Contents

1. Where the Energy Sector needs to go, and why
2. Where the Energy Sector is now
3. What do we all need to do?
1. Where the Energy Sector needs to go, and why

The world needs the Energy Sector to be a force for good, to be seen as a force for good and to be respected as a force for good. With the world’s people, economies and very future depending on it, this outcome is not the best choice, it is the only choice.

Aside from the statistics, data and facts in the side panels, there are three reasons the sector must be a force for good:

People depend on the Energy Sector and will do so for generations to come. This sector, which is populated by frontiersmen and women, delivers heat, light and power to the world. The Energy Sector enables us to live.

It is a key driving force for economies, enterprise and business. It generates masses of cash for pension funds, provides high quality employment both within its own sector, and for its many partners and suppliers. Indeed, the public sector depends on it. Every economy on earth needs a strong, respected and profitable private sector, for schools, defence and hospitals to survive, and thrive.

The reputation of the Energy Sector is reflective of other sectors that are being picked on, bullied and vilified. Banking, at times the entire financial services industry, also suffers from a poor reputation. And yet that industry must also succeed, because without it the global economy would collapse. The actions needed to transform the reputation of the Energy Sector can be applied across every sector, business area and company in the world.

Contribution to pensions

31 percent of U.S. oil and natural gas shares are owned by public or private pension plans.

WHO OWNS BIG OIL? (2012)

While oil and natural gas stocks make up an average of 3.9 percent of public pension holdings in four key states, they accounted for an average of 8.6 percent of the returns in these accounts from 2005 to 2008.

American Petroleum Institute (2011)
2. Where the Energy Sector is now

Prices, politics and poor PR have combined with spills, disaster and deaths to become the cornerstone of the reputation of the sector. Their good work seems to go unnoticed – investments in community projects, partnerships with charities and the wealth of good work are largely hidden. Bad news sells, and bad news about “bad” companies sells even more.

In the Energy Sector, every day seems a good day to bury good news. We place the blame for this reputation on the press, vote hungry politicians and the industry being an easy target. We also hold leaders in the sector accountable, for neither driving their positive agenda forward in a way that persuades, and poor or no reaction when events go wrong. Where were you when you needed to explain recent energy price rises?

And when you explain, be heard. BP was right when they said the spill at Macondo would not be a long term environmental disaster – though no-one listened. The fact that they plugged the hole under the most intense scrutiny of the world’s eyes was an extraordinary achievement. However they made a mistake in the first place and it was right that there were consequences. Among those consequences should not have been the vilification of what is generally regarded as a very solid citizen.

The majority of people know about Buncefield, Bhopal, Macondo, Arctic spills and Enron, fewer know about what it took to stop the spills. It is easy to forget the contribution the Energy Sector makes to the global economy and the society.

On the right are just a few examples.

There has to be danger, and sadly, death in the Oil & Gas Sector. The sector is like NASA mixed with heavy industry, delivered in extreme heat and cold. Instead of exploring space they explore the ocean’s depths, the Arctic ice, the deserts and the seas surrounding these islands.

The very people who risk their lives are the very technical experts who can stand up and educate, explain and help the world understand the real issues. And yet we don’t see them – they are kept away from the media by PR infrastructure that is no doubt expensive, certainly defensive and boringly dull.

In a very dangerous world the Energy Sector is a leader in Safety. It is at the forefront of Green technologies. It funds our pensions. It provides high quality employment. It pays its taxes and does not hide behind tax shelters. It is a responsible citizen. It pays its dues.

The Energy Sector is not the enemy. It’s the friend within. No friend is ever expected to be perfect. It does a good job and we salute the men and women who ply their trade creating the conditions that allow us to be kept warm, fed and secure. They enable us to live. We salute them; it is time for them to be saluted by others.

Contribution to the public purse

[The] Total Tax Contribution for the entire Oil & Gas UK E&P membership [is estimated to be] £30.1bn which amounts to 5.5% of total Government receipts for all taxes.

Report prepared for Oil & Gas UK, by PWC February 2012

The American Petroleum Institute represents more than 470 oil and natural gas companies, leaders of a technology-driven industry that supplies most of America’s energy, supports more than 9.2 million U.S. jobs and 7.5 percent of the U.S. economy, delivers more than $85 million a day in revenue to our government, and, since 2000, has invested nearly $2 trillion in U.S. capital projects to advance all forms of energy, including alternatives.

American Petroleum Institute (2011)
The facts

NASA's Jet Propulsion Laboratory is using Energy Sector pioneers to jointly explore the universe

We are proud that the same pool of talent that sends rovers to Mars, explores our universe and studies Earth's environment will help contribute advanced technology towards our energy future here on Earth

Source: www.nasa.gov

The UK is in danger of running out of fuel. Our capacity will be dangerously close to our consumption in 2017

Source: www.oilprice.com

The figures

In 2012 the private sector investment in the Energy Sector rose to £11.6bn in the UK

£24bn direct contribution to the UK economy and in excess of 600,000 jobs supported by the sector

The Energy Sector paid £3bn in tax with more in business rates, the climate change levy, the renewable obligation and the carbon price floor

Source: www.ey.com

Treatment by politicians

Miliband at odds with energy firms:

'I'm not going to tolerate the energy companies using the fact there’s going to be a price freeze to collude in raising prices.’

BBC, September 2013

Caroline Flint MP, the shadow energy secretary, accused companies of

‘cashing in on their most loyal customers. It is difficult to explain the reasoning behind these price variations other than the fact that suppliers are charging what they think they can get away with.’ she said.

The Telegraph, January 2014
3. What do we all need to do?

This paper recommends four key principles with a series of actions flowing from them for the Energy Sector and the following groups:

<table>
<thead>
<tr>
<th>Politicians</th>
<th>Media</th>
<th>Opinion Formers</th>
<th>All of Us</th>
</tr>
</thead>
</table>

**Cause and Cash**

To: **Energy Sector Leaders** – have a cause – something that you stand for and believe in, and that excites everyone who works for you. Call it a movement, a point of view or whatever you like. Take ownership of your own reputation. You are judged by what you say, what you do and most importantly by what you are seen to do for others – customers, everyone, the world. Make your cause real, by ensuring that everyone in your organisation knows what they do, and how to keep the cause alive every day.

We call on you to stand up – be visible, be counted, be you. Find your voice and use your voice, so that we can all hear it.

To: **Politicians** – be champions of the Energy Sector, and indeed, of enterprise and the private sector, and hope they make a substantial profit. Without it, there are no pension funds, no taxes and no public sector. We need strong public and private sectors, and they are of equal importance. Like the armed forces the sector delivers security. Energy security. We call on politicians to treat the sector as you would any other valuable member of society.

**Clarity over Confusion**

To: **Energy Sector Leaders** – tell the truth, always. You tell us about Safety and Diversity and Inclusion. Tell us about the rest, your ambitions, your concerns, your plans. Strip away the hype, jargon and mystery around your industry, especially with your PR, so that people understand what you do, how and why, for them. People can never buy into something they don't understand, and will only ever trust people they believe are telling them the truth. Be visible both inside and outside of your organisation. Most people who work for you learn what is going on from external sources. Have a champion who is prepared to be themselves in front of the media (social and traditional) to your customers and to us all. Be honest, be vulnerable, and be brave. We will trust you if you do.

To: **The Media** – we call on the media to show balance to the sector, and reward the leaders who tell the truth, by celebrating its success, focusing on facts, and of course reporting on its failings. Let us all learn about Energy from those who are balanced and reasonable. We particularly call out David Blackmon of Forbes, Matt Ridley of the Times, and the Economist. There are others.

To: **The Regulators** – please break up the vertical integration of the UK market or explain why its current set up is in the interest of all market participants. As it stands, the market forces UK energy companies to compete in an uncompetitive marketplace. It is not possible to convince anyone of the fairness of the market when some of the participants control supply and distribution.

Please use your regulatory instruments to help remove barriers to efficient oil and gas exploration, development and production (e.g. fracking bans, restrictions on drilling in the Alaska National Wildlife Refuge, Eastern Gulf Coast, East Coast, France, etc.)

---

Green developments in the sector

To accelerate their technical and economic maturity, Total is investing in several areas. Total's development priorities are solar and biotechnology-focused biomass conversion. 80 of our employees work on solar and biotech, collaborating with the 400 researchers employed by our partners in Brazil, France and the United States.

www.total.com

ExxonMobil’s drilling rate has improved more than 80% since introducing the Fast Drill Process. This results in an annual energy savings equivalent to removing 1200 cars from the road.

www.exxonmobil.com

Chevron Energy Solutions (CES), a Chevron subsidiary, is one of the nation's largest installers of solar energy systems for education institutions. Over the past decade, the company has developed hundreds of projects involving energy efficiency and renewable power for education, government and business customers in the United States.

www.chevronenergy.com
Choice not Change

To: Energy Sector Leaders – build internal and external trust based on what you say and do. Trust yourselves as an organisation and your role in the world – if you don’t believe in yourselves, you can’t complain when others don’t trust you. It is in your own hands. Unlock all the talents – the strengths, ideas and passions in the people that you already have. Allow your technical people to become leaders too*.

The same technical leaders can explain the sector to the world.

(*subject of the next paper in this series)

Customers before Convenience

To: Energy Sector Leaders – be transparent. Your customers are why you exist. And in many ways, your customers are the world – all of us. Without us there is no Energy Sector. We must be top of your priorities, in the eyes, minds and actions of all of your people. Frame your PR around us all. Show and share how you have learned from mistakes and how you will not make that type of mistake again. Show how you have addressed the issues, and share more of your world, to the world. Help us understand what is really going on.

To: All of Us – let us think for ourselves, make up our own minds about the Energy Sector, and indeed, everything, based on our own conclusions. This is a challenge at the best of times, made particularly so when the bandwagon of negative popularity and convenience comes along. It is easier to focus on what we don’t want, than what we do. Assess the facts. What are the real reason for recent price rises - excessive profits among providers, or a function of global commodity pricing plus delivery costs and fiscal and environmental taxes? You decide. What are the biggest issues with Shale Gas? Is it safety, or noise? You decide.

Choose

“People are still ignorant about the energy business. I feel many are being deliberately misled by the greens who should know better. The engineering fraternity have not stood up and explained the issues involved”.

Professor Ian Fells, founder and a former chairman of the New and Renewable Energy Centre

The industry, the public, you personally, have a choice.

To the Energy Sector we say - operate in a climate of truth, trust and transparency. With the good and the bad on display, the public will be able to make a choice. Open up your communications and PR to debates, discussion and mutually agreed dialogue - with Greenpeace, Friends of the Earth, local communities, local government and other stakeholders. Make your case. Tell us about your values. Show us you are human. Explain your choices, evidence and investments. Choose to engage. Convince us.

Personally, you can choose to trust or distrust, like or dislike all or some forms of energy – Gas (Fracking), Coal (Carbon), Oil (Carbon and Politics), Nuclear (half lives), Alternative Energy (ugly, ineffective, or the only future for our planet). You can make those choices, but you can’t choose not to use them. That is why we must balance opinions with facts. We all have our own opinions, and we now need our own evidence. We hope the industry opens up to help the public, us, and you, to choose which energy we support, to support us.
Molten lives and breathes Energy and is the number one consultancy driving business improvement and embedding Authentic Leadership in companies in this sector.

Molten’s deep expertise of embedding business improvement through organisation, process and data makes us uniquely qualified to work with leaders in the Energy sector to make real and lasting change in their organisations.

For more information on how Molten can help you improve business performance, please:

Call us on +44 20 7629 0403 in the UK and +1 713 366 8099 in the US or go to www.molten-group.com | @MoltenGroup

Naked Leader measures the impact of soft skills on the bottom line.

What does that mean? We make and save you money, by ensuring that you make the fast, lasting and measurable choices you really need to make.

Outcomes – You will:
1. Make the changes that you really need – through the different choices made by your people.
2. Make and save money, more than you invest with us – or we won’t partner with you.
3. Do this with the people that you already have, who will be more engaged, valued and fulfilled.

We are champions for true, authentic leadership in organisations, the antidote to the waste of money ‘change agenda’, and the alternative to ‘day rates’ – we focus on results, not time.

In short, leadership that makes and saves you money.

Talk to us: +44 (0)1483 766502
Write to us: hello@nakedleader.com
www.nakedleader.com @thenakedleader