

2021

**WORKFORCE TRENDS
REPORT SERIES**

ENERGY

Findings and insights from the 2021 Benefits Strategy
& Benchmarking Survey

U.S. Edition



Gallagher

Insurance | Risk Management | Consulting

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Introduction

A series of disruptive forces have plagued the energy industry in the last decade, leaving workers exhausted from the volatility.

Now, jobs in less labor-intensive sectors are luring them away, offering stability, better work-life balance and comparable pay. Restructured base-level compensation; creative benefits; and a focus on training, development and a diverse, equitable and inclusive culture are all critical priorities when competing to win talent.

Wellbeing is at the center of Gallagher Better WorksSM, our comprehensive approach that aligns your people strategy with your overall business goals. It focuses on the full spectrum of organizational wellbeing—taking a strategic approach to investing in employee wellbeing at the right cost structures to support diverse workforce needs.

Part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on 125 energy organizations that participated in our 2021 Benefits Strategy & Benchmarking Survey.

From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



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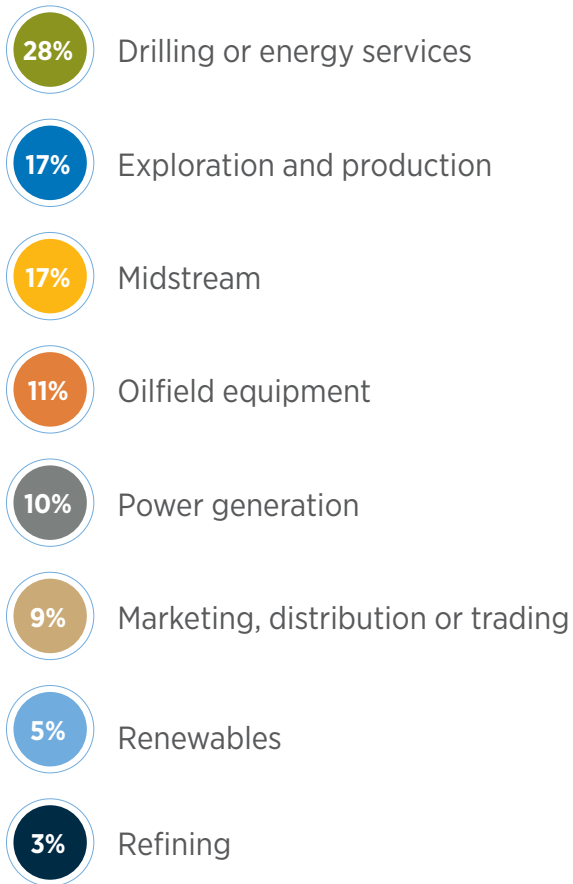
Benefits Strategy & Benchmarking Survey Energy Participant Profile



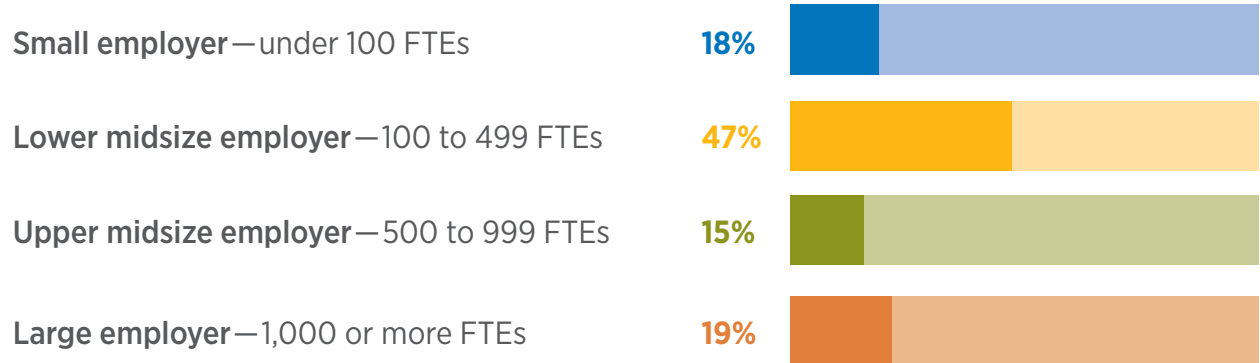
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Energy organizations

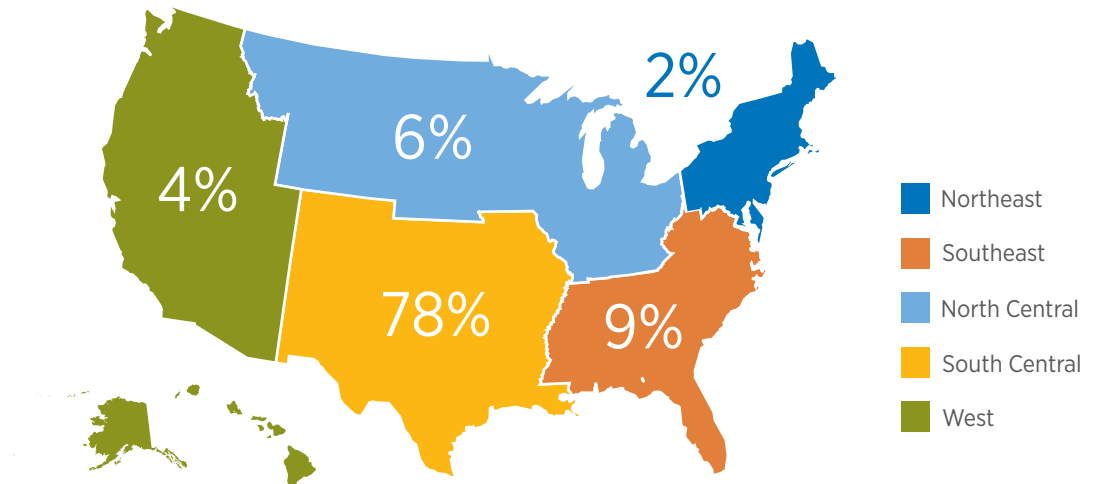
Type of energy organization



Workforce size—full-time equivalents (FTEs)



Geography



Key Takeaways for Energy Employers

People & Organizational Wellbeing Strategy



Building a long-term, holistic plan for total rewards supports operational success and workforce engagement.

Physical & Emotional Wellbeing



Exploring emerging medical and pharmacy benefit approaches, and voluntary benefits that meet targeted employee needs, can improve strategic healthcare spending.

Career Wellbeing



Defining a compensation philosophy and establishing a process for guiding performance success drives engagement.

Financial Wellbeing



Supporting employees' unique financial needs, including spending as well as saving, reduces stress and promotes a secure future.

Organizational Wellbeing



Ensuring comprehensive and successful wellbeing programs requires data, leadership support and clear communication.

People & Organizational Wellbeing Strategy

A long-term, holistic plan supports operational success and workforce engagement.

Attraction and retention is vital to stability in the energy industry, where changing operational priorities drive time and resource investments. With profits and sustainability on the line, a key countermeasure to the risks of costly turnover and worker shortages is training, development and total rewards.

Efforts to minimize operating costs and increase revenue by creating efficiencies continue. And high stakes for employers—in the current and future environment—emphasize the need for a measured approach to determining how limited resources are best aligned. As employers adapt their business model to new energy standards, it's important to prepare for various market scenarios. Considering the impact on workforce makeup and requirements will help inform new, more effective approaches to compensation and benefit structures. A long-range view on planning, guided by the organization's key goals, top priorities—and an understanding of where employee values lie—builds in resilience to change.



Top HR priorities

- 1 Attracting and retaining a competitive workforce
- 2 Controlling employee benefit costs
- 3 Ensuring employee health and safety
- 3 Training and developing employees

Turnover rate of 15% or more in 2020



Actual



Targeted

Top operational priorities

- 1 Attracting and retaining a competitive workforce
- 1 Increasing revenue or sales
- 3 Maintaining or decreasing overall operating costs

Areas expected to grow by 2022

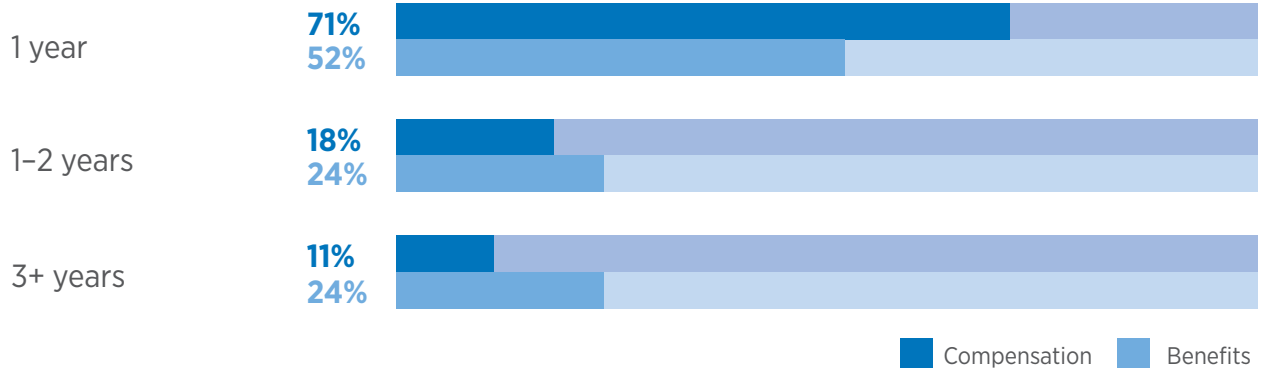


Revenue



Headcount

Compensation and benefits planning horizon



Physical & Emotional Wellbeing

A variety of opportunities exist for more strategic benefits spend.

Finding outside-the-box healthcare solutions that improve overall outcomes, including relieving financial pressures without shifting more responsibility to employees, will help keep costs sustainable. Many energy employers provide tools to plan participants that support decision-making, improve access to care and focus on value.

The pharmacy benefit also offers multiple opportunities to manage down the expense of drug coverage. Key options are plan design tweaks, a pharmacy carve-out and adding tactics to ensure proper use of specialty drugs. Going over contracts to confirm proper discounts may also cut losses.

Within the industry, the most popular voluntary benefits are increasingly available as a way to differentiate total rewards. They effectively enhance core healthcare with coverage for supplemental or other insurance needs. And employers can allocate dollars to options that fit individual employee priorities, providing affordable flexibility.



↑ 6 points since 2019

Moved drug coverage from the medical to the pharmacy benefit

25%

Carve out the pharmacy benefit

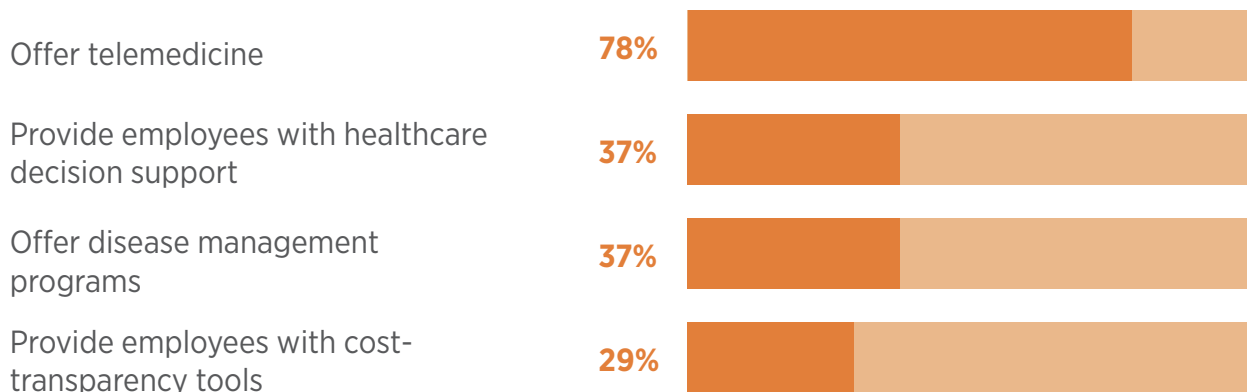
8%

Plan to by 2023

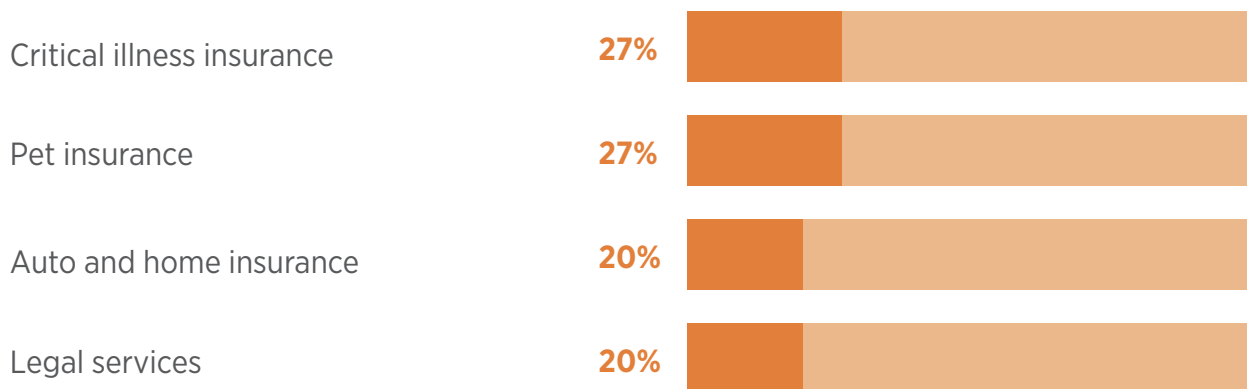
40%

Enhanced voluntary or supplemental benefits to meet recruitment and retention objectives

Healthcare cost control tactics



Voluntary benefit additions expected by 2023



Career Wellbeing

Connecting and communicating with employees promotes engagement with the organization.

Engagement influences opportunities to enhance operational and business performance. Close attention to job satisfaction and intent to stay can uncover existing risks or concerning trends, allowing course corrections that reduce turnover. And inviting people to share their thoughts and opinions shows genuine concern about the employee experience.

Managers who set clear performance goals give employees an established benchmark for expectations, and timely and constructive feedback provides checkpoints for progress.

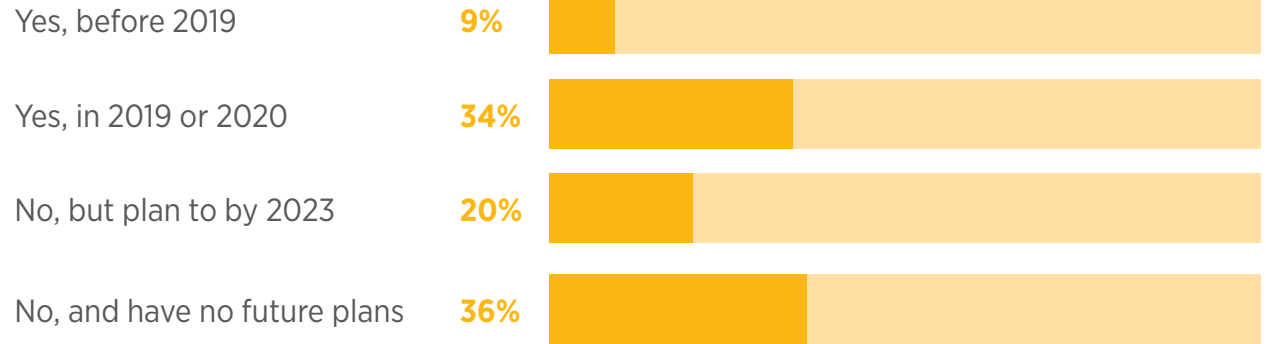
Most energy employers enhance base salary and many enrich variable compensation or bonus programs. Satisfaction with pay is strongly linked to an understanding of how these programs work. Total compensation statements, which clearly convey the organization's philosophy, can help achieve this outcome. They also may serve as a basis for a consistent and equitable approach to attraction and retention, or responding to pay inquiries.



Top tactics used to increase engagement

- 1 Define clear performance goals
- 2 Give timely and constructive feedback
- 3 Communicate in a way that fosters trust and confidence
- 4 Connect employees' efforts to positive impacts on strategy, mission, vision or values
- 5 Provide performance-based recognition

Have conducted a survey to measure workforce engagement



Total rewards aspects enhanced to meet recruitment and retention objectives



1 in 2 View compensation and benefits as tools to attract and retain talent

25% Provide total compensation statements

52% Have a strategy to improve employee engagement

Financial Wellbeing

Financial wellbeing supports retirement readiness by focusing on both saving and spending goals.

When employees retire on time or early, because they're financially prepared for this milestone, the organization benefits as overall employer healthcare and salary costs are typically lower among new hires. Notably, almost all energy organizations have a retirement plan, and many use auto-enrollment—and even auto-escalation—to encourage and maximize participant contributions.

Financial wellbeing benefits often focus on retirement. Yet ensuring that programs and services help employees meet spending as well as saving goals is also important to building a secure future. Immediate or ongoing financial stress can be a major distraction on the job, and may decrease productivity.

Since 2019, among all dimensions of wellbeing, energy employers increased the importance of financial the most, second only to emotional. Most offer at least one financial benefit, usually access to financial advisors and education.



92% Have a retirement program

Financial wellbeing programs and resources offered

- 61%** Financial advisor sessions
- 61%** Financial literacy and other educational opportunities
- 19%** Debt counseling
- 7%** 529 plans
- 6%** Loan refinancing tools
- 4%** Student loan repayment programs

Nearly 3 in 5

Indicate financial wellbeing has become more important since 2019

Methods used to promote better savings habits



Percentage of employee contribution matched



Most common active retirement plans



Organizational Wellbeing

Data-driven, strategically targeted and well-supported communication drives wellbeing.

Effective support for workforce mental and emotional health has been a growing need, more widely exposed by the pandemic. While stress and burnout raise safety, productivity and turnover risks, data and analytics give employers deeper insights into proactive approaches, including communication, that help improve wellbeing. Outreach designed for a diverse population with individual needs creates benefits awareness and interest. And understanding how to access programs and resources increases use, especially with visible support from leaders and front-line managers.

Multimedia communications allow employers to connect with remote employees. And regardless of format, the content of educational messages—and who receives them—is also important. Targeting the household reaches the decision-maker, and emphasizing the link between health and safety shows a commitment to the employee's wellbeing. Investing in communication is an investment in total rewards outcomes.



Nearly **3 in 5**

Increased prioritization of the social aspects of emotional wellbeing over the last two years

Emotional wellbeing programs and resources offered

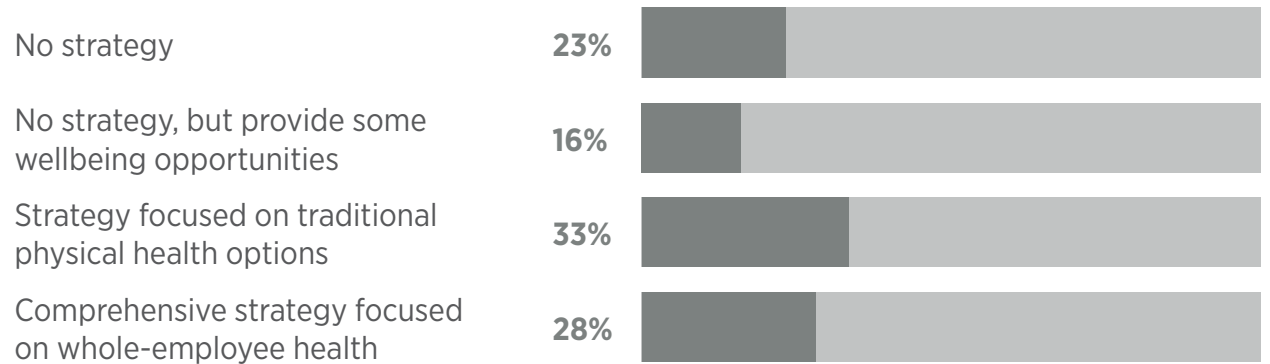
97% Employee assistance programs

80% Volunteer opportunities

76% Company-sponsored gatherings

15% Have a comprehensive communication strategy

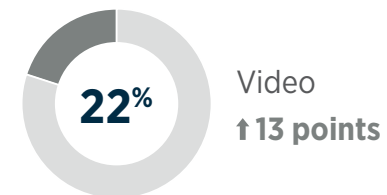
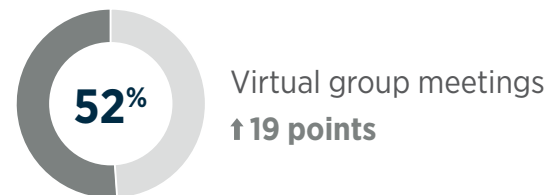
Scope of the wellbeing strategy



↑ 14 points since 2020

Agree their organization has an effective strategy to create or sustain a culture of total wellbeing

Use of digital communication tools — 2021 vs. 2020



Final Remarks

Developments in recent years, some more predictable than others, have forced the energy industry to become a master of change. And post-pandemic, emerging challenges keep all eyes focused on the future. Operational and HR strategies are pivoting, revolving around the need to meet the evolving demand for green energy. Revving up this particular change, a reinvention of sorts, will require formidable balance sheets that can withstand inevitable ups and downs, and establish stability in employment and compensation.

Taking a long-term perspective is essential when investing in operational and workforce strategies capable of anticipating and responding to a shifting business and labor environment. Employers tend to compete more successfully for talent when they effectively differentiate total rewards. Exploring innovative solutions to various workforce priorities is key, including balancing healthcare costs and value, supporting emotional and financial wellbeing, aligning training and development with employee goals, and reviewing compensation structure. Comparison to peer approaches can offer valuable insights.

High employee engagement levels and low turnover rates are correlated. And successful strategies for creating a positive employee experience hinge on two-way communication with managers and leaders, effective support for career growth and a strong organizational culture.

For additional insights and custom benchmarking on the latest trends impacting energy employers, contact your local Gallagher consultant.

About Gallagher

Pursuing “better” is an ongoing journey. Employers of all shapes and sizes, in all parts of the world, are acutely aware that people’s changing expectations demand more from the organizations and brands they invest in. And nowhere is one person’s investment—and their expectation for better—more apparent than in their choice of employer.

Now more than ever, employers have an opportunity to secure a better future by delivering a better employee experience. Building a workplace that works better means helping your employees succeed by supporting their ability to invest more fully in themselves, their communities and their organization’s wellbeing.

Gallagher Better WorksSM is a comprehensive approach to your people strategy that aligns the diverse expectations of your employees with your overall business goals, at the right cost structure. Using data-driven insights, you’ll be empowered to recruit, retain and retire vital talent through intentional, sustainable investments in your employees’ physical, emotional, financial and career wellbeing.

Your people excel when you purposefully cultivate the employee experience—with benefits, compensation, HR programs, and ways of working that help energize and balance all aspects of their lives. Create a sense of belonging, purpose and trust with an approach that’s rooted in the wellbeing of your people. That’s how you keep moving toward your better—ensuring your organization can thrive—even in times of uncertainty.



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