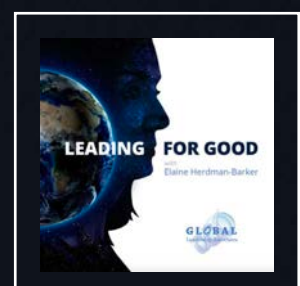


The Common Good

Living Well Together – People and Planet

Can leaders plan for a future in which the true wealth of energy is shared? Do they have the skills and support needed to take hold of a complex situation, keep the lights on and transition towards net zero?

Elaine Herdman-Barker, Chair of Global Leadership Associates and Partner for Mutual Growth and the search for the Common Good and **Andy Samuel**, CEO of the North Sea Transition Authority discuss what is required of leaders if they are to face their social, economic and planetary responsibilities.



Andy Samuel is CEO of the North Sea Transition Authority, previously known as the Oil and Gas Authority. We're exploring together the idea of energy as a public good, asking whether our leaders can work with today's complexities and plan for a future in which the true wealth of energy is shared?

The wider context is that we're speaking at a time when oil and gas companies appear on the wrong side of public debate. Language is now brutal, as scorching temperatures bring the reality of climate change home. The UN Secretary General, António Guterres, recently warned that fossil fuel companies have humanity by the throat and are using scandalous tactics and false narratives to distract us from the risks we face. Meanwhile, the industry's profits are soaring while people, particularly the world's most vulnerable, are expected to suffer. The picture, of course, is far from simple; we've all become acutely aware that our world is not yet geared up for living without fossil fuel, so what do we do? Andy is right in the midst of it all. For the last eight years, he's been tasked with optimising the UK oil and gas production, while leading a transformative North Sea energy transition.

So Andy, how is it to be working at the heart of our earth's issues, and what are we to do?

Thank you, Elaine. That's a big question! The first thing to say is it's a real privilege, the role I've got. We have access to leaders, we have convening power, we see a huge amount of data and we try and be very evidence-led, but we also create a real purpose in what we do. And with that comes a real responsibility because we are at crisis point and have been for too long. The reality is, the climate emergency is speaking loud. We have possibly or probably passed some irreversible tipping points, and I personally find that terrifying. Whether it's what's happening in the Arctic and the Antarctic, or the permafrost changes in ocean circulation and reefs, these are massive changes, and who knows what that really means for the future. So there's a real urgency, and that's why I was delighted when we moved from being the Oil and Gas Authority to being the North Sea Transition Authority, very much

signalling that it's all about transition. The challenge is that we're not yet fully geared up; we're decades, arguably, behind where we should be. In the UK, we still rely on oil and gas for 75 per cent of our energy needs, so with the best will in the world, we can't just switch it off overnight and move to renewables.

The good news is that there appears to be a growing consensus, helped by the tragic events in Ukraine, that renewables are the obvious destination and we all need to get there quicker. There are still some technical issues to solve with renewables, particularly around intermittency, but I'm entirely confident that they can be solved, and solved at pace. We now need a master plan, though, to affect the transition. There is a lot of wind power that needs to be installed, yet that also needs to take account of other

uses of the North Sea, including fishing, and the biodiversity. So we can see that transition is not necessarily straightforward. And at the same time, we do have a duty to keep the lights on: this notion of energy as a public good. In the UK, therefore, through industry and government action, there was an agreement brokered called the North Sea Transition Deal, and I believe that's an exemplar for other nations to follow; and, indeed, many other countries are deeply interested in what we are doing in the North Sea. And whilst there is a natural tension, and a healthy drive to do more, I think there's also a need to step back and acknowledge what's actually happening.

So, we've already cut emissions through the oil and gas industry by 20 per cent since 2018, and we've got the industry to commit to halving them by 2030, which is no mean feat. And, with support from the Climate Change Committee, we're pushing even more aggressively for a 68 per cent reduction. That would be massive. It is achievable, although it will require extraordinary acts of leadership and collaboration. But the point I'm making here is that there is already a plan in action. There's certainly work to do to flesh it out, but this has been a good debate over the last couple of years, and I'm encouraged. Still, there's an awful lot more to do.



Andy, there's so much in there that I'd like to gradually unpick, one being the question of time, which I'll come back to. The other is the systemic nature of the issues that you, and the rest of us, are facing. I can imagine feeling confounded by the complexity that's in front of you.

You mentioned the need for extraordinary leadership, and I wonder what that looks like. Are we looking for a new form of leadership, do you think?

We are, I believe. Looking back on the journey, we were brought in to drive collaboration, and get industry, government and regulators to work together in a very different way. When we started, the question was all around optimising oil and gas, but now it's become much broader. We're having to get sectors that haven't worked together before to collaborate: a very different approach. During the pandemic, people have had time to reflect. I certainly found myself in more conversations with leaders where they reflected on the interconnectedness of everything. I firmly believe that everything is connected, and that the leadership required is to understand the whole system, the complexities, and the non-linear nature of how things play out. The challenge is to not be paralysed by that, but to choose wise action, constantly adapt to be agile, be really open and curious, and to collaborate. I have some examples where this is happening, as illustrations, because a lot of what we do now offshore is directly impacting what's happening onshore; there are clear interconnections.

Just last week I went up to the Liverpool Bay area which includes North Wales, and the northwest of England. A few years ago, in partnership with Eni, an oil and gas company,

we issued an offshore carbon storage licence there. This enables them to use depleted gas fields, repurpose the infrastructure, and store carbon. What was really heartening last week, was visiting four of the forty onshore industrial users who are now looking to use that offshore facility to store their carbon. They are also using hydrogen as an alternative, much cleaner fuel. It's blue hydrogen, where, again, you need to store the carbon. We also visited a cement plant that's looking to take a massive 800,000 tonnes a year of CO₂ out of the system. We visited one of the largest refineries that's looking to halve their emissions, and also create the largest green hydrogen facility in Europe. We visited a glass manufacturer that's looking to reduce their emissions by 90 per cent. And we visited a waste recycling centre producing combined heat and power, that's looking to take the carbon dioxide out of there, completely. All these different industries are working together under the current government scheme. Setting competition aside, they are saying: we need an interconnected system that stores the carbon, that has hydrogen distribution and we're in it together, because this is important, given the climate emergency.



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We think this is going to be good business, because going forward, consumers will choose 'clean' glass; they're going to want cement that has much lower carbon; they're going to want to know that their waste is being put to proper use; and they're going to want to know that the refineries are doing the right thing. So I personally was hugely heartened that leaders are stepping up and saying: we're making a stand. Not only are we putting the environment first, but we are also convincing our shareholders that this is good for business...

We don't need to put these in opposition. They are saying: good business is good for the environment.

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That's a great example, Andy, of combining social responsibility and economic viability. And I wonder what has enabled that to happen, because I have heard you speak before about the importance of broadening participation, broadening it out at a local and national level, so that, as you say, leaders come forward and engage with the issue at hand.

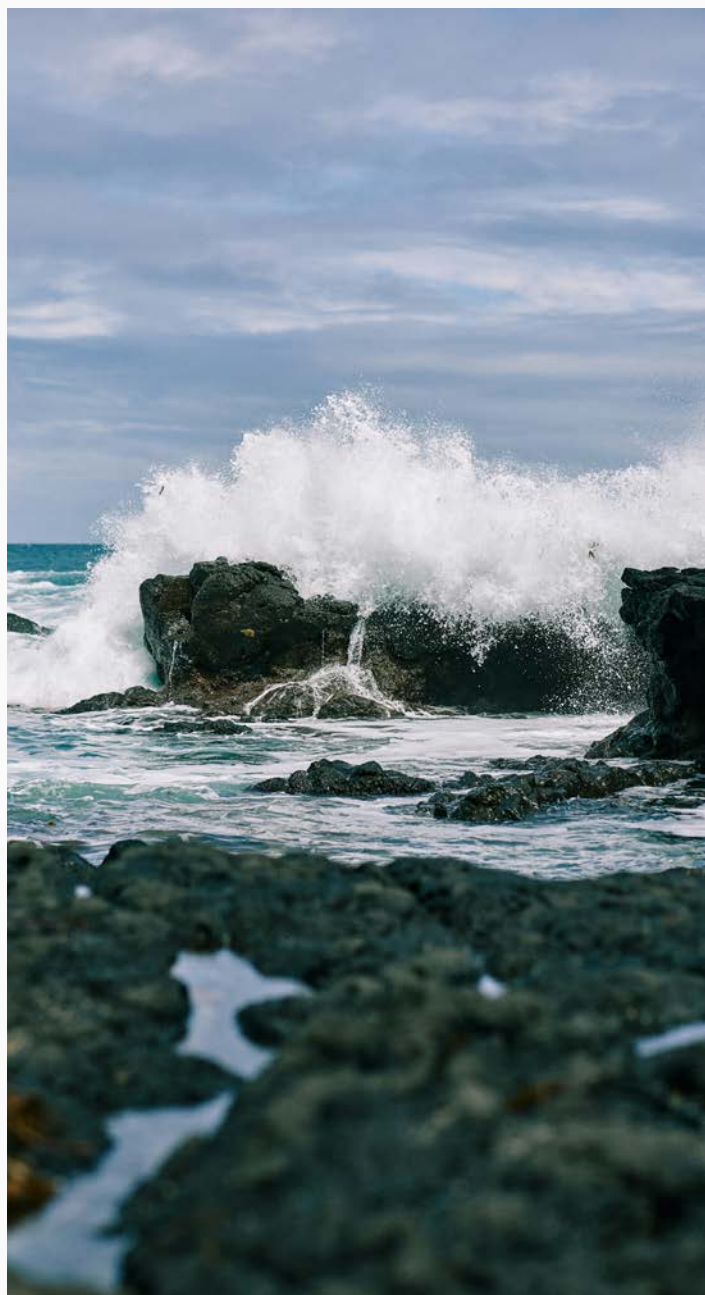
Seeing the whole picture, the bigger system, and how working together creates value and opportunity, we did it for the whole North Sea a couple of years back. We published a study, our energy integration study, which showed that rather than just being an old, difficult oil and gas province,

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the North Sea is one of the UK's crown jewels and will provide 60 per cent of the UK's carbon abatement requirements through carbon storage, through offshore wind, and through hydrogen.

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When we first came out with this, people said: look, it's interesting, but little more than that. Over a period of two years, it's now become mainstream. So, just putting these ideas out there, letting them percolate, letting people see the possibilities, we've now got people taking that vision into the local context, and turning it into reality. So we can start to decarbonise a lot of London's power, for example, one of Europe's major cities. It's showing people the possibilities, and then finding leaders who are willing to take a risk, be bold, be open to each other, and be transparent on their business models, work together, and be less competitive.



The tone of what you're saying seems to be much more about uniting together, rather than struggling against. So it's almost a more peaceful – if I can use that word – a more peaceful movement than a fiercely competitive one, would that be fair to say?

Absolutely. Why do we need to be competitive? This transition creates so much opportunity for everyone. So I was very pleased to see that the US recognises that, through this transition, doing the right thing creates huge opportunities for business. We don't need struggle; we don't need this polarisation. I think about 370 billion of investment will

come through that. The most important thing though, is the US is, hopefully, now on track to reduce emissions by 40 per cent by 2030. This is massive for one of the world's largest emitters. We're seeing a broad system view of transformation across a whole set of industries, power and industrial use, and it's very exciting.

This also speaks to an idea of getting on the road together, which is, I would say, a shift in thinking at a leadership and an organisational level. It hints at sharing: sharing wealth and sharing power. Do you think there is that willingness to share issues like wealth, power, and control?

We've got a long way to go, so I've highlighted a couple of standout examples we'd like to see more of. We're looking for massive cultural change within companies. For example, the industry that I tend to work with the most, the oil, gas and energy industry, transformed its safety culture. It's now looking to do exactly the same with its environmental and, in particular, its emissions culture. It's doing that through a lot of process, but also a lot of hard work, helping people fundamentally change their beliefs ... to see that doing good is good for business. Yes, you may make a slightly smaller margin, but it's sustainable. And, ultimately, if you lose your social licence to operate, you've lost anyway. So this is good business, although this "good business" is not yet factored in as much as I'd like to reporting cycles and the bottom line. Encouragingly, I'm not seeing many companies use the current, very dire crisis of insecurity and affordability as an excuse to go back to the old ways, and give up on the transition, quite the opposite. I know of a number of companies, for example, that are looking to go public on the markets, and

they're under as much pressure as ever from ESG (Environmental, Social and Governance) to demonstrate that they're on track for 2030. We're moving in the right direction but to really change these cultures, we've got a few years of work ahead, for sure.



Indeed, and time was something I wanted to come back to. It's at the centrepiece of organisational life, isn't it? You were in the oil and gas business for a very, very long time with its do it faster and do it now culture. **Do you feel that organisations will be able to bring that sense of urgency to achieve targets, in particular delivering on their drive towards net zero?**



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Yes, provided they transform the culture. I would like to see companies go right back to purpose and values. We've done that in the North Sea Transition Authority, and quite intuitively redefined our purpose as the context has changed, and as the needs of the government and society have changed.

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That's been hugely energising. At our last offsite meeting, we didn't fundamentally change our values, but changed the definitions to bring them into alignment with our current mission. That really helps us with day-to-day decision-making, and makes things congruent. I would really encourage other companies to do so as it's hugely value adding. Our own team certainly got value and energy from it, because we could start to do things at pace. But first you've got to go a bit slower, reflect, have difficult dialogue, and really iron out what you do stand for, before you can go at pace.

And it also comes down to the individual, does it not? What are the implications for the values and the principles of action for individuals? Difficult conversations and engaging with wider communities, and bringing them together can be a bit painful as well, can't it? A bit exposing. **So something is also required of the individual to have a place to go to, and an inner resilience to work through what can be uncomfortable situations. Do you see that as being something for organisations to work on, and support individuals with?**

I do. Personally, I found it very uncomfortable a couple of years ago when the industry really started being under attack, and I had to look at my role, my organisation's role, and deeply reflect. As a result of that reflection, I took to my board the proposal that we fundamentally change our strategy, get into action in a very different way, and become effectively a regulator of emissions. And I was delighted to get the support, but it came from a very uncomfortable few months. So, yes, great question, how do we support staff through that challenge, to make it a positive experience? I expect that we will continue to be uncomfortable as things are shifting very quickly. The bit that I think we all find difficult, which is regrettable and which I don't have an answer to, is that the polarisation of opinion goes too far. So it can be very hard to get to the truth, whatever that might be, but the way things are reported, in the press and on TV, it's either brilliant or terrible, and that doesn't help people with what should be a tricky, nuanced, complex debate.

On the other hand, what the Climate Change Committee did with their citizens assemblies is something we can all learn from. It got a truly representative cross-section of society, informed by real experts, and the luxury of time, to really debate difficult issues. The recommendations that they came up with, I think are brilliant. If I was a policymaker, this is the kind of wisdom I want to tap into. For example, their recommendation on the topic of aviation, and how much anyone should fly – because currently it's utterly unsustainable – was that maybe we can all

benefit from one relatively low cost flight, but after that we all need to pay an awful lot more: effectively the true cost of the carbon. That seems very common sense to me, and if it's endorsed by a representative group, what's not to like? So I think there's real wisdom in that kind of dialogue, but we need people to be open to each other. Activism is good and we need it. But we need to find ways to take out the distortion of facts from both sides of the polarity because we need to explore real evidence and real facts that support the right roadmap through this transition.



It can be very seductive, can't it, the polarisation? As I was preparing for our conversation today, I was noticing words that are, understandably, in the air; words like scandalous, deceitful, profiteering, gambling ... all to do with the oil and gas industry. What toll does this take on leaders in organisations? As we become influenced by our environment, and how the world is seeing us, is there a risk that because of this language leaders may begin to withdraw? They may become more defensive, or not want to engage in the very things that you are advocating that they get involved in.

So how do we get leaders to embrace more open dialogue, and bring together people of different views and ideas in order to create – almost like a thunderclap that creates new freshness – the necessary disruption to current patterns? Have you got any views on that, Andy, on this toll on the leaders?

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We see it and often it's exactly the talent and leaders that we desperately need for the future who are most impacted by it and retreat, or, in some cases, withdraw entirely from an industry. And we really need that talent to work from within, to create a better future. So it is a concern. And a real balance needs to be achieved, because personally I increasingly welcome the activism. I think it's vital, but it's how it's done.

Take some of the judgement out, depersonalise the rhetoric, while still leaving room for emotion. When it becomes too extreme, it makes it too easy for some leaders to dismiss it.

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So what is the future for leaders in the energy industry like? What is good leadership going to be, do you imagine?

I think it's really exciting. Many companies are redefining themselves as energy companies. I'd like to see them starting with the purpose. Some say it's all around solving the energy trilemma, in other words clean, affordable, sustainable energy. If that's truly the case, why still so much emphasis on oil and gas? Why not more pace and urgency on the renewables? I'd like to see an authentic redefinition. There's still a requirement for oil and gas, let's not fool ourselves, but everyone's got to really challenge themselves, that what they're doing is consistent with one and a half degrees, and I'm not seeing enough on that. In terms of inspiring teams, technology is going to have a huge role to play. I'm on the board of the Net Zero Technology Centre, and it's amazing some of the new ideas and innovations that are coming out; it's very exciting.

Above all else, it's about taking an integrated systemic view. There's simply not enough space, for example in the North Sea, for everyone to work in isolation, and do their little bit. We see this with offshore wind; we need a grid system rather than individual connections. And we also need to work out how that's going to work with carbon storage, how it's going to work with the hydrogen. We need more vision and much more interconnection and this inevitably brings in government. We need industry, regulators, and government, to work together even more closely than they've done in the past. And we need, therefore, better relationships and real trust, less lobbying and more grown-up conversations, listening, and respect. At the moment, I'm not seeing the trust that's really going to be required to achieve this transition, at the pace that the climate emergency demands.



Andy, after eight years, you're coming to the end of your time at the Transition Authority. What now for you? What are you looking forward to?

If any listeners/readers are interested in this kind of conversation, it would be great to connect. I'd particularly like to help leaders do this at pace, working together in very different ways and it's my passion. I've moved down to North Devon, and we've got an 85-acre coastal farm that we're managing for biodiversity. We're in the North Devon Biosphere, so I'm working with the team there who are just brilliant. We've planted thousands of trees and next step, hopefully, is getting onto some wild flower meadows. We've also

got space there to create retreats, so I'd like to combine some of my coaching with teamwork and some kind of community space. We're also building a yoga teaching centre. I'm a big fan and there's increasing research on the kind of restorative power of nature. I'm keen also on doing some kind of pro bono work, working with communities, just making what we've got on our doorstep much more widely available to others. This would be something I'd love to do.