

CERTIFICATION OF RESPONSIBLE OIL AND GAS PRODUCTION:

A CASE STUDY OF EQUITABLE ORIGIN EO100™

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This paper seeks to create connections between the adoption of a new market driven certification scheme in the oil industry, and responsible environmental and social production of petroleum. Drawing strength from the success of certification schemes like the Forest Stewardship Council (FSC) in encouraging sustainable resource management, the central argument of the paper is that incentivised market certification models can facilitate responsible production of petroleum.

Equitable Origin seeks to encourage responsible petroleum production through independent third-party audit of individual production sites based on six key principles: Corporate Governance, Accountability & Ethics; Human Rights, Social Impacts & Community Development; Fair Labor & Working Conditions; Indigenous Peoples' Rights; Climate Change, Biodiversity & Environment; and Project Life Cycle Management. A certified site earns a tradable logo in the Equitable Origin certificate market. This suggests that consumers will be granted the power of choice in rewarding environmental stewardship, by purchasing only certified petroleum products which may then help incentivize responsible production. The paper employs qualitative methods and reviews relevant certification literature in establishing how a careful calibration of certification scheme reveals the positive influence of market instruments and their predominant weaknesses. While acknowledging the weaknesses of market-based schemes, this paper recommends, based on the success of the FSC that, stakeholders adopts the Equitable Origin 100™ certification scheme. The paper concludes on the benefits of a market based certification scheme in complementing traditional policy regulative tools in the petroleum industry.