$PT1 \text{ score per Objective or Principle (\%)} = \frac{\sum \#FullyMetPT1s + \sum \#PartiallyMetPT1s \times 0.5}{\# \text{ of total applicable PT1s}}$$

$$PT2 \text{ score per Objective or Principle (\%)} = \frac{\sum \#FullyMetPT2s}{\# \text{ of total applicable PT2s}}$$

$$PT3 \text{ score per Objective or Principle (\%)} = \frac{\sum \#FullyMetPT3s}{\# \text{ of total applicable PT3s}}$$

5.0 GRADING

5.1 Purpose of Grading

A certification score attached to the certificate is important for differentiating Operators and incentivizing Operators to strive to achieve higher level targets and performance over time.

Every Certified Unit will receive a grade that will be attached to the certificate and published in the Summary Report.

5.2 Grading Levels

Under each of the five Principles, the minimum score is evaluated against the following levels:

- A+: 100% PT1, 75% PT2, 50% PT3
- A: 98% PT1, 50% PT2, 25% PT3
- A-: 95% PT1, 25% PT2, 10% PT3
- B+: 90% PT1
- B: 85% PT1
- B-: 80% PT1
- C+: 75% PT1
- C: 70% PT1



A Certifiable Unit needs to achieve a minimum score of 70% under each of the five Principles to become certified. The lowest possible grade is C.

6.0 REVISION HISTORY

Version No.	Date	Substantive Revisions	Revision by	Approved by
1	14NOV14	<ul style="list-style-type: none"> Inclusion of scoring for partial conformance against PT1s Inclusion of leadership rating ranges Inclusion of additional terms, definitions, references and tables 	S.Mills	EOS Technical Committee
2	29JUL15	<ul style="list-style-type: none"> Updated EO LLC and EOS LLC with EO Inc. Updated EOS Board with EO Board. Updated EOS with EO. Added definition of Operator. Replaced Unit of Certifiable Production with “Unit of Certifiable Development” per updated EOP-102 Scope & Eligibility Policy. Replaced “oil and gas production” with “energy development”. Replaced “oil and gas” with “energy” or “energy development”. Replaced “production” with “development” or “production/generation”. Replaced “EO Certificate” with “EO Credit”. Updated calculations with revised EO100 Standard Provisions and Performance Targets. Included reference to scoring of PTs in Technical Addenda 	S.Mills	EO Board (EO-BM02-01JUL15) <i>Reviewed by the EO Standards Technical Committee on 03AUG15</i>
3	27JAN22	<ul style="list-style-type: none"> Changed name from ‘Scoring Procedure’ to ‘Grading Procedure’ Updated to letter grade system 	K. Hillis	S. Mills (27JAN22) <i>Reviewed by the EO Standards</i>



		<ul style="list-style-type: none">Updated definitions to be consistent among all assurance procedures		<i>Technical Committee (NOV21)</i>
--	--	---	--	------------------------------------