

Roadmap to Drive the Contribution of the Oil and Gas Industry to the Sustainable Development Goals (SDGs) in Latin America and the Caribbean



Foreword

The Roadmap to Drive the Contribution to the Sustainable Development Goals (SDGs) of the Oil & Gas Industry in Latin America and the Caribbean results from over a year of collaborative work among our members and was developed after several consultation instances with industry specialists across the region.

ARPEL has always been committed to sustainability, driving several initiatives all along its history to contribute to the improvement of social and environmental management and performance of its member companies. In particular, the last review of the **Strategic Plan has defined the following main courses of action: Energy Transitions, Operational Excellence, Sustainable Management, and collaboration with the industry stakeholders, focusing on driving the oil & gas companies' contribution to decarbonization, operational risk management, and development** of the communities where they operate.

The oil & gas industry is highly relevant to Latin American and Caribbean countries, since it strongly contributes to their economic growth, production, investment, tax revenues, and the creation of employment and local capabilities. Therefore, in our region, collaborative work among companies in the sector, governments, the society, the academia, and other players is critical to progress amidst the challenges posed by Climate Change, energy transitions, and economic and social development, from a comprehensive perspective and focusing mainly on long-term value generation for the industry and its stakeholders.

The 2030 Agenda*, embodied in the 17 Sustainable Development Goals (SDGs), particularly sets a proper scenario for understanding and collaboration among the parties. **ARPEL has adhered to this Agenda as a reference framework to maximize the contribution of oil and gas companies to sustainable development.**

This Roadmap describes a **course of action for ARPEL and its members, prioritizing those SDGs** in which it is more likely to make a higher impact, always from a **Human Rights and Just Transitions perspective, and considering the materiality of the industry.**

* <https://sdgs.un.org/2030agenda>



Executive Summary



The energy sector scenario has substantially changed in the last years. Climate Change, the Energy Transition, digitalization, and increased environmental demands are shaping a new business environment. In this regard, **the business management must be increasingly aligned with its stakeholders, seeking to create shared value and contributing to economic and social development.** The Paris Agreement on Climate Change and the 2030 Agenda for Sustainable Development –embodied in the SDGs– establish an international consensus to progress in these matters.



The priority SDGs and the joint work agenda were defined using a **participatory process that included two surveys, interviews, and a series of workshops.** The main international references were the SDG Sector Roadmap methodology (WBCSD, 2018) and IPIECA (IPIECA/IFC/UNDP, 2017; IPIECA, 2021), which has developed an SDG Roadmap for the industry worldwide.



ARPEL has embraced the 2030 Agenda and has developed this SDG Roadmap to drive the contribution of oil and gas companies to sustainable development in Latin America and the Caribbean.

It establishes a joint action framework to promote collaboration among sector companies and contribute to move forward in complying with the SDGs.

The document was prepared by the ARPEL's SDG Working Group, and Social Responsibility Committee, whose members are subject-matter experts from the member companies.

The prioritization exercise was based on the following five criteria:

1. Industry alignment to the SDGs
2. Positive and negative impacts of the operations
3. Ability to contribute
4. Potential to capture value
5. ARPEL's ability to contribute with its members



The work agenda has resulted from combining the prioritized SDGs with the lines of work defined (Set the Course, Provide Management Tools and Solutions, and Measure and Communicate Progress) and the work plans already under development.

A total of 22 lines of action have been identified, including their programs, projects, and initiatives. Some of them were already under execution while others will begin in 2021-2022.

SDGs prioritized for 2021-2022



Three lines of action where a significant contribution can be made:

Set the Course

- Raise awareness
- Incorporate the SDGs in the business strategy
- Help companies reaching the latest knowledge

Provide Management Tools and Solutions

- Benchmarking and gap analysis
- Technical cooperation, exchange of best practices
- Create capabilities

Measure and Communicate Progress

- Provide evidence and communicate the industry progress
- Improve the overall industry perception
- Articulate the link with industry stakeholders (governments, associations, international organizations, NGOs, academy, etc.)

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Introduction

The **2030 Agenda for Sustainable Development** was embraced by the **UN General Assembly in September 2015**, representing an action plan for people, the planet, and prosperity. **The 17 Sustainable Development Goals (SDGs)** are the core of this Agenda, **representing the main international reference framework on sustainable development.**

SDGs call for joint action by all stakeholders (governments, the private sector, and society) to improve life on the planet. Moreover, compliance with the SDGs involves great challenges that require significant efforts and investments, thus representing a window of opportunity to bring contribution from the business sector.

The oil & gas industry supplies approximately 54% of the global primary energy supply (IEA, 2020). It provides raw materials for petrochemicals, lubricants, fertilizers, and asphalts, among other essential products for life and development. **In Latin America and the Caribbean, the oil & gas sector represents 70% of the regional energy matrix (ARPEL, 2020) and is critical for many of the economies in the region, whether in terms of GDP and investment flows, employment generation, exports, tax revenues, and local development.** However, the challenges posed by Climate Change and the transition to low-carbon energy systems and economies involve profound changes, mainly in the fossil fuels and energy sectors.

The main purpose of this Roadmap is to establish an **action framework to drive the oil & gas sector collaboration and contribution to the SDGs in Latin America and the Caribbean.** A shared work agenda with concrete actions and a set of priority SDGs have been defined. **The Prioritized Goals for the 2021-2022 period are SDG 5 (gender equality), SDG 7 (affordable and clean energy), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation, and infrastructure), SDG 12 (responsible consumption and production), SDG 13 (climate action), and SDG 17 (partnerships for the goals).**

The actions planned in this Roadmap cover all types of oil & gas companies in the region (national, large multinational, and independent companies, goods and service suppliers, etc.) **and the entire industry value chain** (upstream, midstream, downstream). Although the challenges for the different companies, countries, and value chain stages have their specificities; a comprehensive approach has been adopted, seeking for the broadest work base to maximize exchange, learning, and the impact of the actions to be carried out.

This Roadmap has been prepared by the ARPEL Social Responsibility Committee and the SDGs Working Group —two groups made up of subject-matter experts from our member companies. In addition, **IPIECA and the WBCSD were used for reference purposes.**

Oil & Gas

54%

of the global primary energy supply

70%

of the primary energy supply in Latin America and the Caribbean

Objective:

Establish an action framework to drive the oil & gas sector collaboration and contribution to the SDGs in Latin America and the Caribbean.

Roadmap

3.1. The Process of Building the Roadmap

Following the guidelines established in the methodology developed by WBCSD (WBCSD, 2018), this Roadmap consists of three stages:



In order to set a baseline and prioritize Goals and actions to be developed, several consultation instances took place with member companies:



1. Survey* distributed to the entire group of member companies, asking about the priority SDGs for the company, based on their materiality. Additionally, a series of open qualitative questions were asked to gain a deeper insight into the actions and expectations.



2. Virtual consultation and validation **workshops** with experts from member companies, to define priorities and actions to carry out.

- Mapping SDGs impacts throughout the sector value chain.
- Prioritizing the SDGs applicable to the sector.

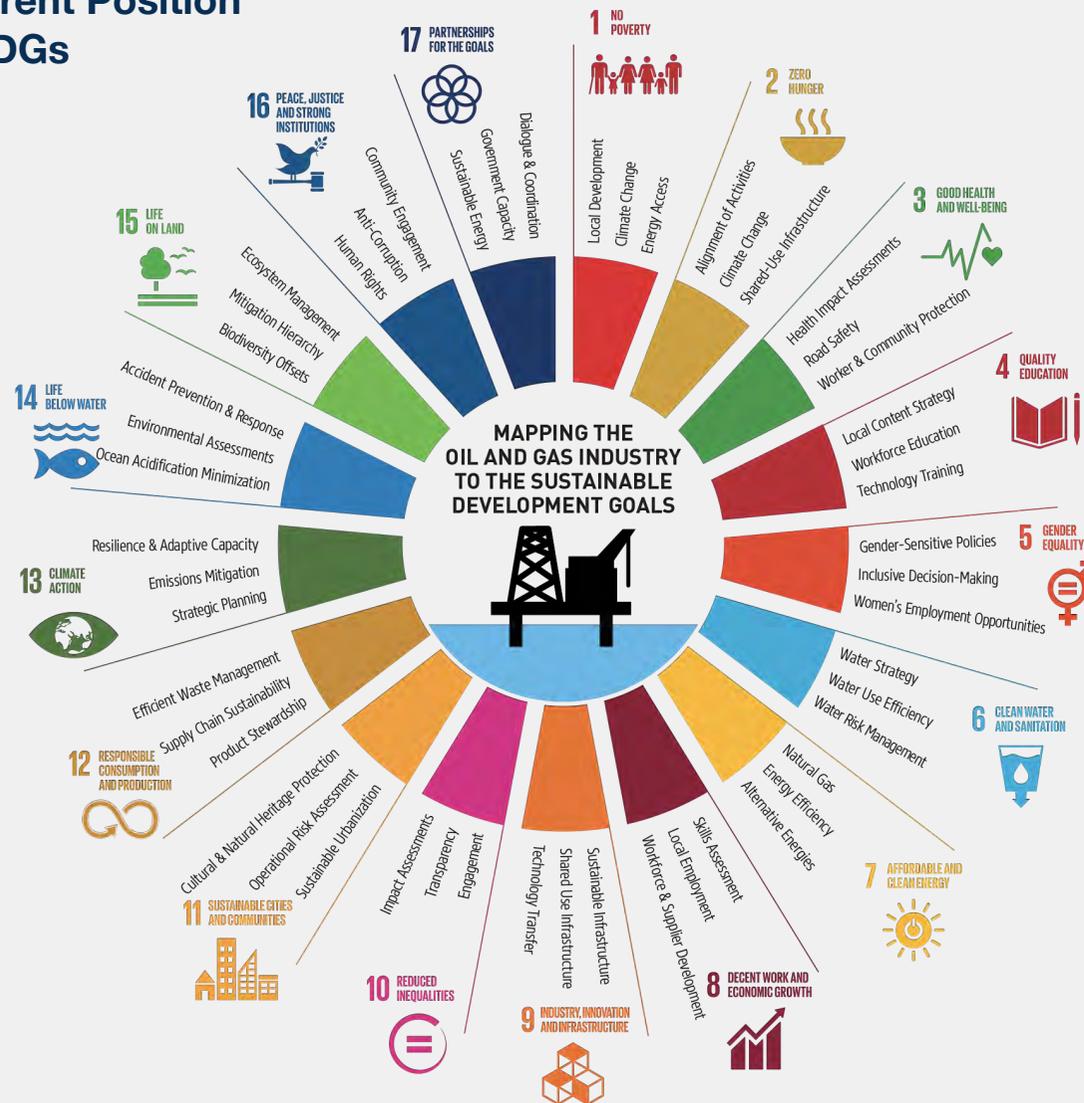
- Identifying key opportunities to impact SDGs.
- Assessing the involvement level of the sector.

- Identifying barriers, potential solutions, and impact accelerators.
- Identifying short, mid and long-term actions to drive impact opportunities in terms of SDGs.
- Monitoring, measuring, and accounting for the progress made.

Source: WBCSD

* Survey forms were granted by IPIECA for their translation and use by ARPEL

3.2. Establish Current Position Prioritizing SDGs



Source: IPIECA

Mapping the Oil & Gas Industry and SDGs

The characteristics and complexity of oil & gas operations, which are often conducted in remote and sensitive areas, and the essential nature of the products provided, turn the companies in the sector into potential contributors to any of the 17 Sustainable Development Goals.

The relation between the global industry and SDGs is summarized in the document **“Mapping the Oil and Gas Industry to the Sustainable Development Goals, an Atlas”** prepared by IPIECA together with the UN Development Program (UNDP) and the International Finance Corporation (IFC), and published in 2017 (IPIECA/IFC/UNDP, 2017).

Despite such general reference, a deeper analysis needs to be carried out to map the contribution to the SDGs based on the specific materiality of the sector companies in the region. Thus, a prioritization exercise was performed, as described in the following section.



“Mapping the Oil and Gas Industry to the Sustainable Development Goals, an Atlas”

Roadmap

3.2. Establishing the Current Situation SDG Prioritization

Prioritizing SDGs

Both the survey and different consultation stages used the following prioritizing criteria:

1. Industry alignment to the SDGs
2. Positive and negative impacts of the operations
3. Ability to contribute
4. Potential to capture value
5. ARPEL's ability to contribute with its members

This prioritization identifies common topics to work collaboratively among members, considering their different realities, directing the Association's efforts to drive the sector's contribution to sustainable development.

The prioritized SDGs for 2021-2022 are shown on the right side of the page. It is worth clarifying that the SDGs that were not selected for this first stage are also highly relevant and addressed by the companies both individually and collaboratively through ARPEL.



Key Impact Opportunities

The second stage of the Roadmap is identifying key impact opportunities. As an international association in the sector, **ARPEL acts as a promoter of SDGs in its area of influence so that its actions impact the management practices of its member companies and the industry as a whole.** In turn, it is the focal point of a vast industry expert community and a natural space to exchange knowledge.



Set the course

Drive the incorporation of SDGs into the business strategy.

Raise awareness among decision-making levels.

Help companies reaching the latest knowledge and developments



Provide Management Solutions

Conduct benchmarking analyses, identify gaps and drive continuous improvement.

Promote technical cooperation, and the exchange of knowledge, experiences and best practices.

Facilitate the development and implementation of management tools.

Develop capabilities among the sector professionals through training courses, seminars, and other activities.

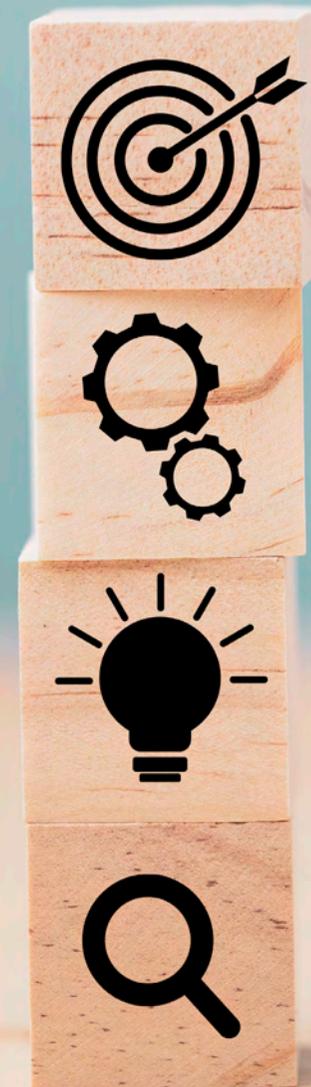


Measure and communicate progress

Issue progress reports to provide evidence and communicate the industry progress in this area.

Improve the general perception of the sector regarding sustainability management.

Articulate the relationship with stakeholders (International Organizations, Governments, Associations, Civil Organizations, etc.)

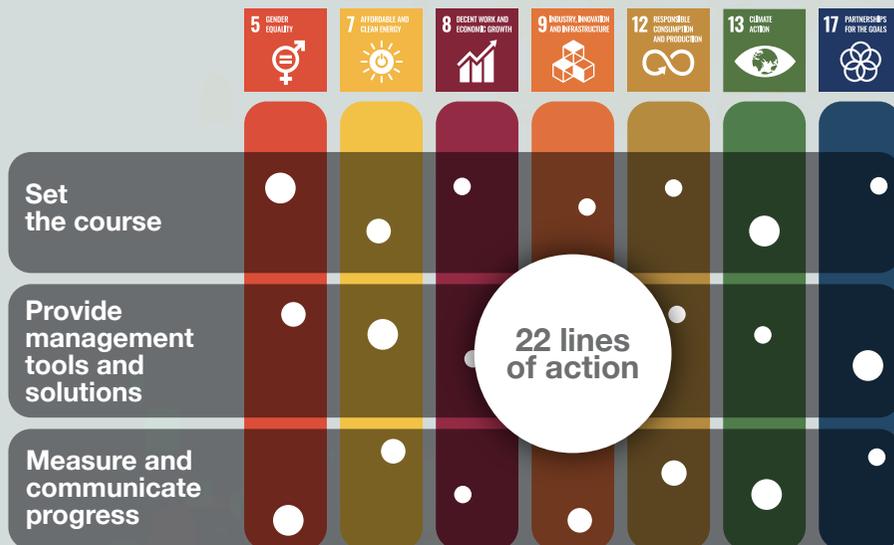


Call to Action

The third Roadmap stage involves setting concrete actions to contribute to the SDGs as a result of combining priority Goals with the identified impact opportunities.

The following tables summarizes the actions to be promoted. These actions will be implemented by the Association Committees and Working Groups in collaboration with different stakeholders.

Given the cross-cutting nature and complexity of the topics discussed, they will be approached using a multi-disciplinary view to encourage diversity and enrich the dialogue to drive the sector companies' efficient contribution to the SDGs.



7 AFFORDABLE AND CLEAN ENERGY



Expected Impact

Drive energy efficiency throughout the entire value chain, and contribute to closing the energy access gap. Around 14% of the population in Latin America still has no access to modern sources of energy for cooking, while 3% still has no access to electricity (OLADE, 2020), mainly in rural areas.

Actions for 2021-2022

- Regular training courses on Energy Efficiency in the oil & gas sector (application of ISO 50001 Standard).
- Contribution to international dialogue about energy transitions and access to energy.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Expected Impact

Promote efficiency, and improve social and environmental performance, and integrity in all operations. Drive and make Circular Economy concepts operational.

Actions for 2021-2022

- Promote the Circular Economy framework and facilitate the exchange of experiences and projects.
- Promote the generation of Sustainability Reports and other transparency initiatives.
- Management and environmental performance benchmarking and technical exchange activities.
- Update and promote the RETOS Tool on preparedness and response to hydrocarbons spills.

13 CLIMATE ACTION



Expected Impact

Promote decarbonization in the sector and the commitment to energy transitions and Climate Change.

Actions for 2021-2022

- Prepare high-level reports on energy and climate policy, energy transitions, and the role of the sector.
- Position a sectoral vision in international dialogue instances.
- Drive decarbonization in the oil & gas value chain, and methane emissions management.

5 GENDER EQUALITY



Expected Impact

Promote female participation, mainly in leadership and operational positions, as well as diversity and inclusion of other vulnerable groups. Women represent around 21% (WPC/BCG, 2017) of the workforce in the sector.

Actions for 2021-2022

- Establish a gender equality baseline in the industry (Contributing to the project Untapped Reserves 2.0 Project with WPC/BCG)
- Organize a series of workshops to raise awareness and exchange knowledge.
- Facilitate tools and solutions to promote greater gender equality and inclusion in the companies (WEPs, etc.).

8 DECENT WORK AND ECONOMIC GROWTH



Expected Impact

Foster dialogue, cooperation and the exchange about Just Transitions. Promote the implementation of best practices on investment, local development, Human Rights, talent management, health, and safety.

Actions for 2021-2022

- Promote dialogue between the industry and governments to encourage responsible investment, economic development, and Just Transitions.
- Technical cooperation in Local Development, Human Rights, HSE Management, and Human Talent Management.
- HSE Benchmarking Studies.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Expected Impact

Drive the development of digital capabilities and promote the exchange of good practices of facilities' operation and maintenance.

Actions for 2021-2022

- Cooperation program to exchange the best operation and maintenance practices in refineries, pipelines, and terminals.
- Training and exchange programs for digital transformation and industry 4.0, driving efficiency and operational excellence.



17 PARTNERSHIPS FOR THE GOALS



Expected Impact

ARPEL is a vehicle for relationship and dialogue between the industry and its main stakeholders. Promoting alliances to achieve progress in sustainability matters and acting as a vehicle for cooperation is part of the ARPEL's *raison d'être*.

Actions for 2021-2022

- New cooperation agreements, alliances, and collaboration instances with institutions and organizations.
- Disseminating the industry progress in the key stakeholders' network



Expected Impact

Promote greater integration of the SDGs in the business strategy, drive the sector's contribution to sustainable development, and help to improve the general perception of the industry.

Actions for 2021-2022

- Raise awareness at the executive level of companies through communication campaigns.
- Include the SDGs and Sustainability topics in the Leadership Program and in the Agenda of the High-Level Dialogue Events.
- Promote tools that facilitate the SDGs inclusion into the business strategy (SDG Compass, SDG impact assessment tool, etc.).
- Prepare and disseminate Progress Reports.

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