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Insurance | Risk Management | Consulting

Total rewards strategies for an evolving workforce.

ENERGY

Findings and insights from the 2022 Benefits Strategy & Benchmarking Survey

U.S. Edition

— 2022 —
WORKFORCE
TRENDS
REPORT
SERIES

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Introduction

The future of the energy industry is uncertain in the wake of global unrest and regulatory changes. Oil and gas prices have soared due to increased demand and decreased supply, while continuing Federal Reserve rate hikes contribute to prolonged instability.

As the current administration enacts green energy legislation and restricts new land drilling, energy organizations face a crucial decision. They can either invest in new overseas production or focus on existing operations. No matter what their strategy is, success hinges on their ability to attract and retain talent.

That's why 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.

As part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on 105 energy organizations that participated in our 2022 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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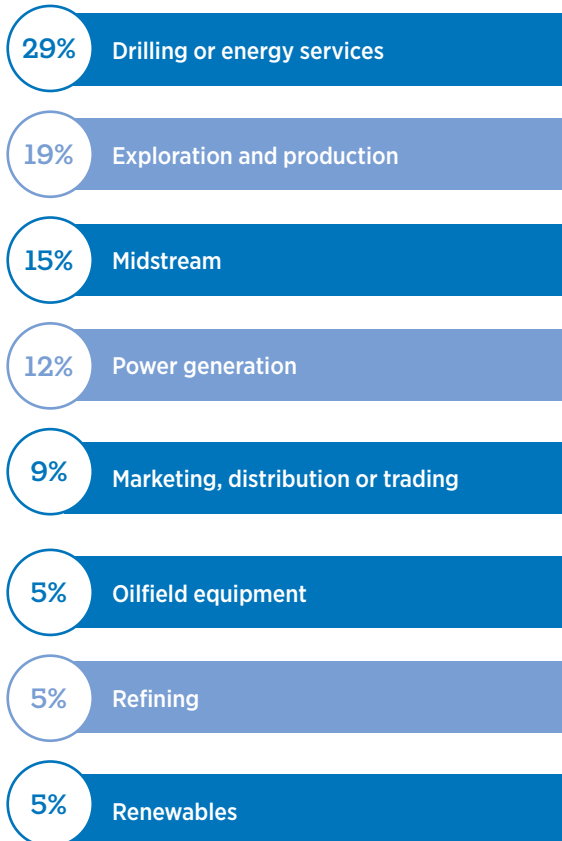
Benefits Strategy & Benchmarking Survey Energy Participant Profile



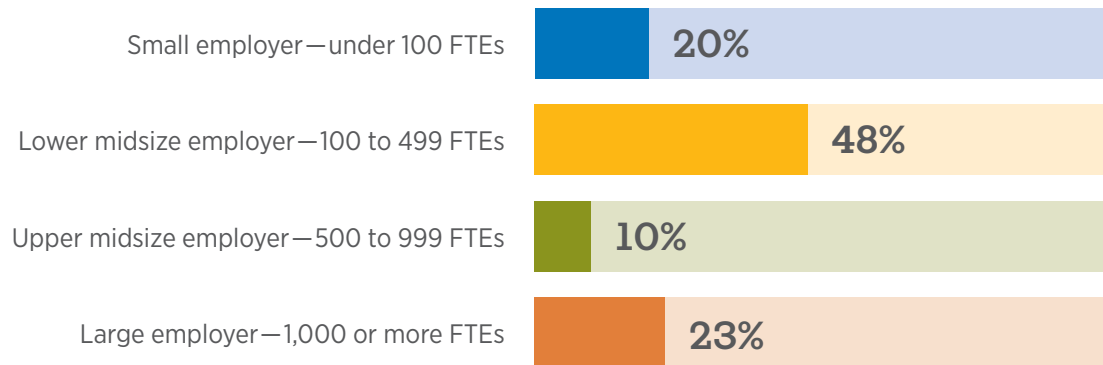
105

Energy organizations

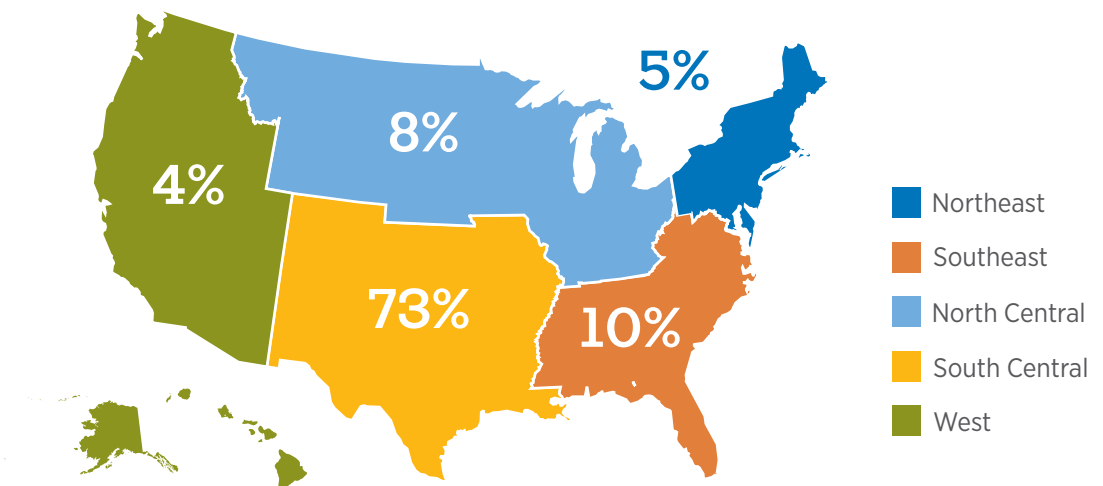
Type of energy organization



Workforce size — full-time equivalents (FTEs)



Geography



Key Takeaways for Energy Employers

People & Organizational Wellbeing Strategy



Sustaining and optimizing operations by adhering to health and safety protocols helps minimize operating expenses and revenue loss.

Physical & Emotional Wellbeing



Pressure from medical and pharmacy costs has roused employers to act more boldly in their efforts to tighten benefits management and improve healthcare value.

Career Wellbeing



Blending training, career development and mentoring programs with individualized support can be a key differentiator.

Financial Wellbeing



Access to a range of financial resources that address a variety of needs enhances wellbeing, while effective communication connects employees to the value they offer.

Organizational Wellbeing



Connecting with employees where they are through communication and supporting their emotional health, especially during a time of uncertainty, contributes to business success.

People & Organizational Wellbeing Strategy

Process investments, especially safety practices, help to optimize operational outcomes.

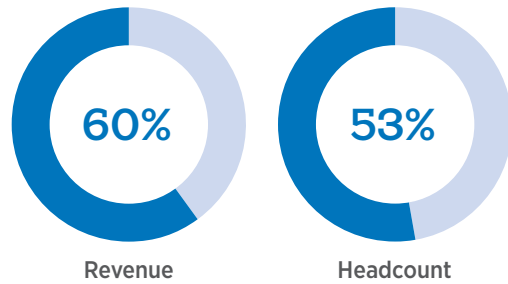
Against global and regulatory headwinds, the energy sector is keeping a steady focus on improving sales and revenue. The ability to sustain and optimize operations, through more efficient and effective processes, establishes a basis for expanding their efforts to other critical business priorities.

Regulatory oversight underscores the imperative of employee health and safety procedures. Penalties can severely impact revenue and reverse other operational progress, but safe practices help minimize expenses. Communicating clear and concise standards, internally and externally, shows alignment with employee interests and differentiates employers.

Divergence between HR and C-suite priorities isn't unusual. While leadership must fix their attention more broadly on the future, talent acquisition is often preoccupied with the present, including efforts to fill demanding manual labor jobs. Striking the right balance of resource investments is key.



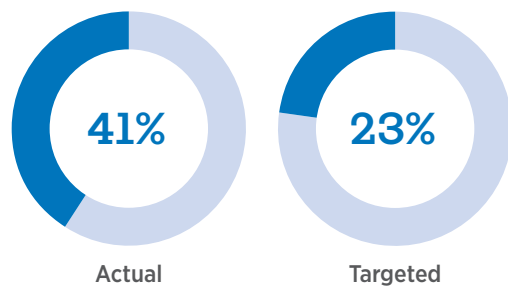
Areas expected to grow by 2023



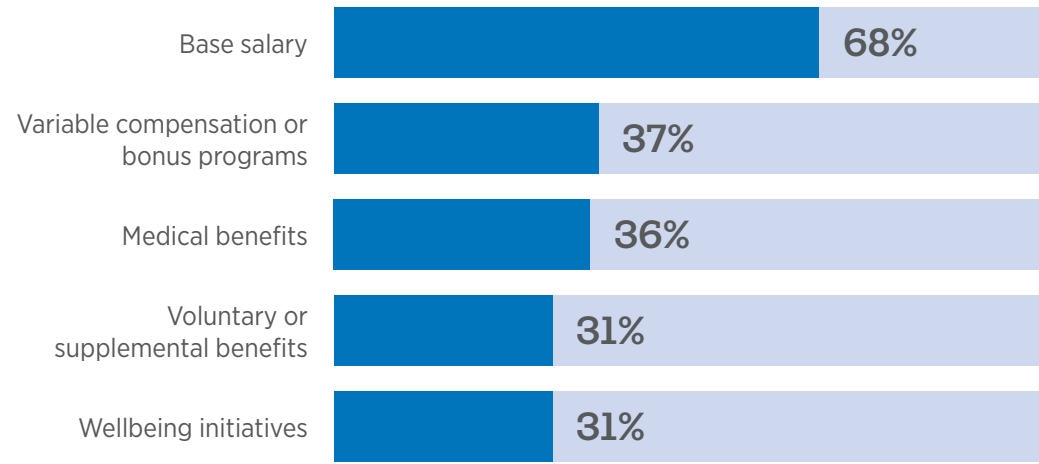
More than
3 in 5

Plan to expand and/or replace HR technologies by 2024

Turnover rate of 15% or more



Total rewards aspects enhanced to meet recruitment and retention objectives



Top operational priorities

- 1 Growing revenue or sales
- 2 Ensuring employee health and safety
- 3 Retaining talent

Top HR priorities

- 1 Retaining talent
 - 2 Attracting talent
 - 3 Controlling employee benefit costs
- TIE —
- 3 Training and developing employees

Physical & Emotional Wellbeing

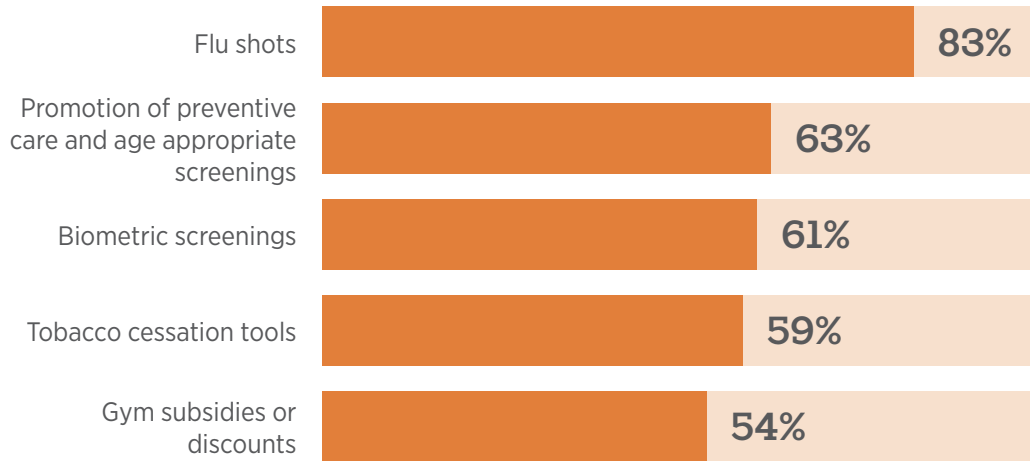
Healthcare costs are driving bolder counteractive measures.

Energy leaders are faced with engaging a multigenerational and transient workforce. And solving the challenge of offering competitive health benefits involves managing advanced treatment options, applying sophisticated data and evaluating multiple vendors. When organizations understand workforce demographics and priorities, enhanced outcomes often follow. They can better communicate relevant information through more effective channels to improve the overall impact.

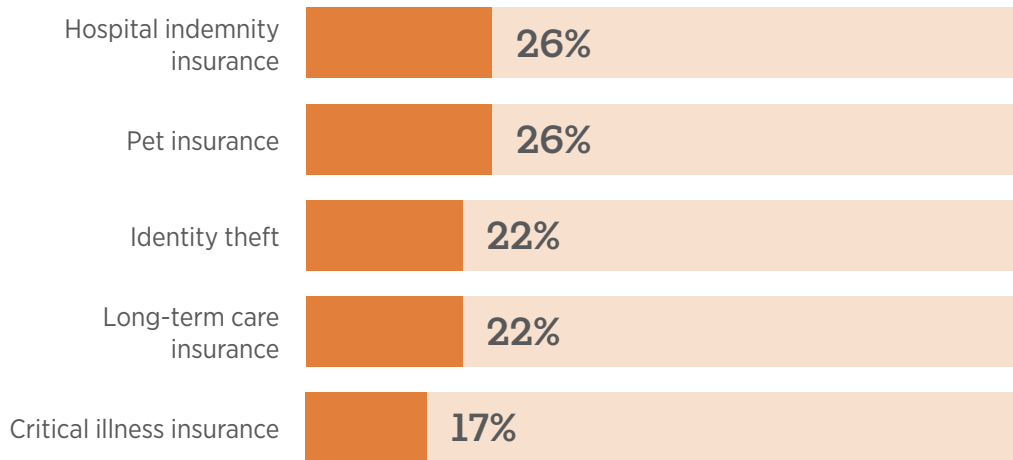
Vendor point solutions and other tech-based health support allow employers to provide enhanced services in targeted health management areas. Many supplement their employee assistance programs (EAPs) with apps that address specific physical and emotional issues. Others are transitioning from traditional EAPs to complete vendor-managed solutions, with more extensive services. By educating leaders and managers about wellbeing interventions during safety meetings, and training them to recognize employee burnout, employers can respond more holistically to the needs of individuals.



Most common physical wellbeing initiatives



Voluntary benefit additions expected by 2023



2 in 3

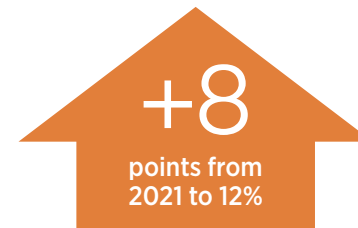
Offer voluntary benefits to provide comprehensive benefit packages

Top healthcare cost-management challenges

- 1 High cost of medical services
- 2 High cost of specialty drugs
- 3 High cost of prescription drugs (non-specialty)

98%

Have EAPs



Offer second-opinion programs for employees diagnosed with certain conditions

Career Wellbeing

Training and development opportunities help employees envision a future with the organization.

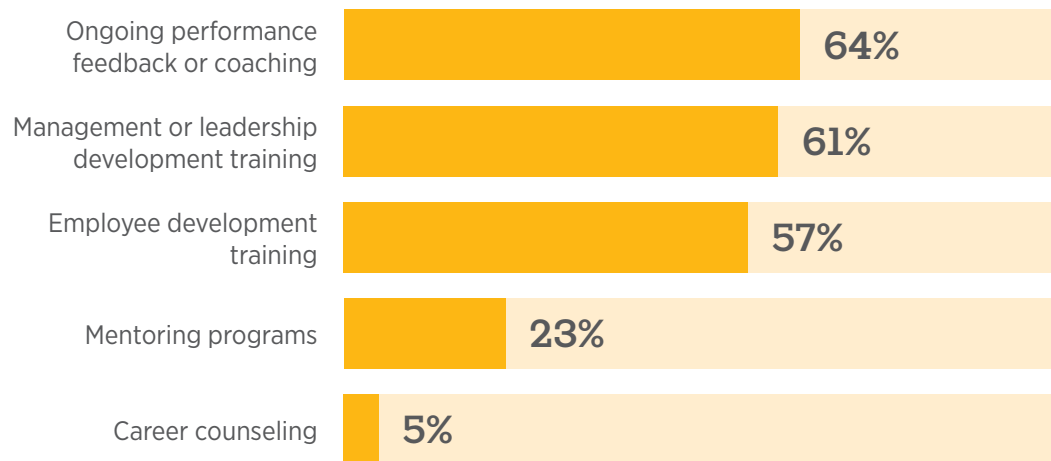
Enhanced support for career wellbeing is essential to attracting and retaining talent. Energy employers looking for solutions to the negative effects of demanding work increasingly recognize that changes are needed to meet these goals. Issues to address are time away from home and safety risks that lower job satisfaction. Industry volatility can also make job security unpredictable.

Investing in career mobility opens up multiple opportunities for employees within the organization. When employers offer training, development and mentoring programs, at all levels, they can establish a well-defined career path from blue collar to gray collar to white collar positions.

Combining on-the-job training with life skill development helps to ensure a holistic approach to wellbeing support. Topics may range from managing personal relationships when working at a remote location to financial management for help in reducing stress and properly preparing for retirement.



Common career development initiatives



Top tactics used to improve employee engagement



More than
2 in 5

Conducted a survey to measure workforce engagement in 2020 or 2021

Organization's perspective on compensation and benefits



17% Have a multi-year compensation strategy



Believe their workforce is highly engaged

Financial Wellbeing

Access to financial resources enhances wellbeing and can ease inflation fears.

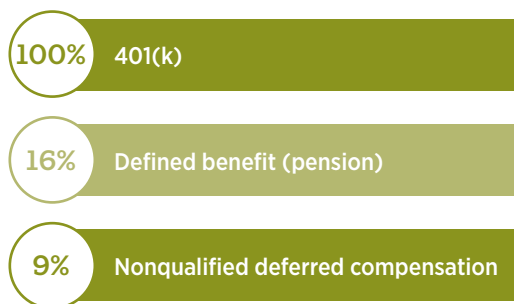
Across income levels, employees need help making the most of their money. They often face financial concerns ranging from budgeting and debt reduction to funding a secure retirement and managing wealth. When saving and spending challenges compete, as they often do, financial wellbeing support helps guide better decisions.

Employee progress can be advanced in several ways. Adding health insurance options enhances financial protection, and access to an advisor or counselor establishes a structure for qualified guidance. When employers closely align the goals of retirement programs with the goals of the employees they serve, they also streamline progress and stabilize success.

Sometimes overlooked, a critical contributor to financial wellbeing is educating employees about available resources. Clear and simple communications increase their awareness, understanding and empowerment, and ultimately, their appreciation of the value these benefits provide.



Most common active retirement plans offered

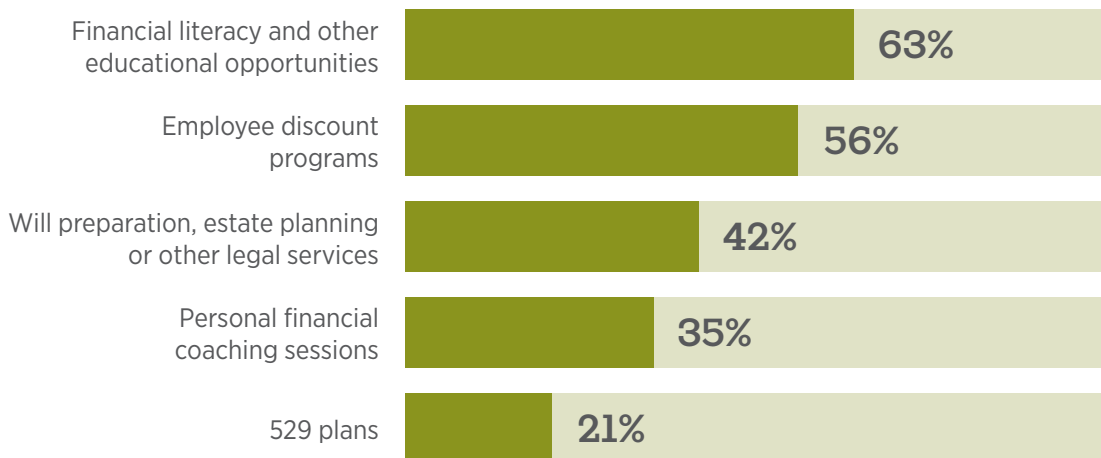


87% Have a retirement program

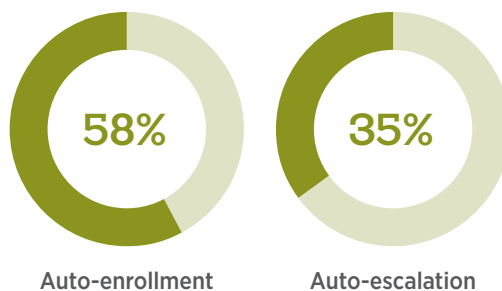
More than
2 in 5

Provide immediate vesting

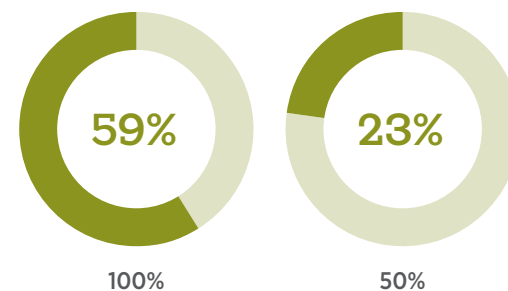
Top financial wellbeing programs and resources



Methods used to promote better savings habits



Average percentage of the employee contribution matched



Organizational Wellbeing

Support for emotional health and connecting with employees increases total wellbeing.

Managing uniquely difficult job stressors is part of a day's work for many energy employees. But economic factors such as inflation and industry instability raise the risk of burnout, which has a cascading effect on operations and revenue.

Employers are meeting the moment by prioritizing emotional health. And that takes the coordinated efforts of HR and people managers to engage workers by holistically supporting their needs. Achieving this goal is critical to organizational wellbeing.

Preferred methods for accessing and consuming information are changing, especially among younger workers. In response, employers increasingly embrace mobile, text and web-based communications to reach employees where they are. Using one platform is a practical choice when HR's time and budget are constrained. Most importantly, this approach also promotes consistent and effective engagement efforts.



41%

Agree the organization's communication with employees creates tangible results or behavior change

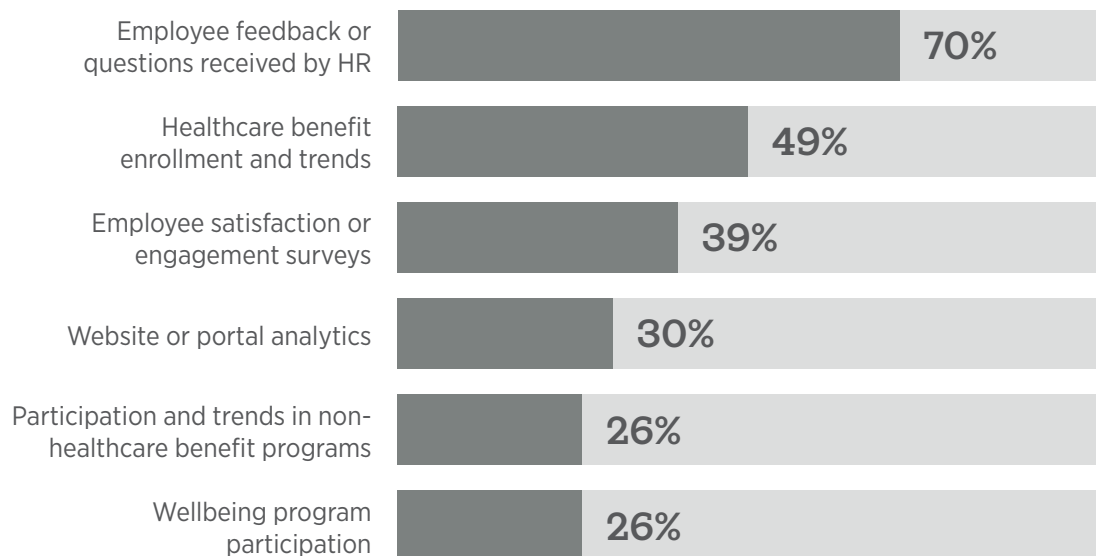
Scope of the wellbeing strategy



50%

Say leaders are concerned about the impact of stress and burnout on the organization

Methods used to measure employee communication success



1 in 4

Think managers are well-equipped to refer employees to mental health support services

More than
3 in 5

Indicate emotional wellbeing has become more important over the last two years

Final Remarks

As energy employers continue to cope with an unpredictable operating environment, they need talent management solutions that serve two purposes. In equal measures, it's important to focus on offering compelling compensation and benefits while protecting revenue that is at risk from inflation, regulatory changes and a tight labor market. Some economic conditions also impact employees whose pay no longer stretches as far, adding competitive pressure to the pursuit of attraction and retention goals.

Safety is a major and potentially costly liability, but more efficient and effective processes can sustain and optimize operations. Communicating safe practices is essential not just for compliance, but also for showing employees they're valued.

When employers increase career mobility by elevating the importance of training, development and mentoring, they help improve both engagement and retention. Applying proactive, tech-based healthcare support can also drive effective outcomes while containing costs. Over the past year, financial wellbeing has become especially noteworthy. Employee concerns range from budgeting and retirement readiness to wealth management. Providing a variety of resources to meet different needs helps lower stress and increase confidence. Across all aspects of wellbeing, one important constant is educating and connecting with the workforce through clear communications.

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

About Gallagher

People are your organization's greatest asset. But when their daily lives are impacted by major struggles like a global pandemic, economic strife and geopolitical risks, hardship can take its toll—both on your people and your business.

As employees across all geographies, industries and employer types navigate the ever-changing world, organizations must critically evaluate their people experience—finding unique ways to engage teams, establish authentic connections and support employee wellbeing, overall.

Making an intentional connection between your people's wellbeing and your organization's performance is imperative for optimal results. When your people are all in, your business can attract top talent, motivate employees and shift the organizational culture—helping employees to feel differently about their work. As a result, organizations can reduce burnout and increase productivity among their people, and business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better WorksSM—a comprehensive approach for strategically investing in benefits, compensation, retirement and employee communication so you can support the health, financial security and career growth of your people at the right cost structures.

From evaluating the demographics of your workforce, to surveying and analyzing competitor trends, Gallagher offers you data-driven insights—allowing you to make the most of your investment in talent, deliver a better people experience and reduce organizational risk. Even in times of uncertainty, we're here to help you optimize your profitability with a strategy rooted in the wellbeing of your people.



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