

PESA HR/ Supply Chain Roundtable

Current state of the labor
market and implications for
O&G industry

May 23, 2017

Labor trends- the big picture

Per PwC's 20th Global CEO Survey, 64% of Oil & Gas CEOs are worried about key skills shortages.



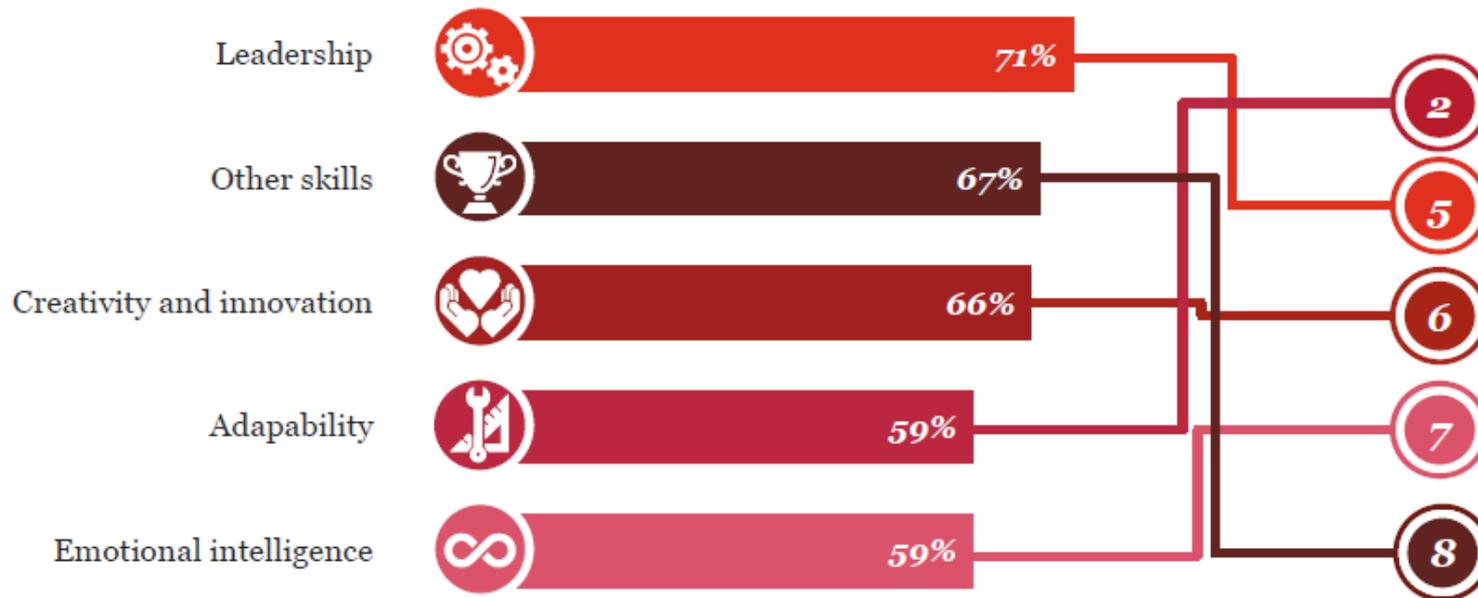
71% said that Leadership was the most difficult skill to find

Difficulty to recruit people with skill

Respondents who answered somewhat difficult or very difficult

Importance of skill

Ranking of respondents' answers as somewhat important or very important



Q: How difficult, if at all, is it for your organisation to recruit people with these skills or characteristics?
Q: In addition to technical business expertise, how important are the following skills to your organisation?

20th CEO Survey

Other factors to consider

50%

Increase in mobile employees by 2020

25%+

Female labor force participation rate expected to climb

65%

Employees want to work for organization with a social conscience

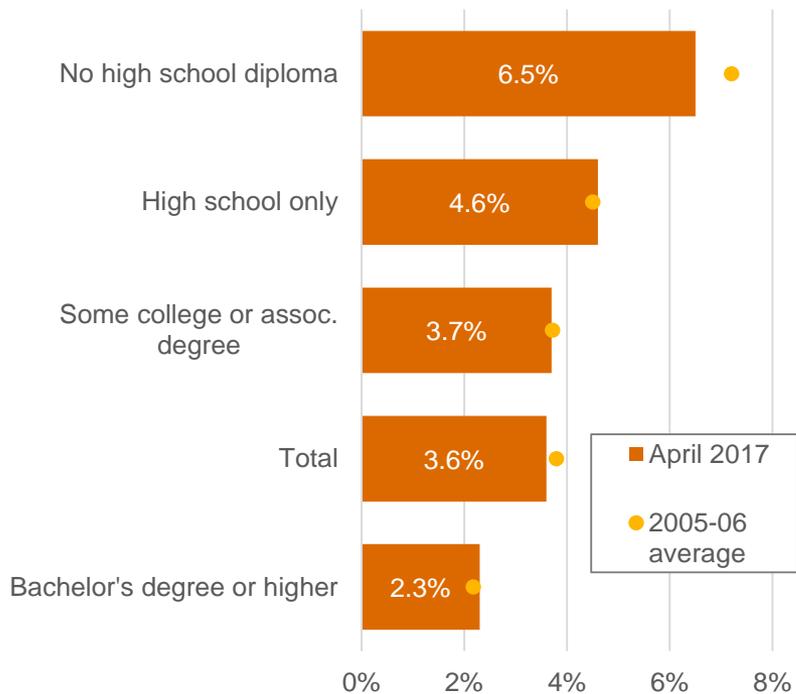
20%+

Workforce 2020 will be comprised of contingent workers

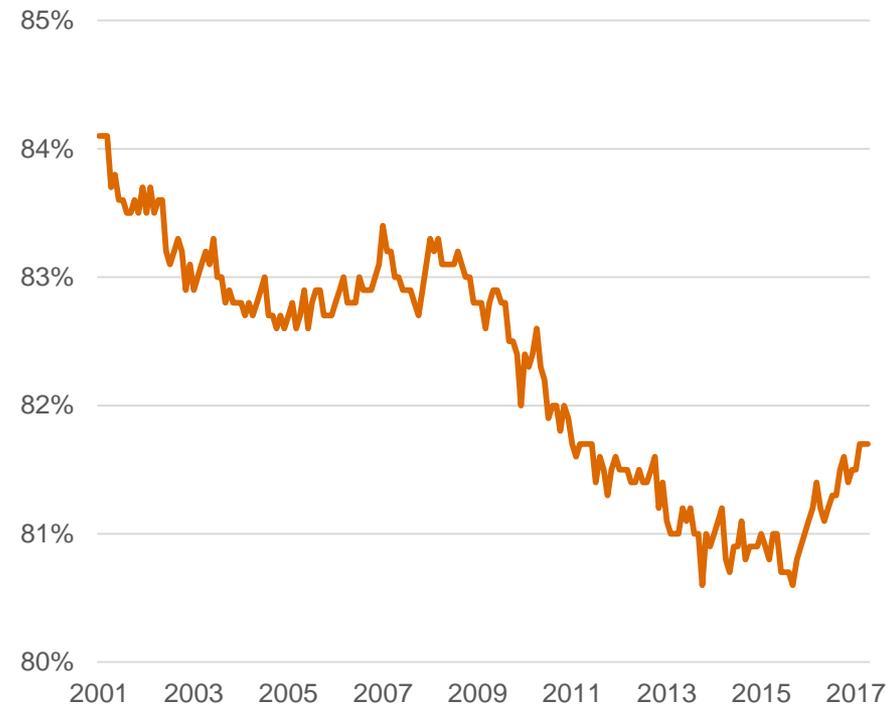
Current state of the labor market and implications for O&G companies

The US labor market is tightening

Unemployment Rate by Educational



Labor Force Participation

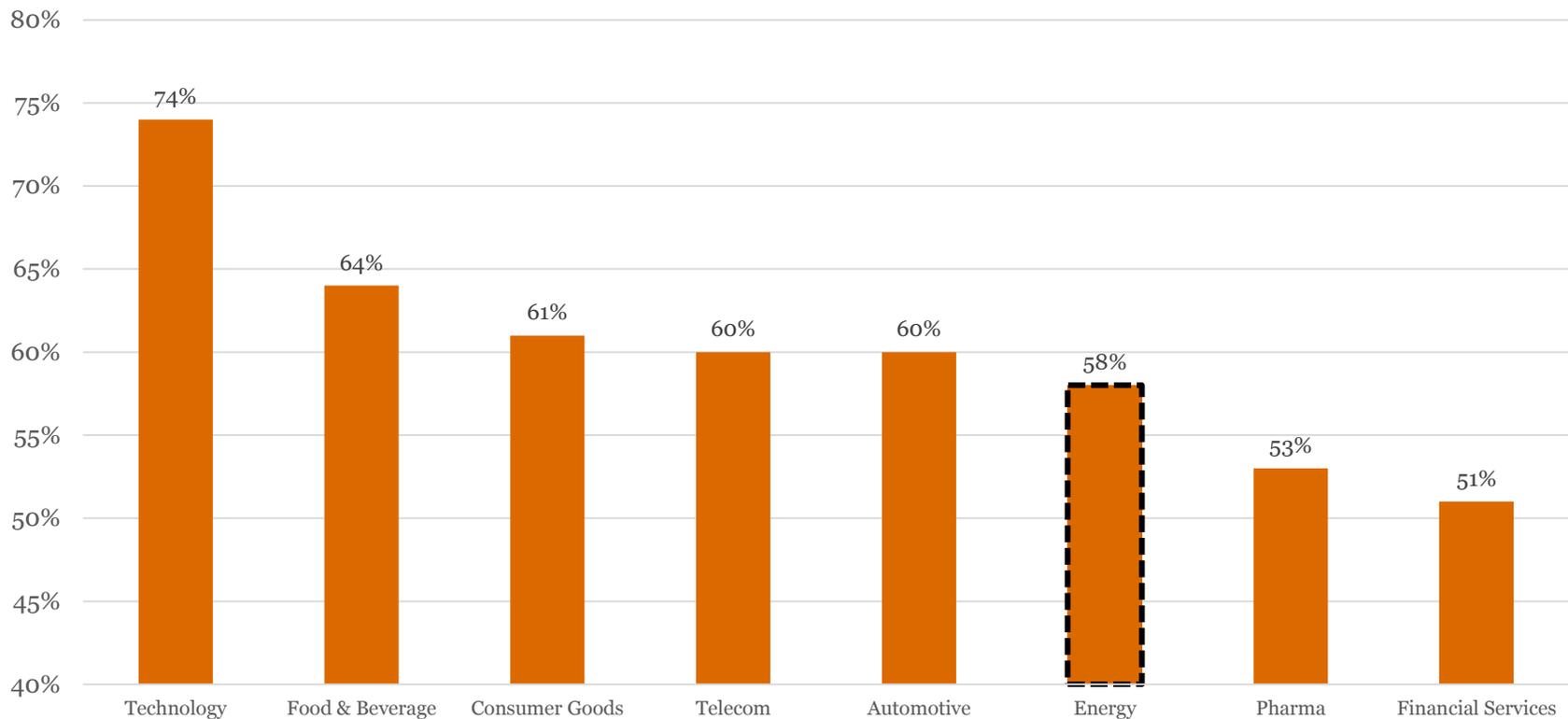


Tight labor market and increased drilling activity

- Goldman Sachs estimates 80,000- 100,000 new jobs will be created in the next 2.5 years, absorbing 8-11% of the unemployed population in energy-producing states
- The tightening in labor markets, increased drilling activity, and the past 3-4 years are creating a feeling of distrust and uncertainty in the industry
- Re-deployable skillsets are moving into other industries, with high competition from technology and other industries
- However, a recent survey by Reinsvold & Associates suggests:
 - 60% of the executives believe that their industry will perform better in 2017
 - 66% believe their own companies will perform better
 - 34% expect their companies to increase their headcount

Distrust in the industry is a real concern

Level of trust by sector (2016)



Source: 2016 Edelman Trust Barometer
PwC

Oil and gas job market: 2014 vs 2016

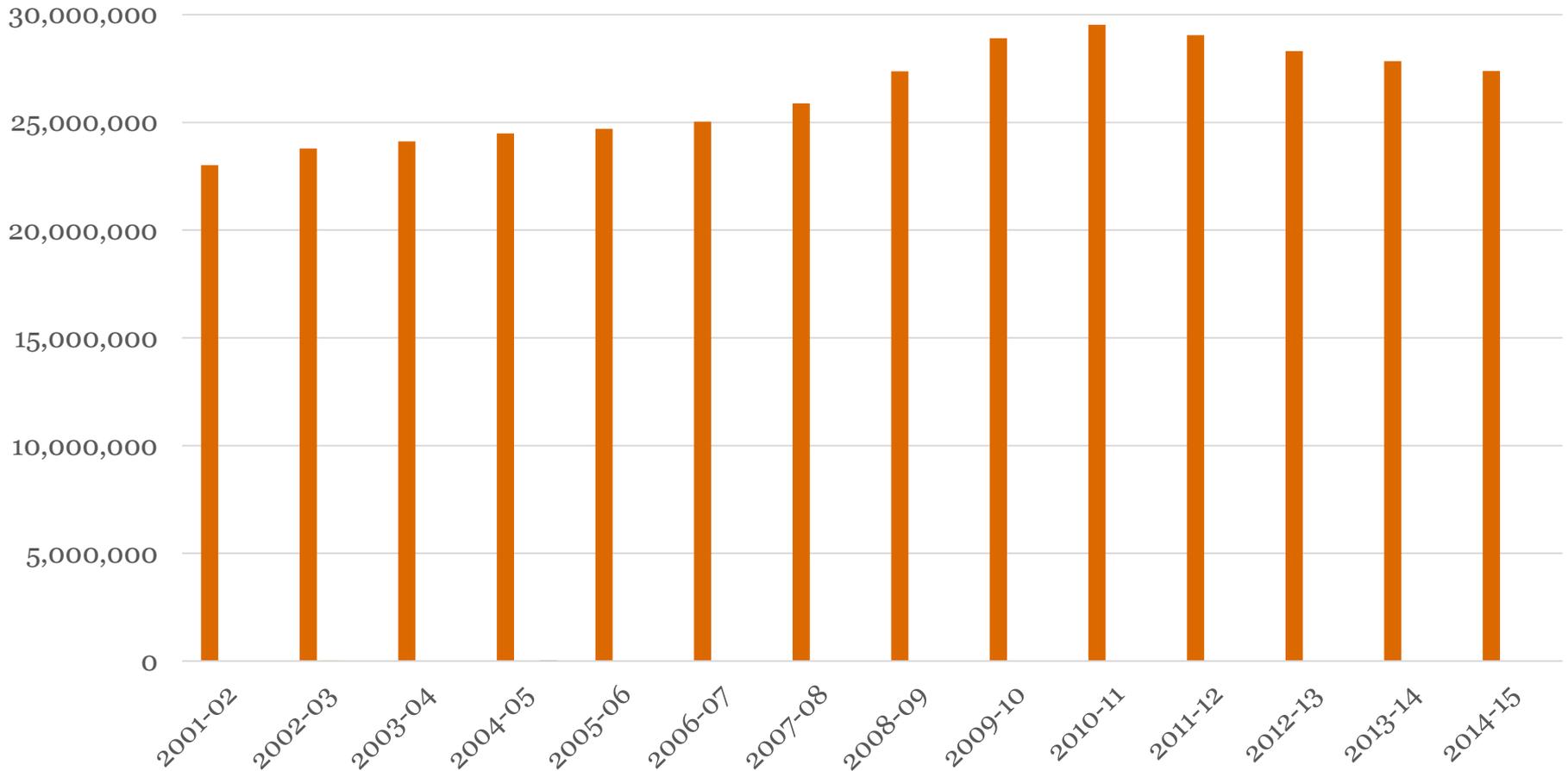
Postings (share of all posting)



Searches (share of all searches)

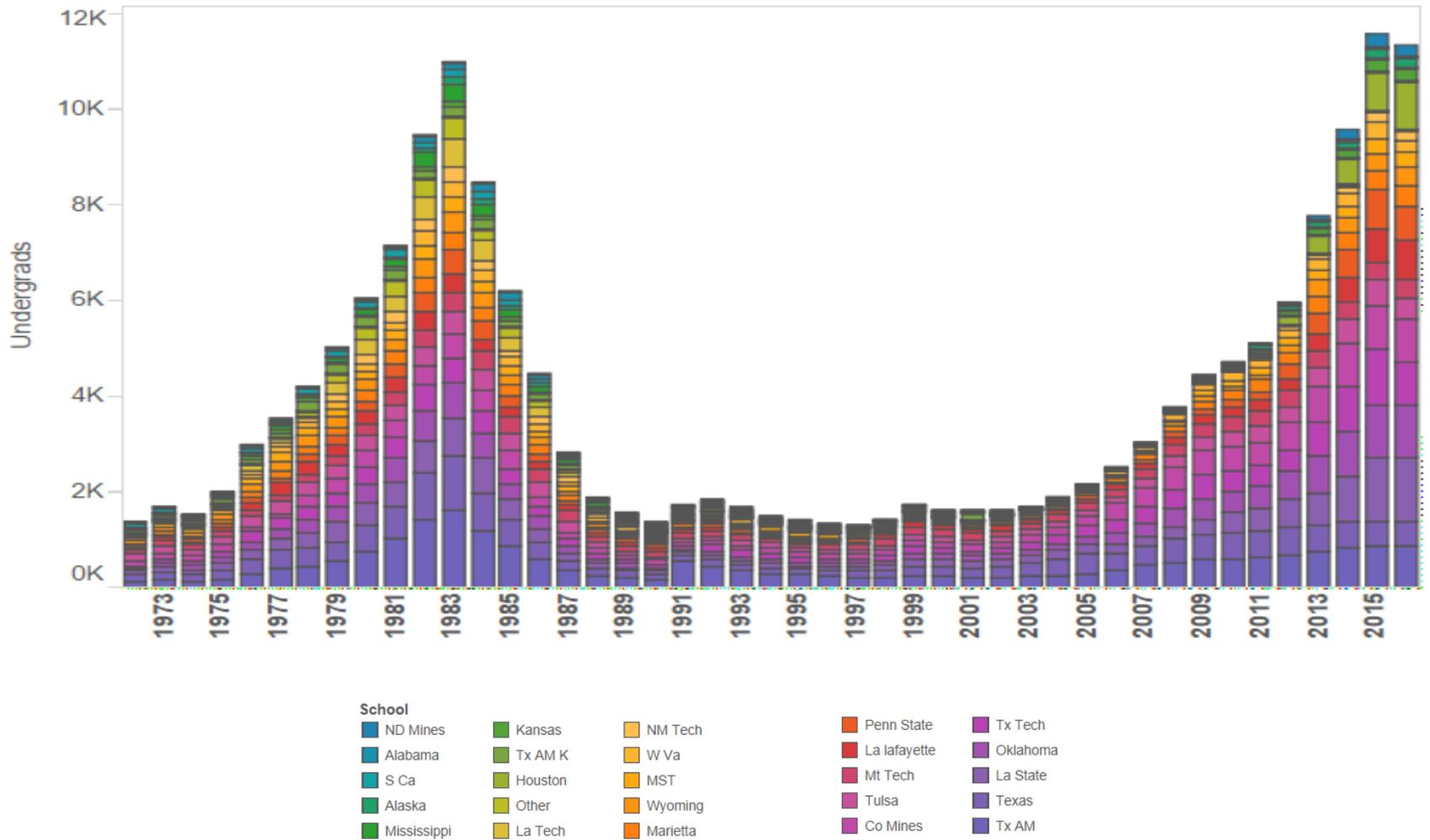


Postsecondary enrollment trending down

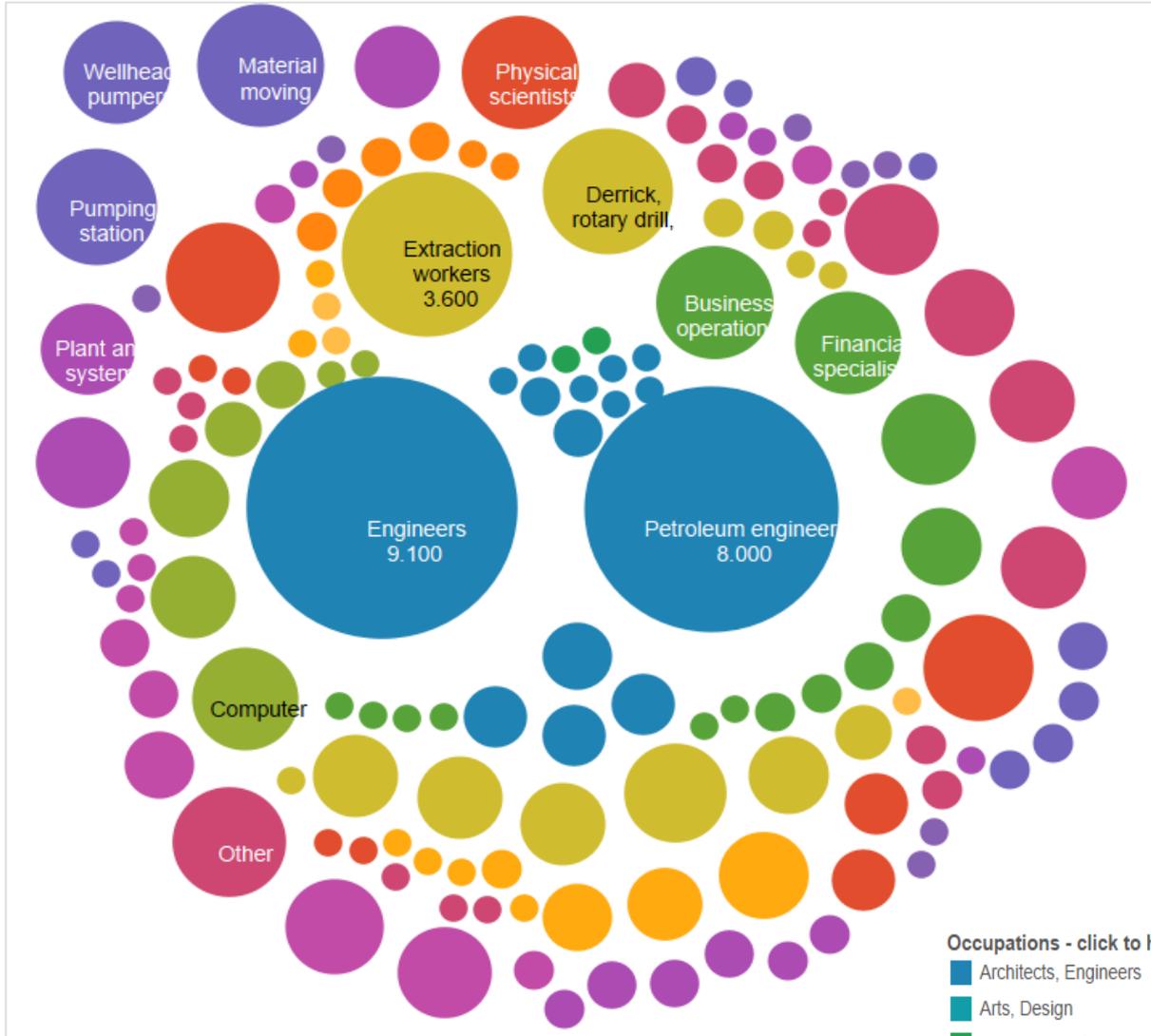


Sources: National Center for Education Statistics
PwC

US petroleum engineering enrolment trends



Potential worker shortage



Occupations - click to highlight

- | | | | |
|--|--|--|---|
| ■ Architects, Engineers | ■ Computer, Math | ■ Legal | ■ Production |
| ■ Arts, Design | ■ Construction | ■ Life, Physical Social S.. | ■ Sales |
| ■ Building Maintenance | ■ Healthcare | ■ Management | ■ Transportation |
| ■ Bus., Finance | ■ Installation Repair | ■ Office/Admin | |

Sources: BLS, 2022 occupation projections for oil and gas industry (CNBC)

Companies that align talent strategy with business strategy realize performance gains



Thank You

© 2017 PwC. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, a Delaware limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity. This proposal is protected under the copyright laws of the United States and other countries. This proposal contains information that is proprietary and confidential to PricewaterhouseCoopers LLP, and shall not be disclosed outside the recipient's company or duplicated, used or disclosed, in whole or in part, by the recipient for any purpose other than to evaluate this proposal. Any other use or disclosure, in whole or in part, of this information without the express written permission of PricewaterhouseCoopers LLP is prohibited.