



Energy Spot Poll #2

Industry Response to Low Commodities Prices

Global Results
April 22-29, 2020



Global sentiment worsens – energy industry challenges expected to last longer with impact to be more severe

This is the second global piece of original research conducted by Mercer's Energy Vertical in 2020 regarding the impact of low oil prices on the industry. This second online poll was conducted between April 22-29, 2020 reflecting input from 228 company participants from across the global energy value chain.

Given the volatility and historically low oil prices since Mercer's March 17-25 online energy poll, it is unsurprising these results reflect an increasing negative sentiment that oil prices will remain lower than budgeted for **over a year** with an elevated percentage reporting that low oil prices would **highly impact** their company's 2020 financial performance.

In terms of actions organizations are undertaking, nearly three of four (71%) have implemented or are planning to implement a **headcount freeze** while over one-third (34%) are pursuing a company-wide **workforce reduction**. One in two (48%) have implemented or are planning to **freeze base pay** with 1 in 4 (27%) likely to **reduce base pay**.

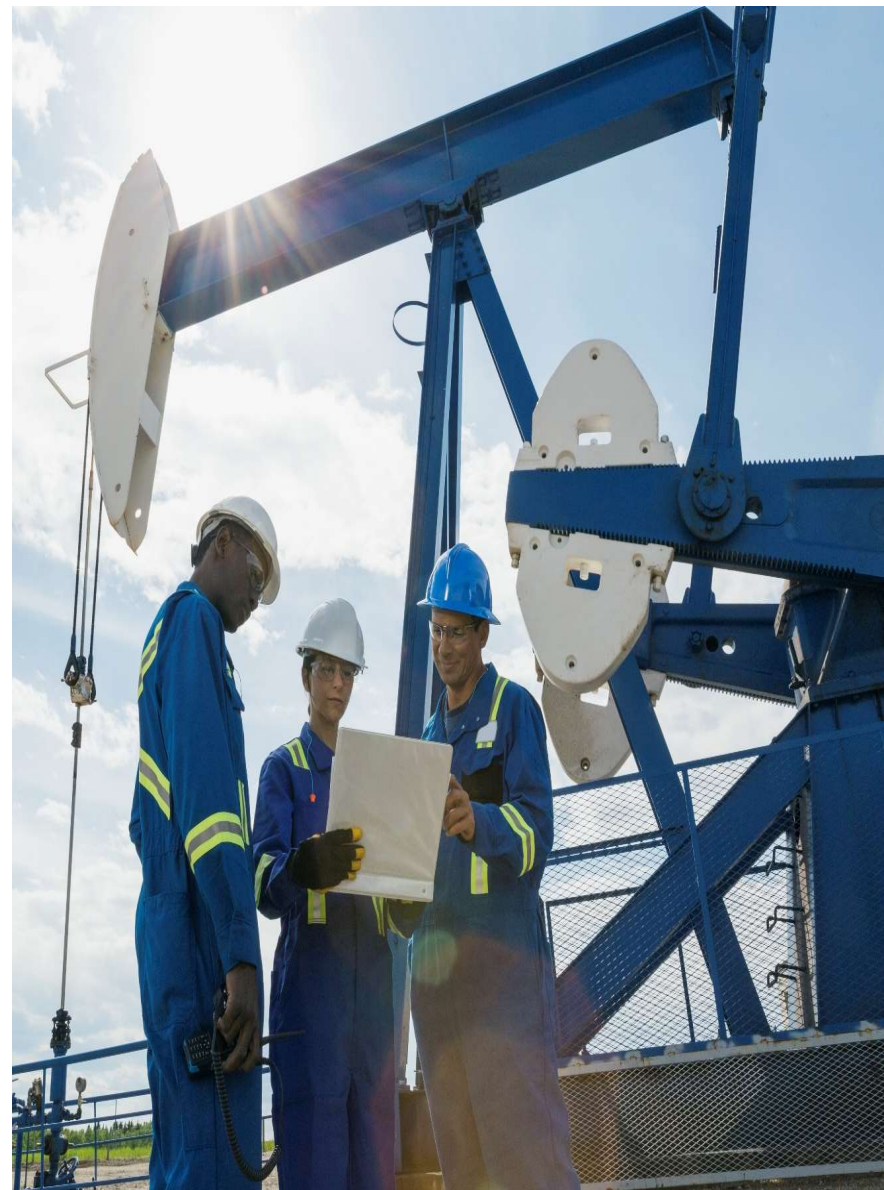
Mercer's Energy Vertical also sought to gauge **how employee engagement might be affected** by the current challenges the industry is facing. Over 40% of organizations (41.5%) believed, to varying degrees, that employee engagement would be worse in 2020 than 2019 (compared to 32.6% who expected it to be about the same and 25.9% who believe employee engagement will be improved from the prior year).

Mercer's Energy Vertical will continue to monitor the industry's response to low oil prices. To receive a copy of earlier Energy Vertical spot poll results, or to request regional and/or industry segment cuts of this data, please reach out to your local Mercer consultant.

Milan Taylor
Partner,
Mercer Global Energy Leader

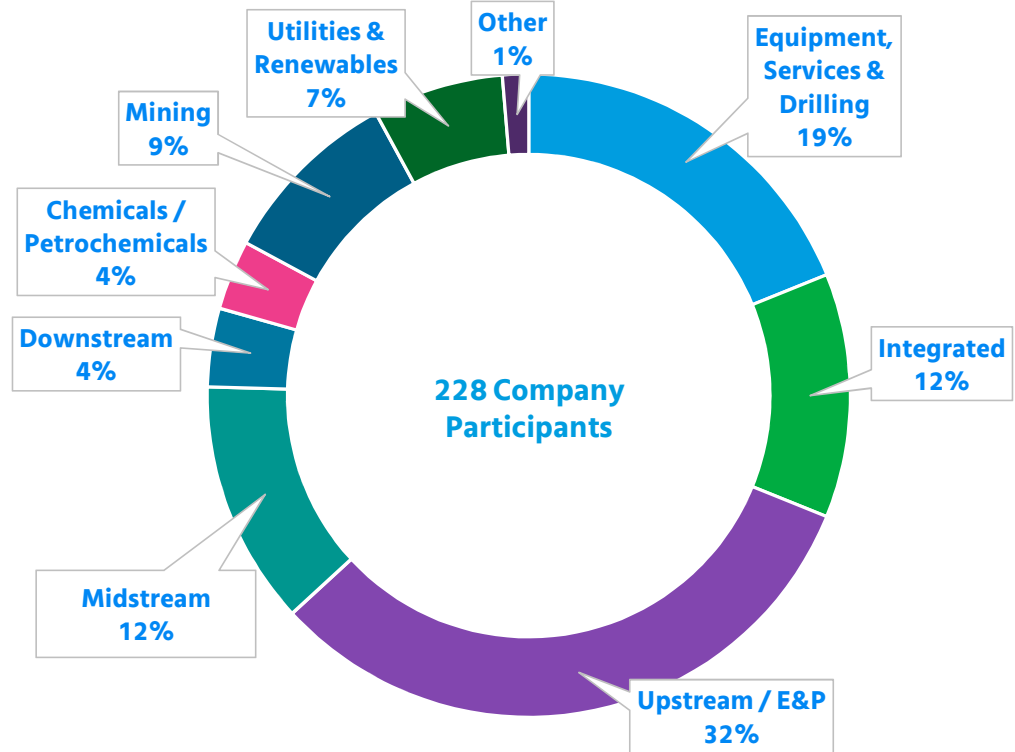
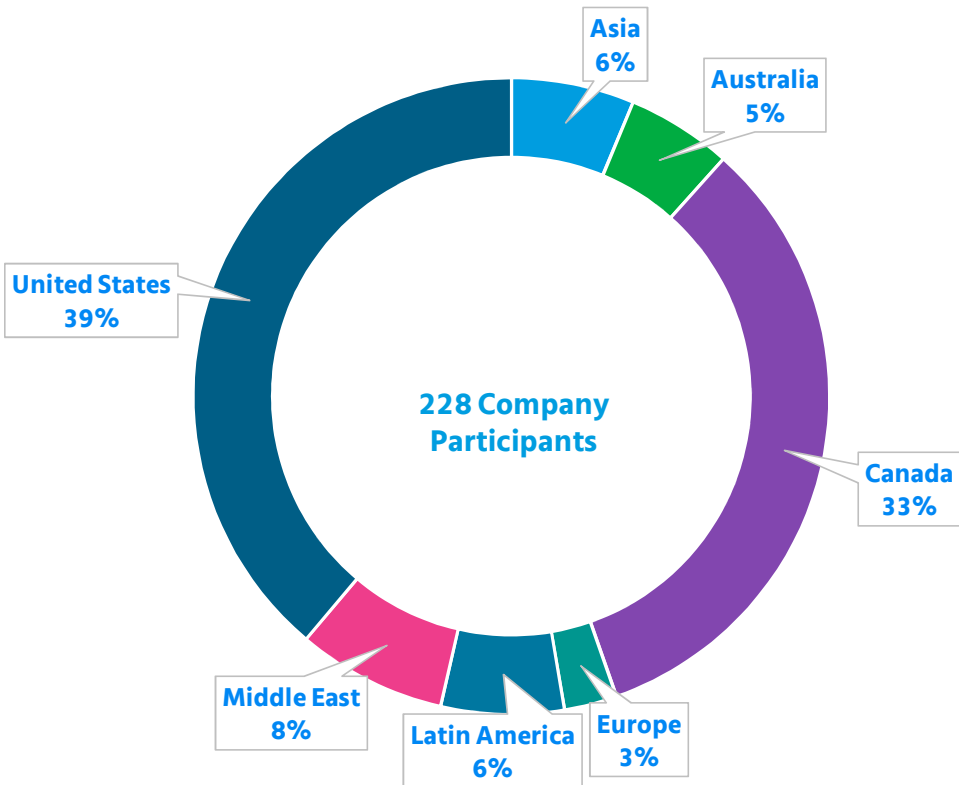


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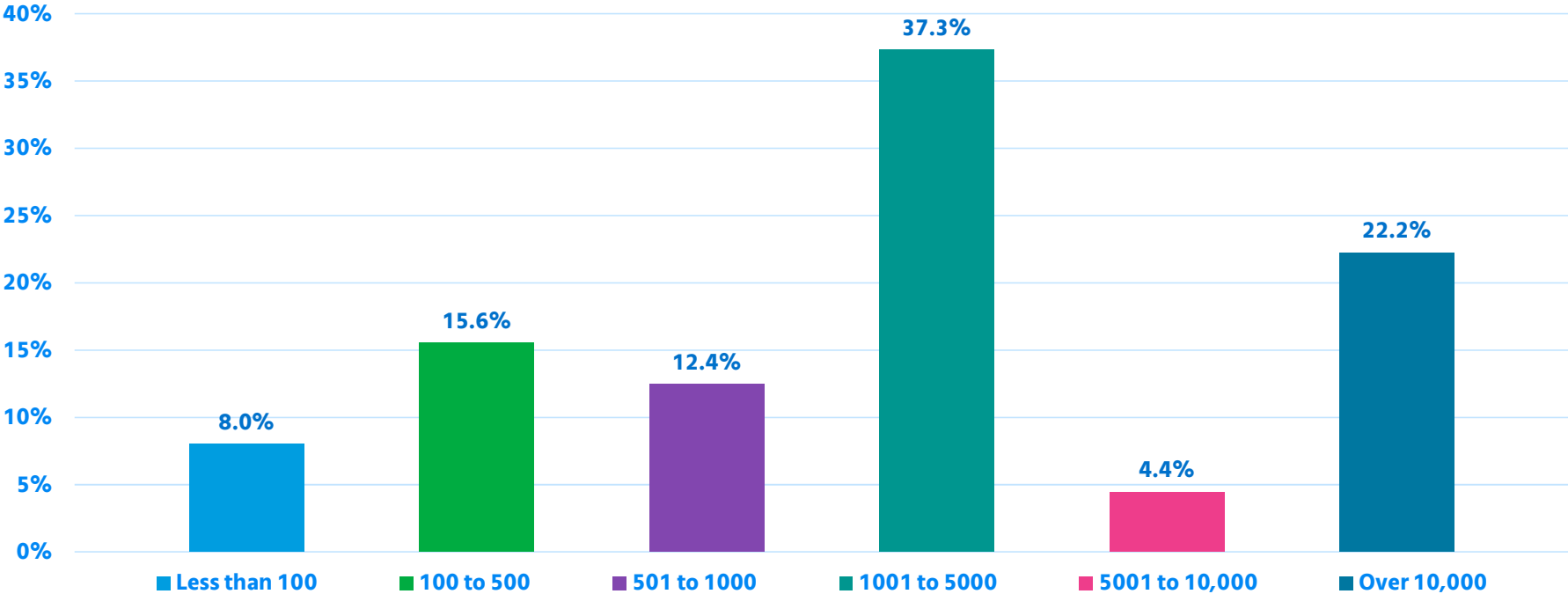
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Geographic & Industry Sector Representation



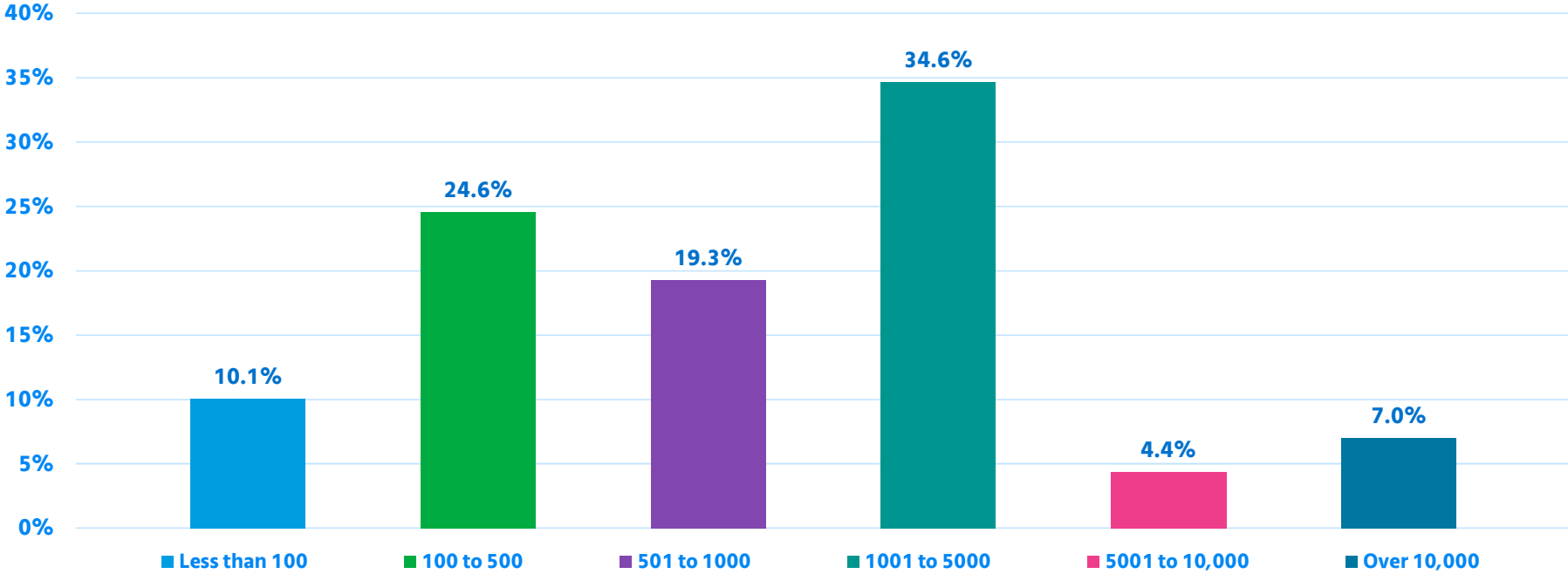
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Company Size Representation (Global Headcount)



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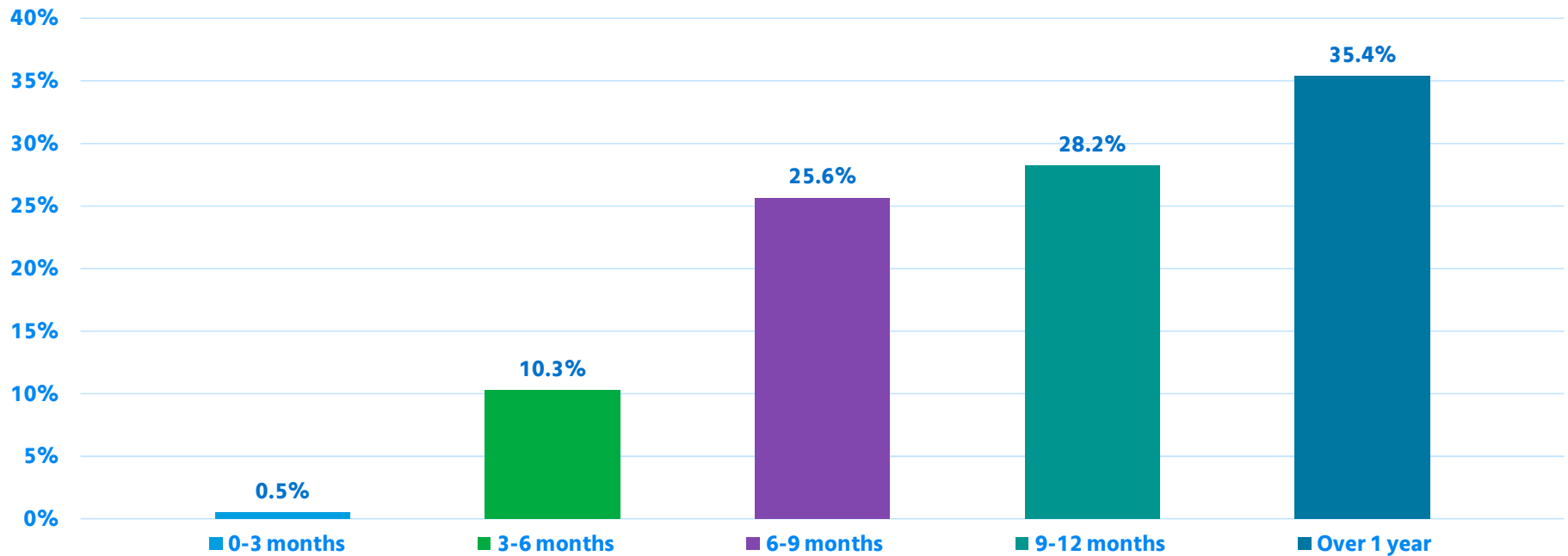
Company Size Representation (Local Country* Headcount)



*Company headcount in the country of the survey respondent

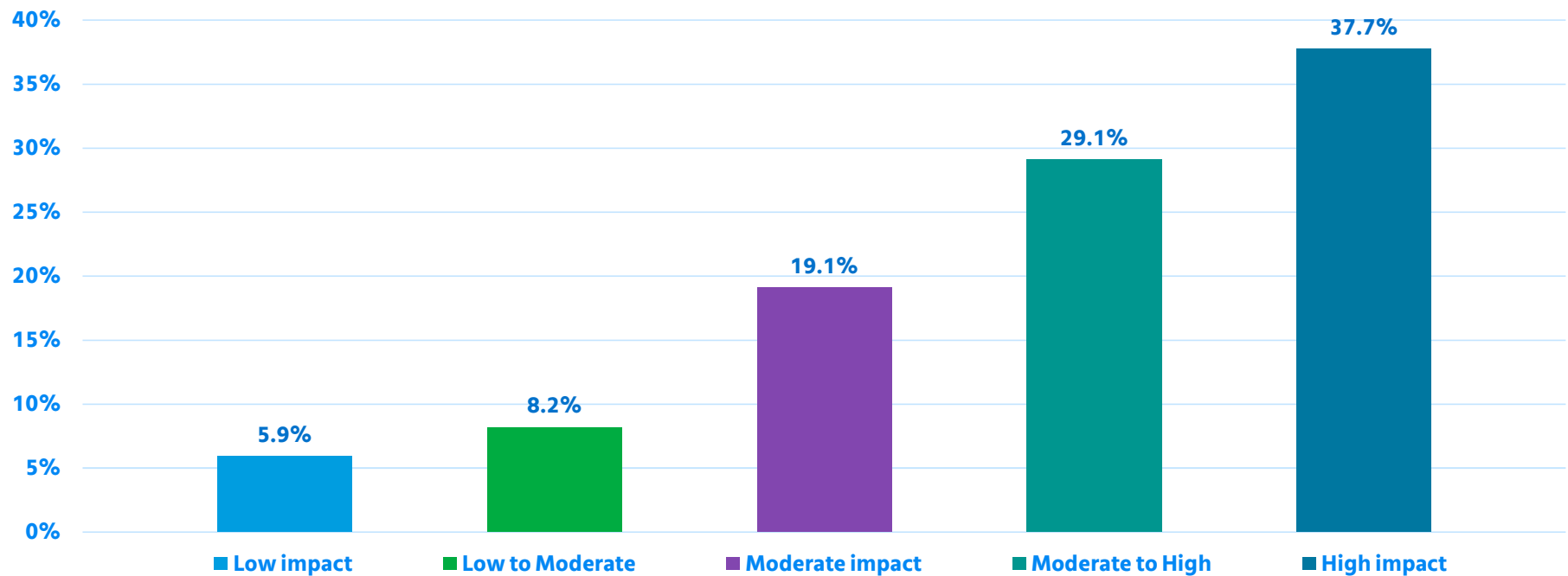
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What is your expectation as to how long commodity prices will remain lower than what was anticipated for 2020?



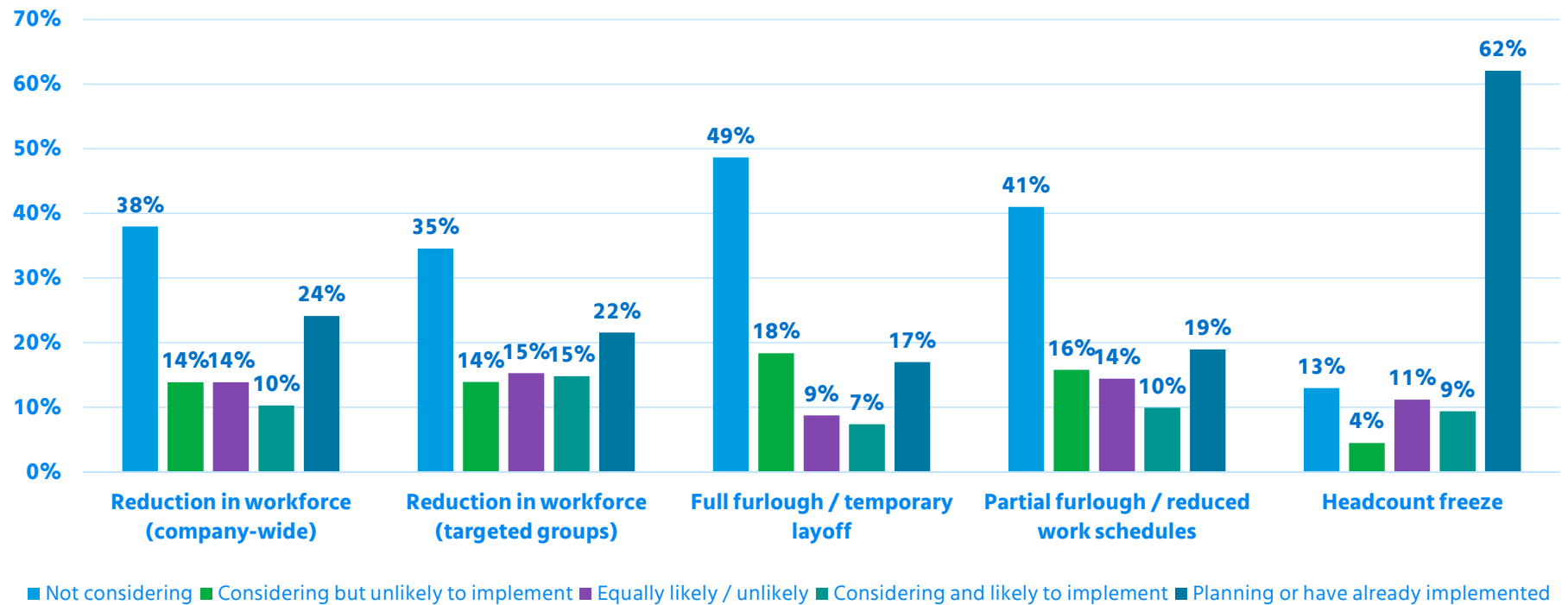
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To what extent are you anticipating lower than expected oil prices will impact your company's financial performance for 2020?



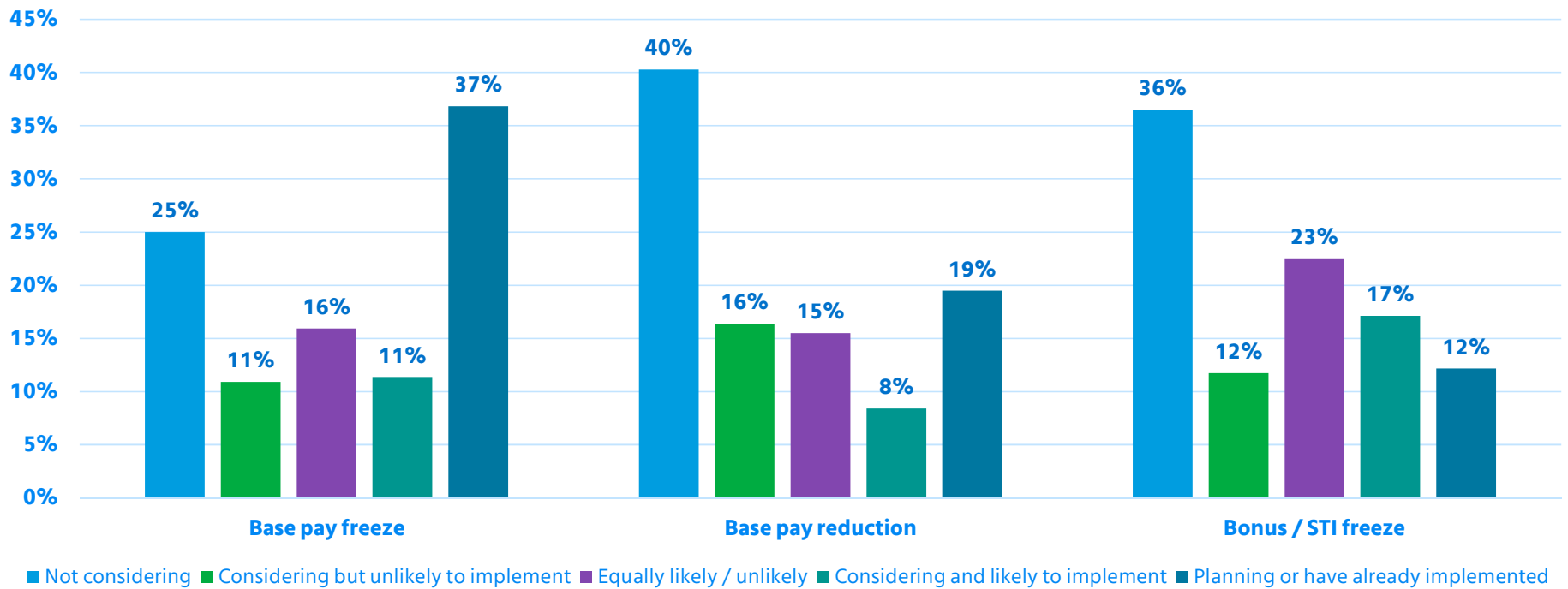
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To what extent is your company currently considering the following workforce measures?



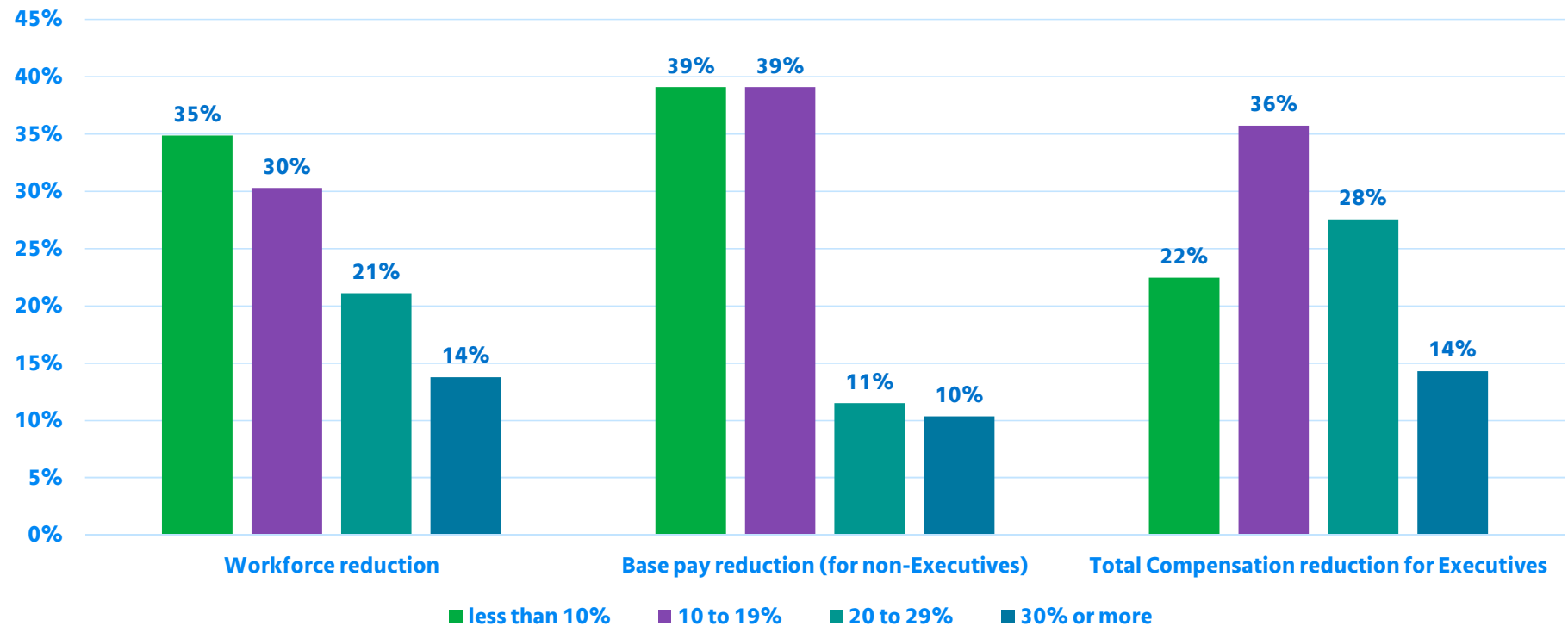
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To what extent is your company currently considering the following pay measures?



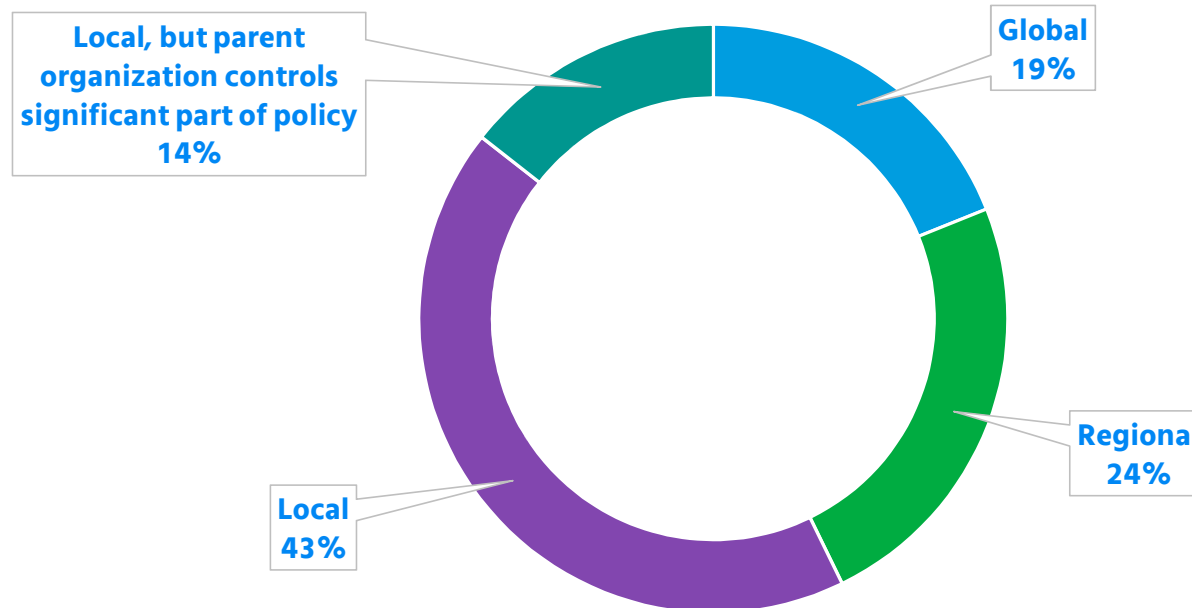
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For companies considering the following measures, what percentage are you targeting?



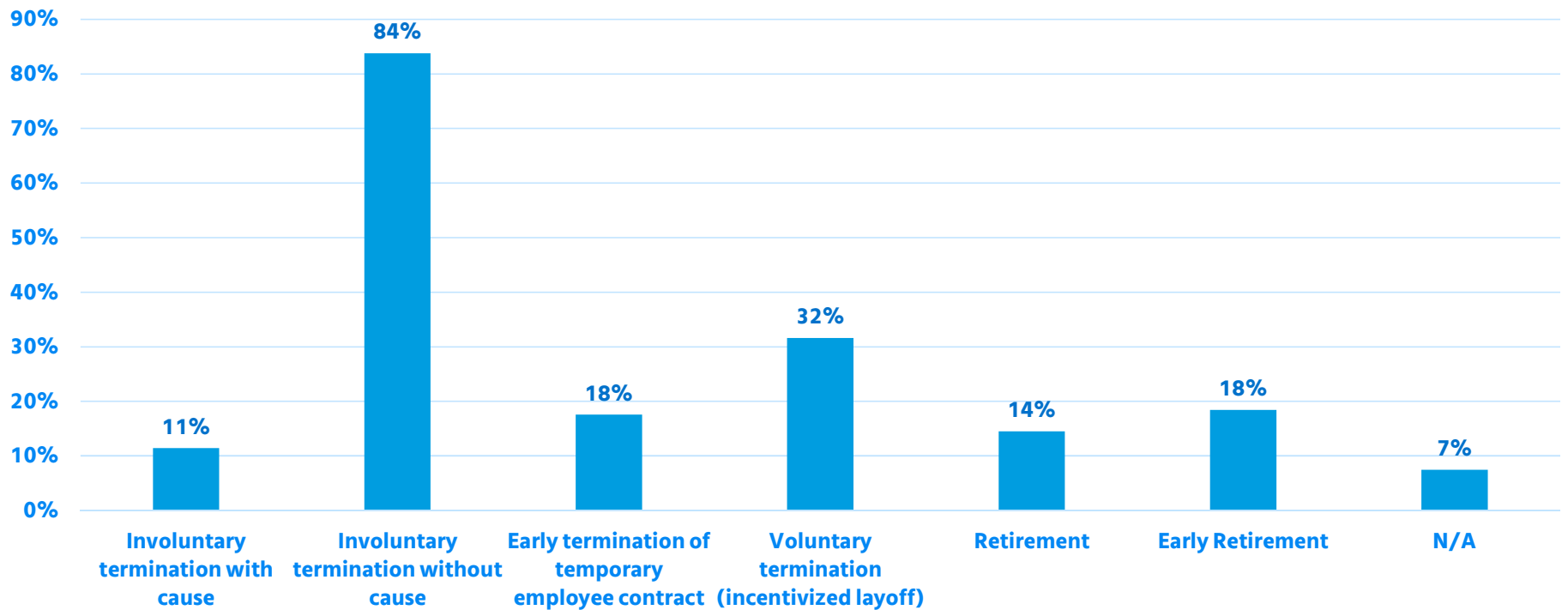
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What type of severance pay policy do you have?



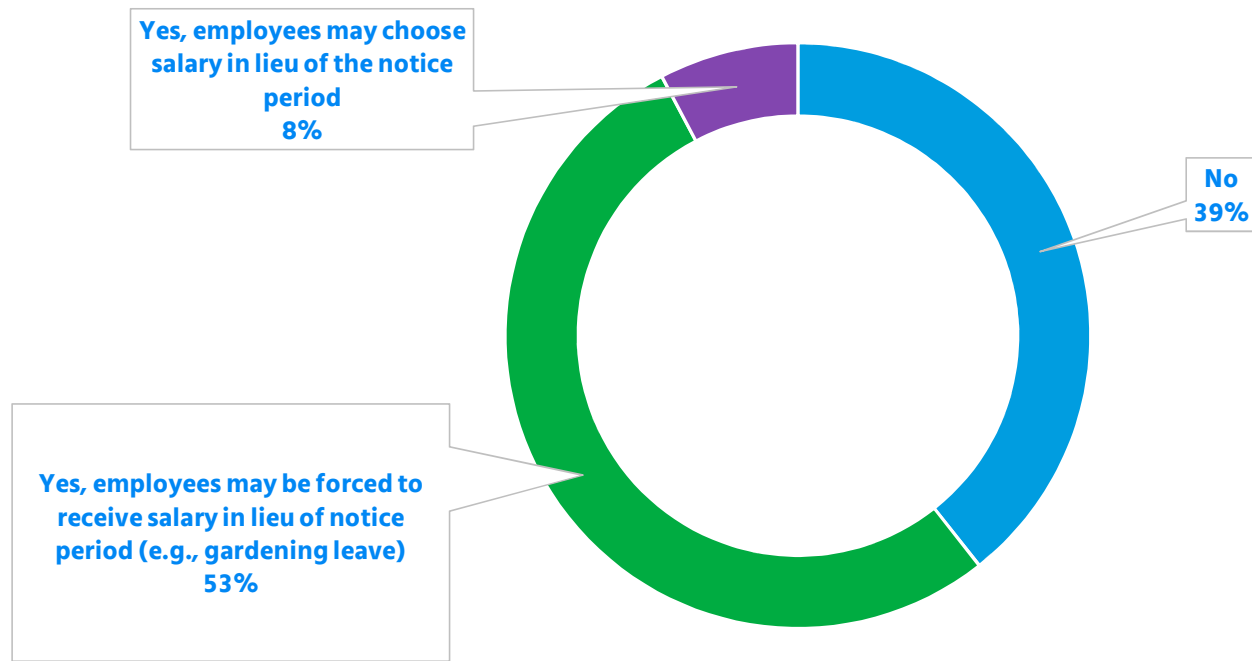
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Under which of the following are severance payments provided?



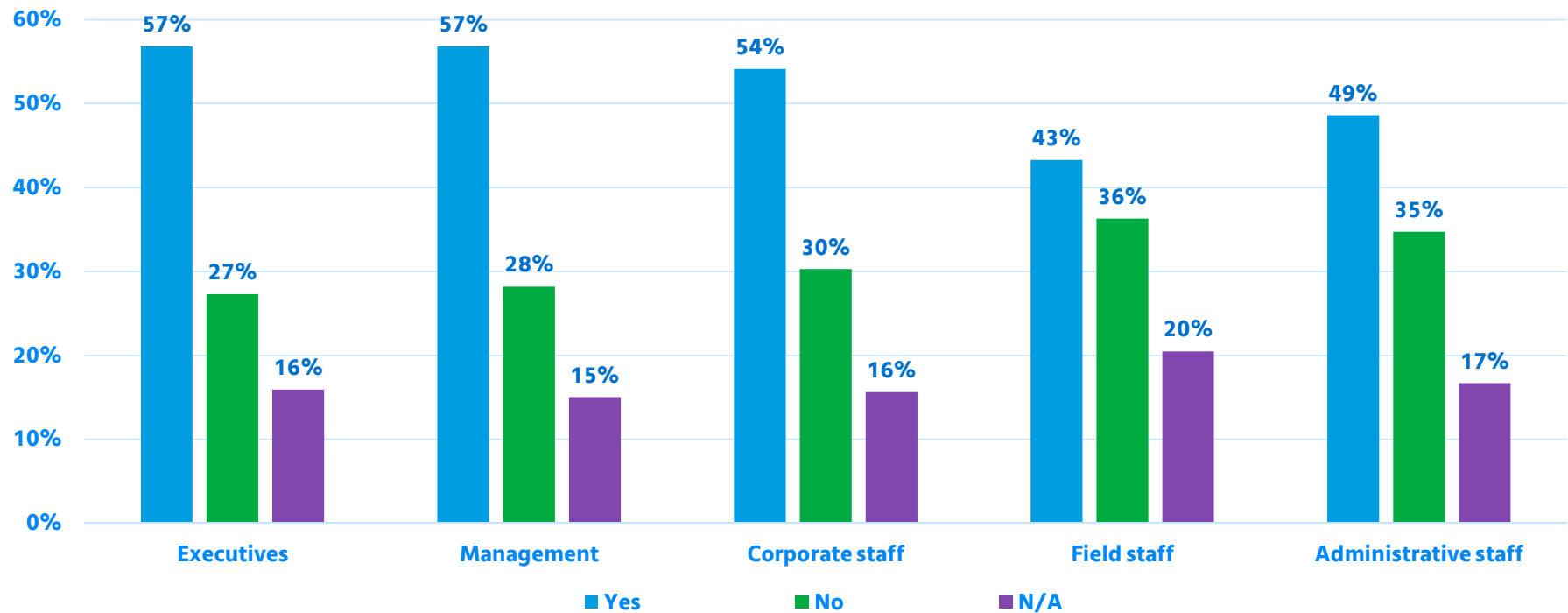
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Does your organization offer salary in lieu of notice provided?



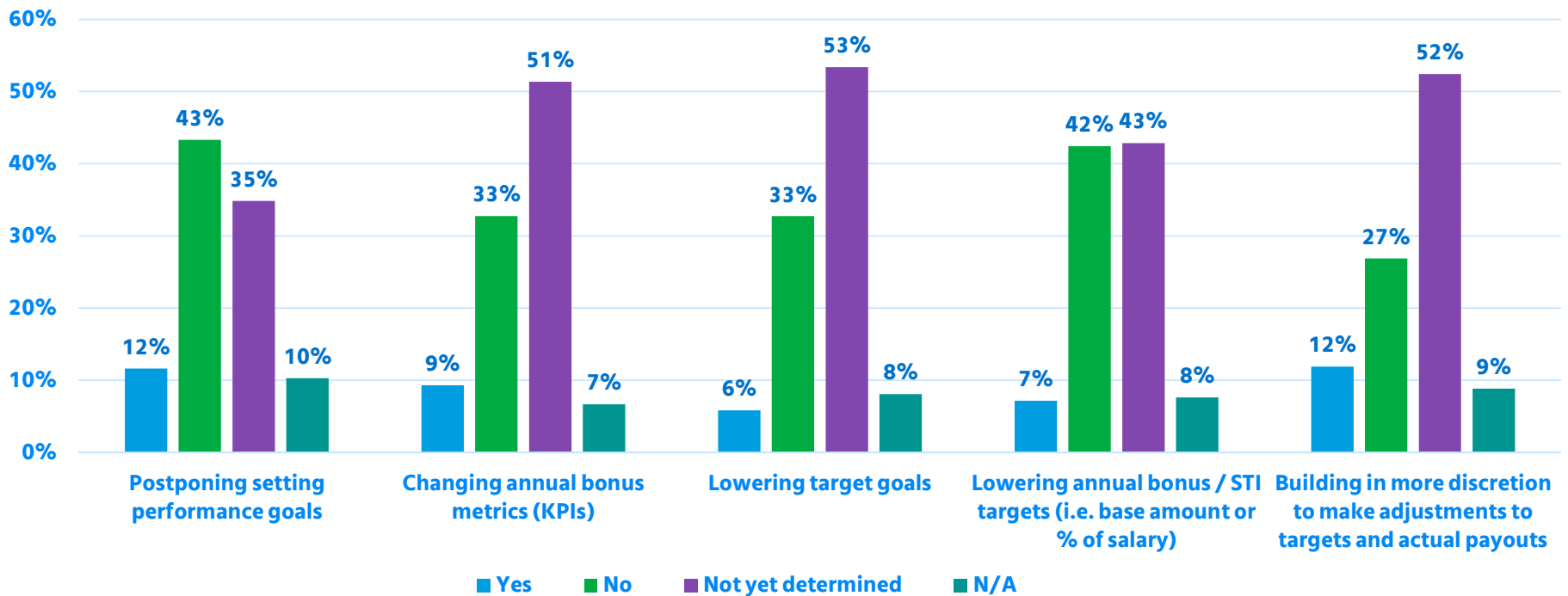
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Does your company offer outplacement services to any of the following employee groups?



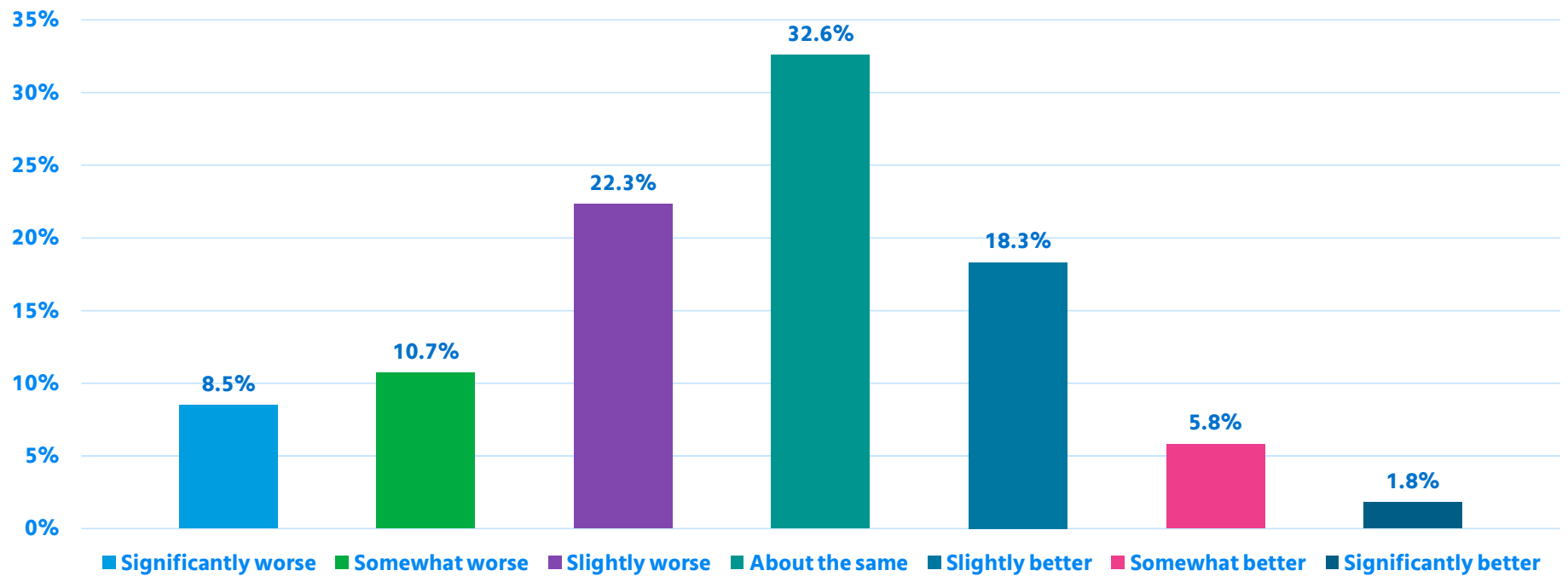
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Is your organization making any changes to 2020 incentive compensation (STI/Annual Bonus) plan (to be paid in 2021)?



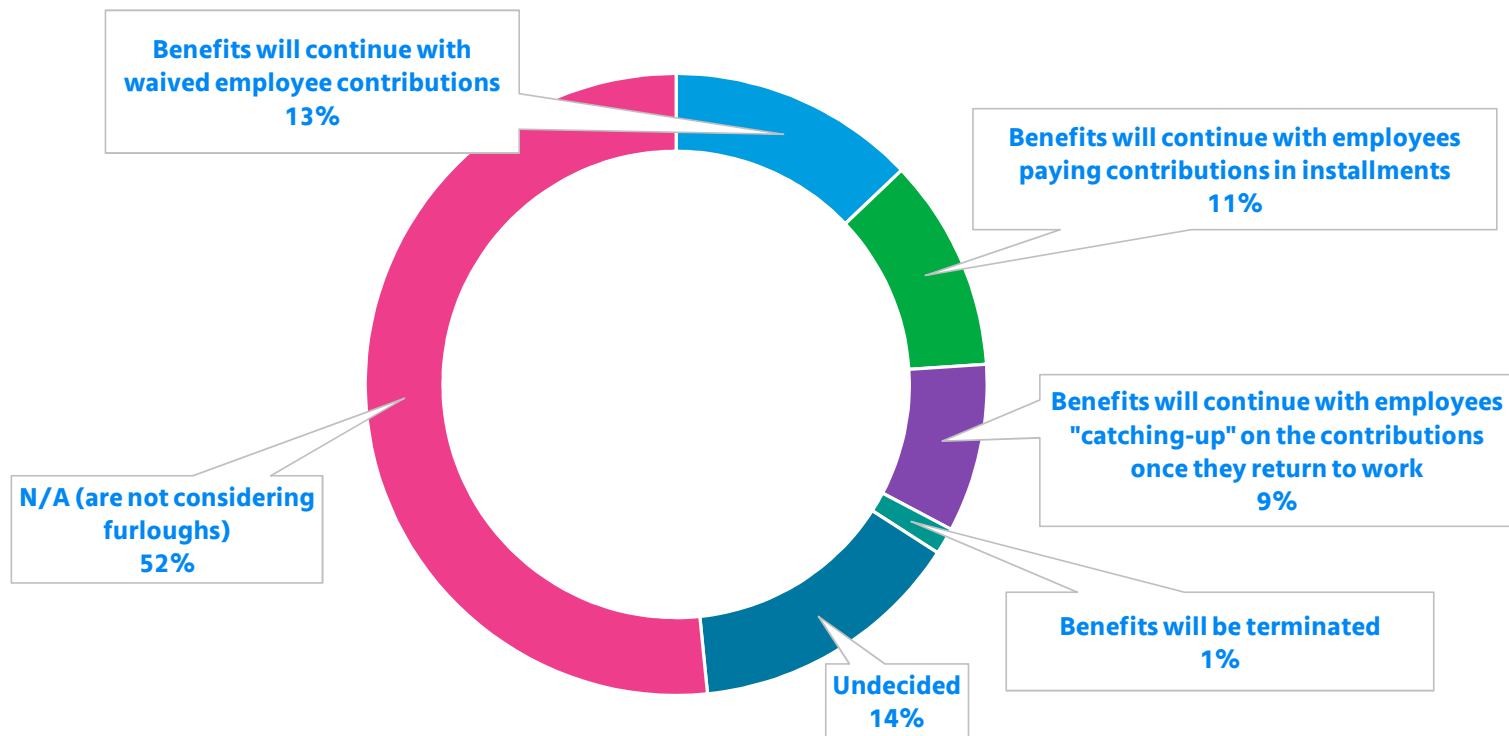
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Please rate where you believe the level of employee engagement in your organization will be at the end of 2020 relative to 2019:



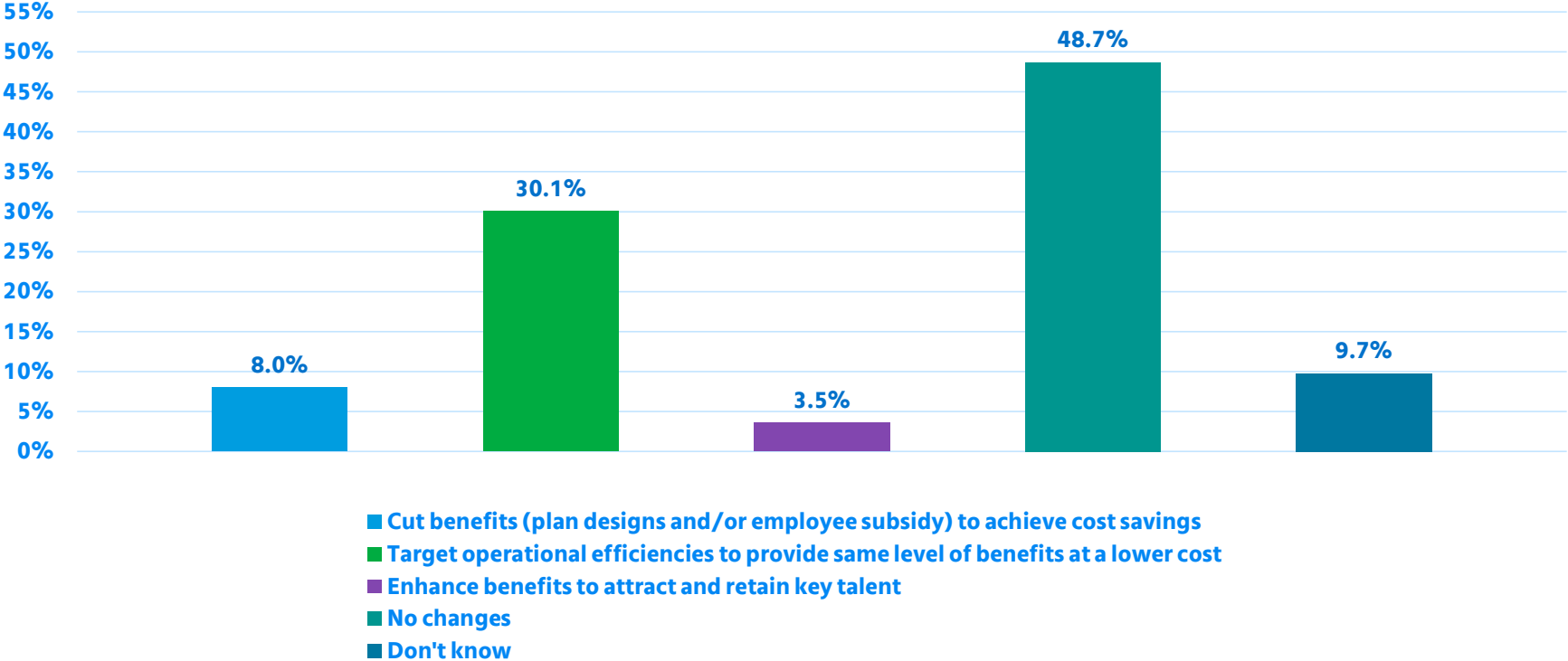
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For furloughs you are considering or have implemented, what are you planning/doing with regards to benefits?



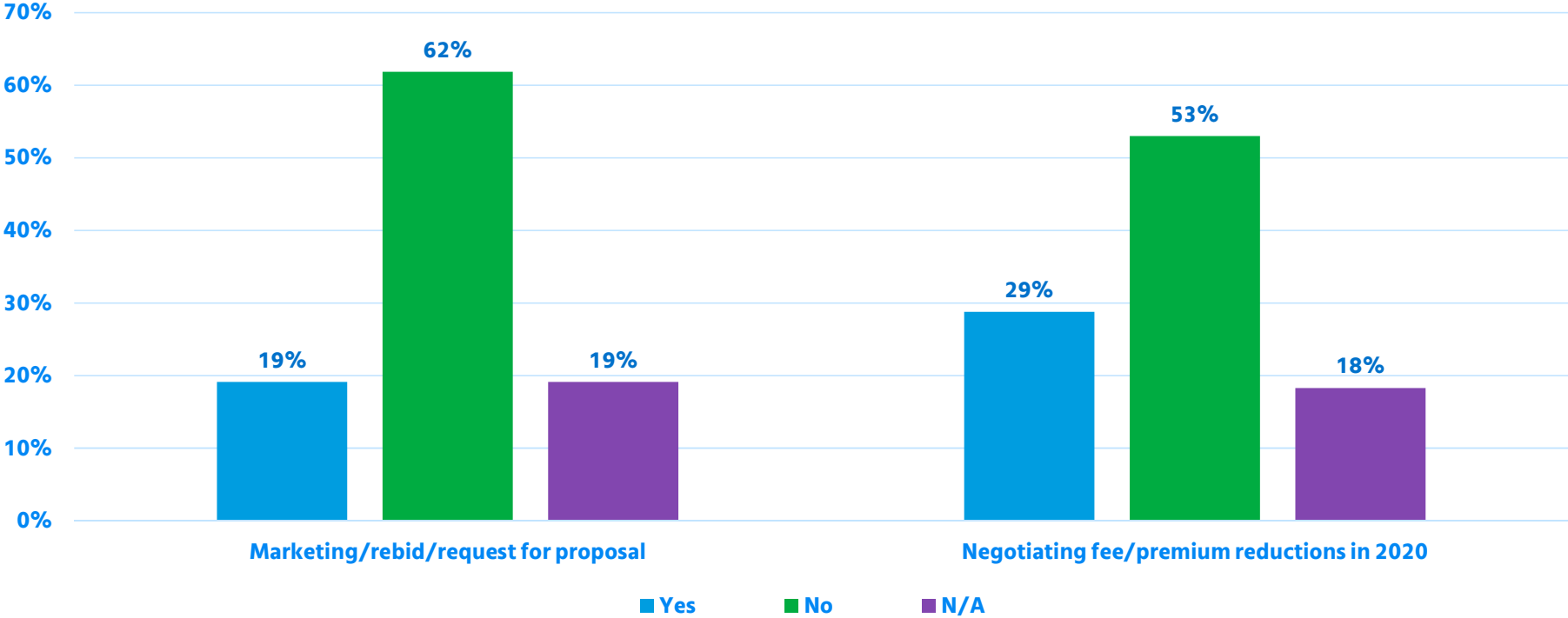
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Please indicate your company’s top priority for Health & Welfare benefits:



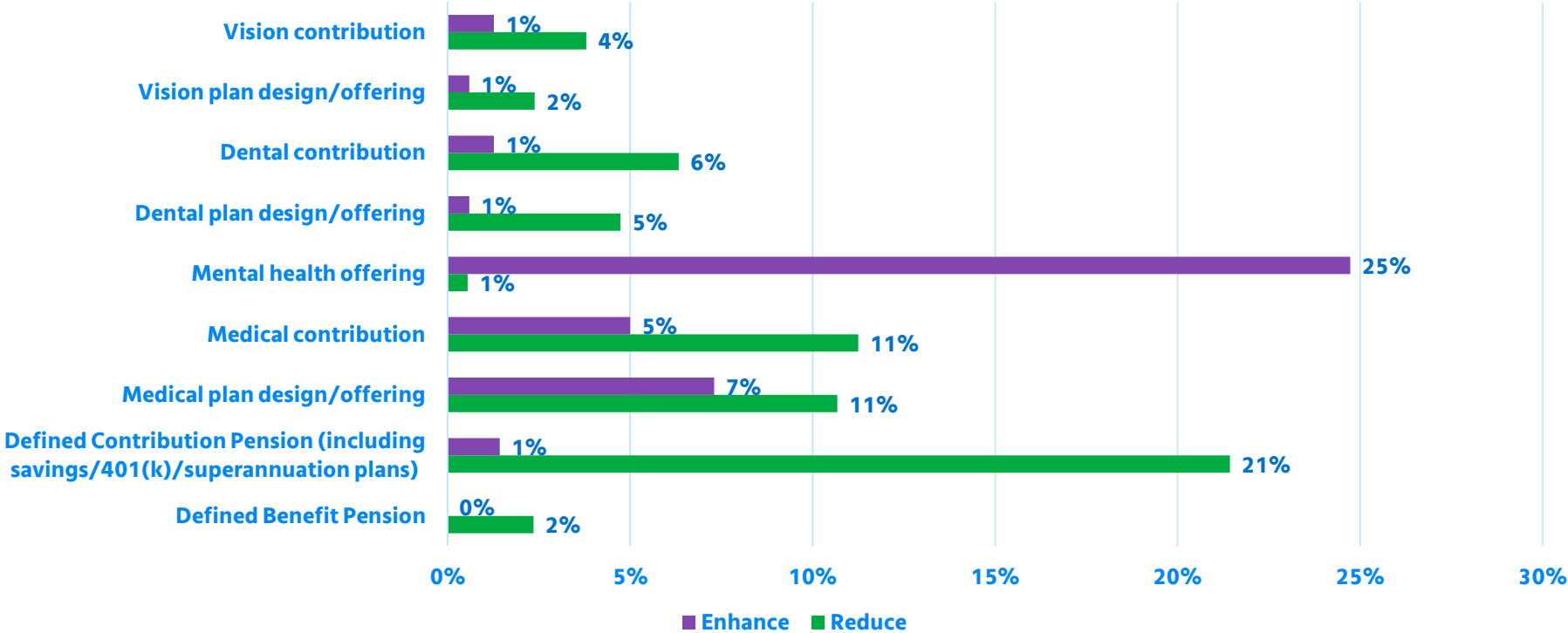
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Have you taken any steps with your carrier partners/medical insurers to reduce cost in 2020 or 2021 for your Health & Welfare plans?



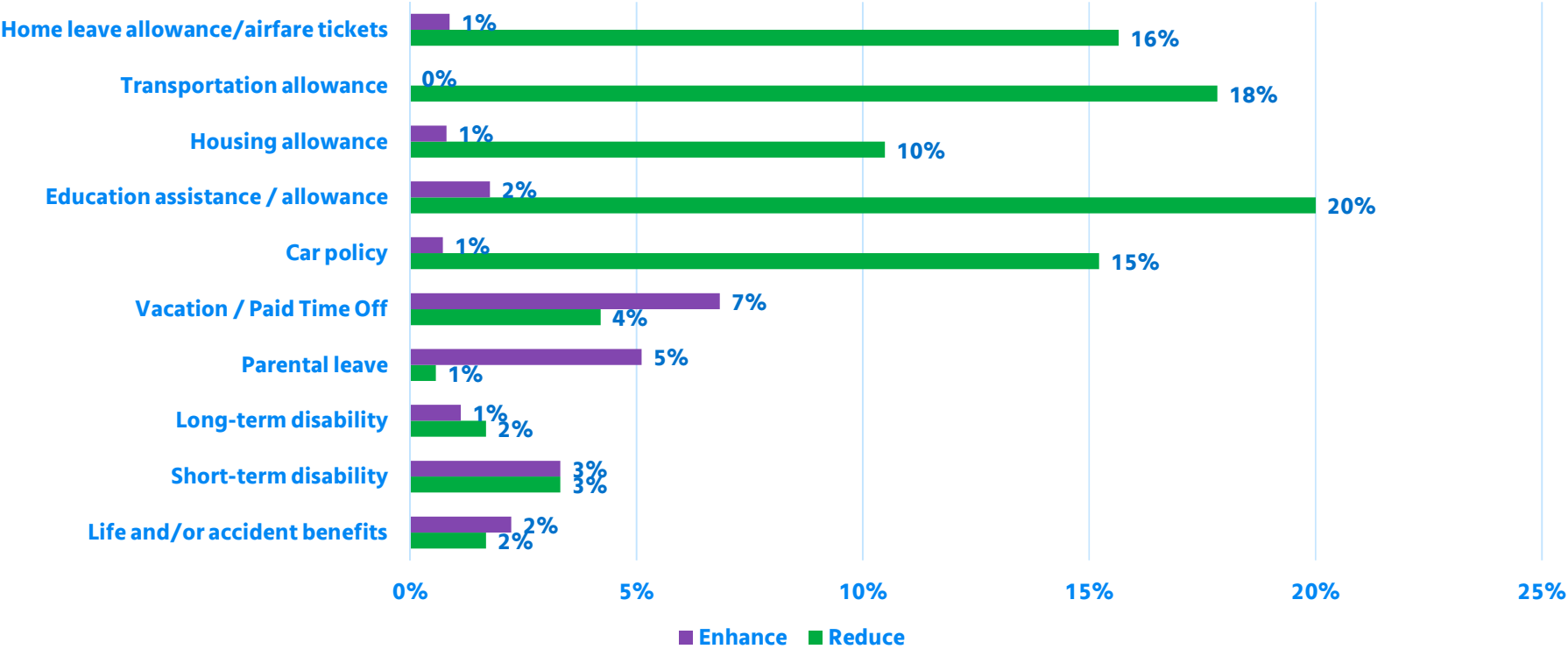
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If considering changes to your benefits program, which benefits are you targeting? (Page 1 of 2)



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If considering changes to your benefits program, which benefits are you targeting? (Page 2 of 2)



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What other benefits measures are you considering?

Reductions:

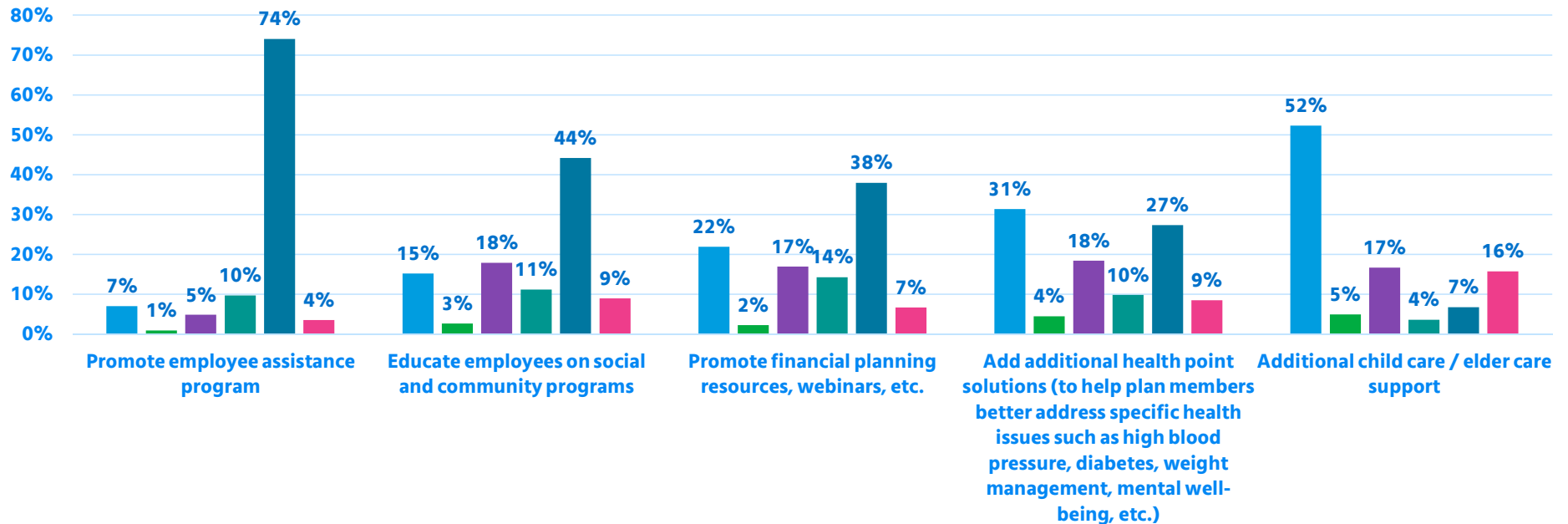
- Reduction in recognition programs
- Evaluating a reduction in short-term disability (not COVID-19 related)
- No longer paying the employer portion of benefits while employees are on unpaid leave
- Reducing employer match on company share purchase program
- Freezing scholarships, loans and other payments

Other:

- Gym reimbursement policy now includes online apps
- Virtual resources for employee wellness and mental health
- Virtual healthcare platforms
- Investigating flexible benefits

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Have you taken, or are you planning on taking, steps to address stress and other behavioral health issues due to lower oil prices and/or fear of COVID-19?)



■ Not considering ■ Considering but unlikely to implement ■ Equally likely / unlikely ■ Considering and likely to implement ■ Planning or have already implemented ■ N/A

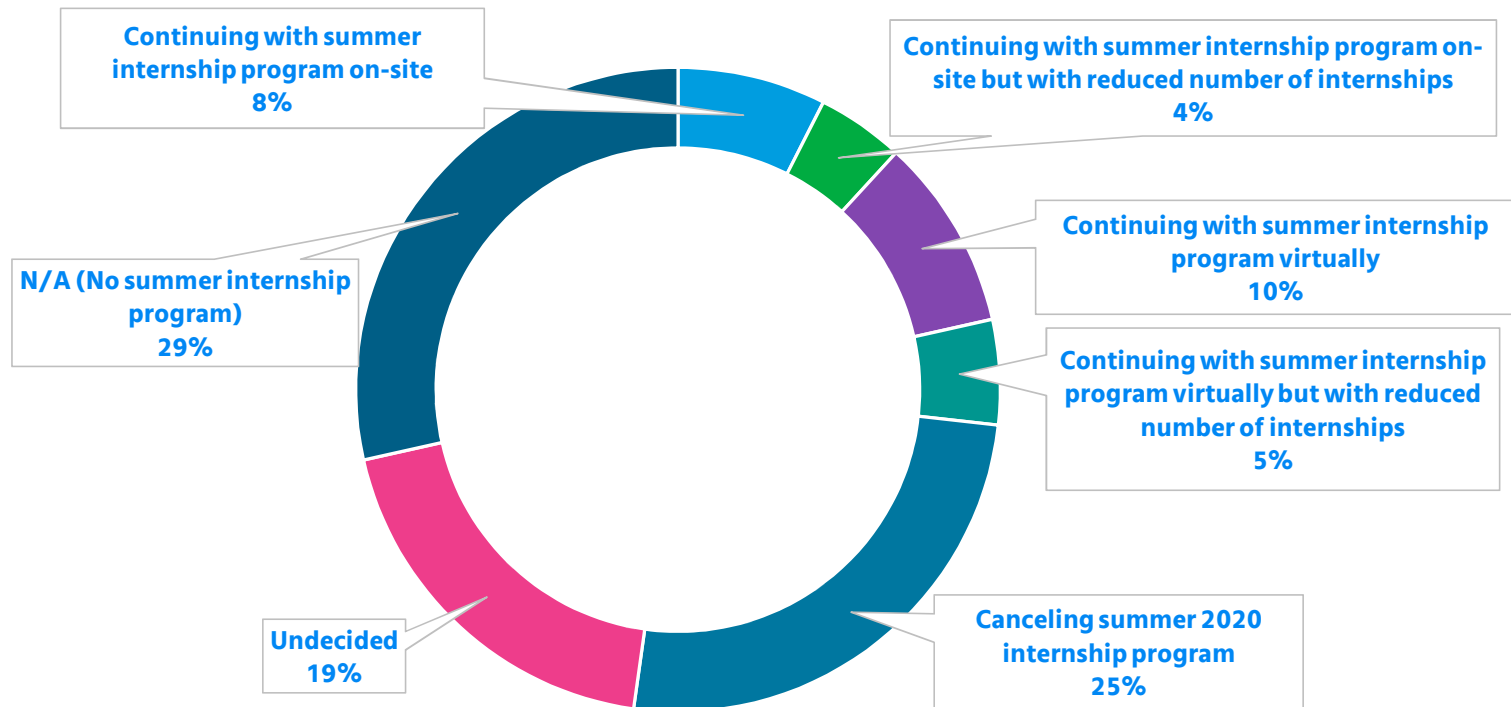


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Mercer's Energy spot poll #2 was run April 22-29, 2020;
Limited to one response per company per country

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How are you handling summer internships?



Mercer Energy Vertical Experience and Knowledge

1,500+

Energy clients partnered with around the world

110+

Energy surveys delivering sector-specific data needs

24

Energy centres of excellence fulfilling client needs locally, regionally & globally

6,000+

Energy projects performed annually across Health, Wealth & Career

600+

Consultants working in energy from our diverse pool of over 21,000 colleagues

75

Years as a firm, proudly serving energy companies across the globe

Mercer gathers and delivers energy insights via a range of peer-to-peer industry networks including:

North America Energy Forum ♦ European Energy HR Strategy Network ♦ Africa Energy Forum
Asia Pac Energy Forum ♦ Middle East Energy Forum ♦ European Renewables Network

For further information on Mercer's energy expertise and experience and how we can partner with your organization to manage and mitigate your people risks, please visit: <https://www.mercer.com/our-thinking/career/energy-industry-practice.html>

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