



Oil & Gas
Authority

Inclusion Report

April 2020

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Published by the Oil and Gas Authority

Purpose of the OGA Inclusion Report

This is the first OGA Inclusion Report.

We recognise that the spring of 2020 has brought significant challenges, the combined impact of the COVID-19 pandemic and low commodity prices have put a major strain on this industry, affecting the health and wellbeing of our staff and family members, and creating very difficult trading conditions for our businesses. It is of course right that companies should be focusing on the immediate term – protecting their staff and their business. We have however decided to proceed with publishing this report, and its recommendations, as we believe that real inclusion can be one of the enabling behaviours that can support individuals and organisations in navigating the future, engaging your staff and fostering innovation.

The intention behind this document is to help support improving the level of inclusion and diversity within the oil and gas industry. This is vital as the industry changes in a net zero world and where there is a real need for leadership and transparent action. Ensuring that we attract, retain and develop the broadest possible range of talent and that we reflect the society we are part of is more important now than at any point in our industry's history.

The OGA believes that it is right to focus on inclusion, rather than any one specific area of representative diversity, to create the space for a strategic approach to this topic. The end goal is to create working environments that are inclusive to all, which then should enable the representative diversity to follow. We recognise that there needs to be a range of action and intervention taken however, and clearly some of these very positive activities will have a strong representation focus such as networks that seek to support specific groups.

The Inclusion Report sets out the OGA's approach to inclusion and diversity as an employer, including where we have made progress and where we continue to have more to do. The report also seeks to make clear the context of inclusion and diversity within our

industry, and to look at examples of activity underway to broaden the range of talent that can be attracted and retained.

Finally, the report looks to the future and makes clear the new commitments that the OGA is making and will report on in future and sets the challenge to industry for them to do likewise. For those companies that are regulated by the OGA this will become a feature of our ongoing stewardship work.

Background: Our sector and diversity

The Oil and Gas sector

The OGA believes that the discussion should be one of inclusion, rather than any single area of representative diversity – understanding how our sector gets the most out of the broadest range of talented professionals.

An example of how this broader approach to inclusion can be effective is the study *“When she rises we all rise”* published by Accenture. This report speaks to the value of broad inclusion thinking benefiting all staff, and that the cultural elements present in firms that attract and retain female staff well are of course also there for men.⁽ⁱ⁾

The industry has, in some respects, already got a naturally broad and diverse talent base. Many of those who work in the oil and gas sector will be used to being part of global teams comprised of people with a range of nationalities, backgrounds and cultural experiences. The skills needed to ensure that a wide coalition of talent can be effectively brought together are exactly what is needed to ensure that – within the UK context – the brightest and best continue to be attracted to this sector.

It is a reality though that gender diversity has been the most discussed and most visible part of the “D&I” debate for our industry, and in recent years there has been an increase in the reporting available regarding gender pay, providing further insight into the approaches taken by companies. This includes the UK Government’s mandatory gender pay reporting for employers with more than 250 staff.

In addition, several other reports have been published in recent years addressing the topic of women in the oil and gas sector. A good example of this is the Boston Consulting Group work done for the World Petroleum Council which highlights that the average level of female staff in the sector is 22%.⁽ⁱⁱ⁾

What these reports, and others before them, show are some consistent themes when we consider gender diversity:

At a graduate entry level, there is real achievement with some companies reporting up to 45% of graduates being female in the UK, despite the fact that some engineering & technology courses in the UK have **only 14% female** students, and other STEM subjects **only 25%**.

Female representation at mid-management level is, according to the BCG study, fairly consistent with graduate levels but drops significantly at the stage of **moving into senior management**.

The pool of senior technical women available for leadership roles is then lower than necessary to provide an equal representation, resulting in the current position where accordingly to Powerful Women **89% of the top UK energy companies have no women** on their executive team (this is broader than upstream oil and gas).

Industry Action

It is recognised there have always been advocates of inclusion and diversity and that they have worked to bring about change in this sector. The challenge has been for this work to take hold, be collaborative at scale and deliver visible results. Examples of good work currently underway include:

Co-ordinated programme: Oil & Gas UK (OGUK) lead a new cross-industry task-group and campaign: *“Let’s talk about Diversity & Inclusion”*. This focuses on creating a multi-generational, motivated and diverse workforce with varied perspectives and a full range of life experiences. Their early priorities include sharing of best practice, reinforcing the business case for greater inclusion and diversity and seeks to catalyse a change in mindset at leadership level. They have committed to establishing benchmarks and demonstrating relative gaps in current performance.

⁽ⁱ⁾https://www.accenture.com/t20180307T184141Z_w_/us-en/_acnmedia/PDF-73/Accenture-When-She-Rises-We-All-Rise.pdf

⁽ⁱⁱ⁾<https://www.bcg.com/en-gb/publications/2017/energy-environment-people-organization-untapped-reserves.aspx>

Networks: The Powerful Women, AXIS and other networks actively focus on the energy sector seeking to both educate and inform as well as support women – and men – in achieving cultural change.

STEM: The historically low representation of female students within these subjects in higher education is a critical target for the work in this area. Individual organisations have led classroom sessions, developed teaching materials and engaged in career events. Increasingly we hope to see these efforts being combined to create fewer initiatives that have greater impact, reach and consistency. An example of this approach is the Oil & Gas Technology Centre's (OGTC's) action in launching the "Local Oil and Gas/ Energy STEM group" in the North East of Scotland. The OGTC believe that is a gap in the Scottish education curriculum regarding the energy transition. As a result, they believe that young people may not be fully aware of what the energy transition is and the potential career opportunities available to them by following STEM education subjects.

Working with teachers and aligned to the Scottish Governments STEM strategy, the OGTC is working on a pilot to develop content aimed at key target groups (Primary 5 and Secondary year 2). The method of delivery will be Flipped Classrooms, using technology to overcome the accessibility and resourcing challenges of the education sector and providing an innovation method for industry to provide expert advice and input.

In their model:

- Industry experts to support the development of the content
- Enthusiastic industry volunteers to support delivery of the Flipped Classroom
- Financial input to develop an app to store the learning resources

Mentoring: The Oil & Gas Technology Centre has launched the "*Mentoring with Energy*" Programme, harnessing online technology so early career professionals can be reached and supported. The programme was developed by the OGTC in collaboration with Repsol Sinopec, Bilfinger and CNOOC, alongside the AXIS Network and Participants of Scottish Enterprise's "Future Industry Leaders Programme".

The OGA as an employer:

Internal Focus

Inclusion Policy

Scope

We are committed to embracing inclusion and diversity whilst promoting equality of opportunity. Our goal is to ensure that these commitments, reinforced by our values, are embedded in our day-to-day working practices with all our colleagues and partners.

This policy applies equally to all employees and is supported by the OGA Inclusion and Diversity Strategy and Action Plan.

Aim of the policy

The aim of this policy is to create a Great Place to Work that promotes the inclusion, diversity and equality of opportunity for all our colleagues and partners.

The intention is to make all employees feel involved, engaged and respected, regardless of characteristics including those listed under the Equality Act 2010. These protected characteristics are; age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

Objective

Inclusion and diversity run throughout all elements of OGA values and behaviour and we will not achieve them without meeting our Inclusion and Diversity Vision:

- Our talents, skills and capabilities, our experiences and how our unique characteristics enhance OGA.
- 'Inclusion and Diversity' means something different for everyone, but 'Inclusion and Diversity in OGA' has a common meaning – that we want OGA to be a Great Place to Work for everyone. Everyone must feel valued, included and part of what we are trying to achieve.

- We have made progress in OGA, but we know we are not yet where we want to be. We are changing how we attract, recruit and develop our people, unlocking the talents and capabilities we have as an organisation and attracting new talent.

Responsibilities

Everyone has a responsibility to contribute to making the OGA a Great Place to Work where inclusion and diversity is embedded. Additionally, the OGA will:

- Proactively promote inclusion and diversity whilst seeking input and feedback from staff
- Monitor the effectiveness of this policy
- Provide appropriate learning and development opportunities, including mandated modules, for new starters, existing staff and line managers
- Provide a range of avenues for staff to raise concerns where they feel this policy is not adhered to
- Conduct regular reviews of all policies, procedures and practices to ensure equality of access throughout

Inclusion Strategy

To maximise the benefits of inclusion and diversity, the OGA will go beyond statutory requirements and build a Great Place to Work that champions inclusion and diversity, maintains an inclusive culture and continues to raise awareness of inclusion and diversity with all our colleagues and partners.

This strategy requires the OGA to continue taking the right decisions, in the right way and communicating openly – all consistent with our core values: Fair, Accountable, Robust and Considerate.

More specifically we will:

- Ensure that our recruitment and promotion is fair, open and transparent removing any real or perceived barriers within our policies, procedures and processes
- Provide all OGA employees with the opportunity to develop their skills and talent and reach their full potential
- Review our internal policies, processes and procedures to ensure inclusion is embedded throughout
- Require all managers support their staff in accessing learning and development
- Raise awareness of our inclusion and diversity commitments and the role we all have in creating an inclusive environment which is a Great Place to Work
- Consistently demonstrate inclusive leadership at all levels
- Act upon allegations of instances where the inclusion and diversity policy has been breached

Inclusion Progress

- **Representation/Reporting:** Since 2016 the Leadership Team, Board and trade unions are presented with a full diversity breakdown as part of all performance and talent management processes as well as employee survey results. These breakdowns are submitted to look for any unfair distribution of outcomes based on a number of diversity characteristics including gender, race and age
- **Mentoring:** Recognising that mentoring/access to networks can be a barrier for female and black, asian and minority ethnic (BAME) talent amongst others, the OGA launched an open mentoring programme to staff and has so far matched 40+ pairings
- **Coaching:** All staff have access to professional coaches to support development needs, especially to focus on areas such as personal confidence, career aspiration and other topics that may not be suited to more formal training interventions
- **Leadership training:** Mandatory programme which includes dedicated sessions on inclusion, the line manager's role and the support available to them. All OGA line managers complete this training
- **Visible leadership:** We appointed a dedicated Inclusion and Diversity Lead and Champion
- **Supplier impact:** We work with external recruitment suppliers to ensure that they are sourcing talent from the widest possible areas. This includes placing an approach to diversity at the heart of the selection/tendering process as well as driving this at the start of every search
- **Flexible working:** As one of the consistently cited areas that can disproportionately affect retention of women, the OGA prioritised developing and maintaining the best models of this that met business need whilst allowing real balance in people's work/life

- **Mandatory Inclusion and Diversity awareness training:** All new joiners complete this programme as part of their induction process
- **Mental health awareness:** Targeting a known barrier to inclusion relating to personal health issues, we developed and launched a programme of events with internal and external facilitators to raise awareness of mental health in the workplace and then to explore practices, techniques and tools to help line managers and individuals
- Commissioned an independent university partner to conduct a project engaging OGA staff and unions to develop new **support tools and materials**. Their three main recommendations we implemented are:
 - **“Candid Conversations”** a toolkit for line managers on some challenging and often inclusion-related topics developed and published to all staff
 - Quarterly **inclusion and diversity dashboard** tracking outcomes for the LT
 - **Unconscious bias** awareness training currently being run in both locations for all staff
- Cascaded a bespoke version of the Accenture **“When She Rises”** survey to all staff and held open sessions with staff to discuss the results and lessons for the organisation
- Held Chief-Executive led inclusion and diversity **“engagement sessions”** open to all staff
- Proactively communicated family friendly policies including flexible working, maternity, paternity, adoption, shared parental and parental leave
- The OGA has achieved a number of accreditations, and signed-up to external pledges aligned to our policies and practices:
 - Disability Confident “Committed” Accreditation gained in October 2018
 - Awarded silver accreditation for the Business in the Community Gender Benchmark

- Signed the AXIS Pledge – committing to attracting, retaining & developing diverse workforce
- Signed the Business in the Community Race Charter

Representation data

The OGA focuses on inclusion first, seeking to learn from best practices about creating an environment where everyone is treated equally. This means that the organisation has not ever held up fixed mathematical targets for representation but has instead openly reviewed lagging indicators along with leading indicators with staff and trade unions to understand our progress.

The OGA was formed out of the former Licensing, Exploration & Development (LED) function of the Department of Energy & Climate Change (DECC) in 2015, and so data are tracked from that point.

Whilst the data are not designed for publication (not least due to the OGA’s small size and the need to respect data privacy) key points include:

- The representation of female staff in the OGA has risen from 29% (DECC/LED) to 47% (Q1 2020) – the UK’s workforce is currently 47% female
- The representation of “non-white” staff (of those declared) has risen from 9% (2015) to 17% (2020) – the UK’s workforce is currently 14% “non-white” (as reported by individuals), noting Aberdeen is significantly lower at 8% (2011 census data)

The OGA board has, since its creation, had a clear gender balance (4 of the 7 members are female) as has the Leadership Team (2 of the 5 Directors, the direct reports to the Chief Executive, are female).

When looking at the most senior roles in the OGA, roles that are direct reports into Directors, 43% of these roles are currently held by female staff.

Future Commitments

Internal – to our staff

The OGA leadership remains committed to maintaining current practices as laid out in Section 3 along with some new measures. We have a continued focus on supporting individuals and line managers with targeted training (including unconscious bias training) and ongoing assurance to both the Board and trade unions that our people processes (such as pay, performance and recruitment) remain fair and balanced.

We will ensure that our focus on gender doesn't obscure the need to promote equality and fairness for all. This includes work, amongst others, on race and disability. In addition, we will continue to review our organisational data and consider areas of potential under-representation for specific groups including different age groups.

We are revamping the OGA's recruitment process and materials to not only ensure it helps us continue to attract the broadest range of talent, but also to better promote our inclusion work.

We will refresh our mentoring activities to update the process, include recent recruits and to test the concept of "reverse mentoring". We will also continue to support the use of external mentoring where appropriate.

External – to the industry

As leaders in the industry, the OGA believe we have a role to play in promoting inclusion and diversity and as such, we are making the following commitments:

1. **Gender diversity:** In addition to maintaining our existing commitments under the AXIS pledge, the OGA is committed to the **Powerful Women "Energy Leaders Coalition Commitment"**. This is an initiative across the energy industry aimed at accelerating progress for better balance in the sector and to make 'good' visible. The OGA is happy to embrace their seven commitment statements and we believe they apply broadly to inclusion, not just gender. Table 1 overleaf shows the seven commitment statements and how the OGA will work to meet them.

Table 1

Energy Leaders Coalition Commitment	OGA Action
Recognise your personal role in driving change, acting as an Ambassador for better balance	Chief Executive and other senior leaders will continue their personal accountability for inclusion
Communication of your ambition, your targets and your timeline for change in a public declaration	Inclusion Report issued
Hold yourselves accountable for your progress	Inclusion Report will include the priority actions and progress against them
Set key measures to track progress and report publicly on them	OGA will focus on key targets, reported in the Inclusion Report: <ol style="list-style-type: none"> 1. Undertake monitoring of recruitment and performance outcomes to identify any unequal distribution 2. Undertaken monitoring of the uptake of all major development opportunities, to identify any unequal distribution
Provide the resources you need to deliver your ambition and support your people to do so	OGA HR Team and Leadership Team to ensure resources available
Communicate progress across your organisation	Quarterly dashboard information shared with Leadership Team, and a new quarterly inclusion update to be shared with all staff
Share successes externally and look to peers for solutions to challenges	To be included in future publication

2. **Engaging industry:** We will share this document with all UKCS operators and ask them to share their own commitments to inclusion and diversity during the Tier 1 stewardship reviews we hold with the senior leadership of companies. Examples of what we would expect to see include:
 - a. Clear understanding of their current levels of inclusion and representative diversity
 - b. Plans, with highest level sponsorship, for improvement where needed
 - c. Commitment to partner externally, for instance with OGUK diversity initiative
 - d. Commitment to external standards, e.g. the Powerful Women and AXIS pledges
 - e. Delivery against the commitments such as those suggested above
3. **Role modelling:** We will continue to role model the behaviour we wish to see and will share our successes and challenges in this regard with industry. We will continue to be active participants in industry groups focused on inclusion, such as the Energy Skills Alliance and the OGUK D&I Network.
4. **Learning:** We are reviewing other industries to find positive examples of the role regulators can play to enable inclusion to thrive, and we will apply these to the oil and gas sector.

Request to industry

In this document the OGA is committing to act in several different ways both as an employer, and also as an agent of change within the industry. These commitments include continuing with existing plans and activities (such as the AXIS pledge) as well as meeting the seven commitments outlined in the Powerful Women Energy Leaders Coalition Commitment.

The OGA will share with staff and stakeholders on progress achieved, key lessons learned and areas of additional focus. Furthermore, the OGA's report will capture best-practice examples from around our sector that can be shared, celebrated and learnt from.

At the same time the OGA now asks that all those in our industry, whether operators, licensees or members of the service sector, step up and do their part.

In many cases this may be about sharing existing commitments and initiatives, and we recognise that there are examples of excellence already in the sector. For others this can serve as the moment where they play a larger role in contributing to this vital initiative.

We ask that activities include:

- Participation in cross-industry programmes such as those run by OGUK
- Provide data to studies and surveys, co-ordinated by industry and academia, to understand the challenges and opportunities facing our sector when it comes to inclusion and diversity
- Contribution to initiatives such as “Mentoring with Energy” run by the OGTC
- Formal commitment to meet external benchmarks such as the Powerful Women and AXIS pledges

It is key that leaders are open and public about what their commitments are, and to then – in the spirit of learning and growth – share progress against their commitments. We believe that organisations should be free to tackle this challenge in their own way without single standard targets, and our commitment is to

provide support and constructive challenge to that work without creating any new bureaucracy, networks or programmes.

What we are looking for is individual leaders in our sector to lead, to use the existing wealth of resources and talent in our sector, to lean-into the networks and options that have been set out in this document (and others beside) and to get fully into action this year.

