

SPIRIT ENERGY GENDER PAY GAP REPORT 2018



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DIVERSE TEAMS THAT REFLECT THE WORLD AROUND US ARE KEY TO THE SUCCESS OF OUR BUSINESS. WE REMAIN COMMITTED TO EXPLORING MEANINGFUL WAYS TO ACHIEVE BETTER GENDER BALANCE ACROSS ALL LEVELS OF OUR ORGANISATION.

2018 is the first year that Spirit Energy has been required to report its UK Gender Pay Gap figures, and we welcome the insights provided by this reporting process, mandatory for all organisations with 250 or more employees across the UK.



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WHAT IS THE UK GENDER PAY GAP AND WHAT IS EQUAL PAY?

The UK gender pay gap is the difference between the average pay and bonuses of all men and women across the business, irrespective of their role and seniority.

It is different to equal pay which measures whether men and women are paid the same for performing similar roles or work of equal value, as set out by The Equality Act 2010 in the UK.

At Spirit Energy we are committed to providing equal pay for equal work; not just because this is a legal requirement but because it is the right thing to do. We conduct regular analyses that show male and female employees are paid equally for equivalent work.

We have robust processes in place to ensure we do not have an equal pay issue, such as a standard approach to job grading, using an evaluation methodology which underpins how we reward employees.

Our UK gender pay gap is instead driven by fewer women in senior leadership positions, and fewer women working offshore or in traditionally male-dominated, STEM-related roles that attract higher levels of pay.

HOW DO WE CALCULATE THE GENDER PAY GAP?

We calculate both the **median** and the **mean** of ordinary pay and bonus pay as required by the UK government regulations.

The **mean** measures the average pay or bonus for a woman against the average pay or bonus for a man.

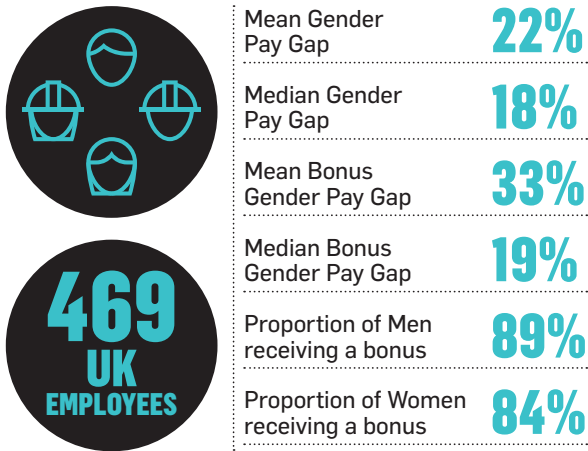
The **median** is calculated by separately lining up the male and female salaries from the highest to the lowest, and selecting the middle point for both – this then shows the difference between them. The median is less affected by outliers compared to the mean.

Both the median and the mean are impacted by the overall number of men and women at different career levels and salary ranges.

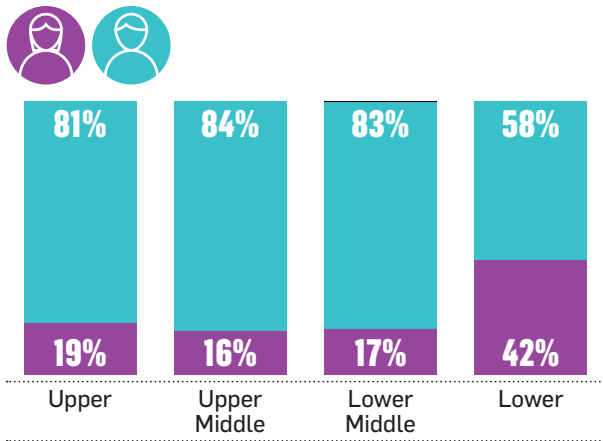
PERCENTAGE OF FEMALE TO MALE EMPLOYEES



SPIRIT ENERGY PRODUCTION UK LTD.



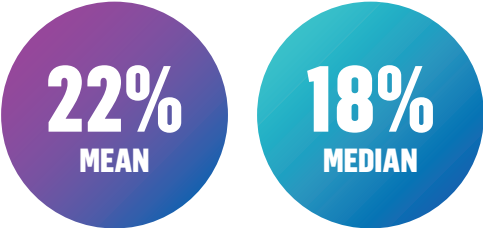
PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE BAND



BEHIND THE NUMBERS

GENDER PAY GAP

In the UK, our mean gender pay gap is 22% while our median gender pay gap is 18%.



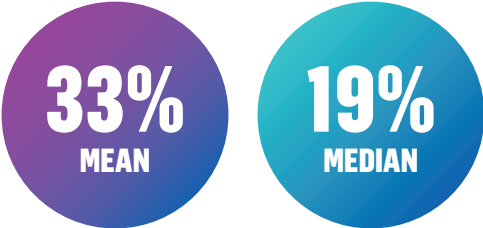
This gap is not driven by unequal pay, but by the uneven distribution of men and women across the business and the type of roles they do.

Like other employers in our sector we have more men than women in senior positions, and women are under-represented in specialist technical roles. These positions often attract high levels of remuneration due to scarcity of skills or highly competitive markets. The gap is compounded because many of these positions attract premiums for working offshore or in shifts.



GENDER BONUS PAY GAP

Our mean gender bonus pay gap is 33% and our median gender bonus pay gap is 19%.



The higher mean gap is due to a greater number of men than women in roles which carry a higher proportion of performance-related variable pay.

Additionally, whereas the gender pay gap is based on an hourly rate of pay, the bonus pay gap is calculated using the actual bonus amounts paid, irrespective of whether an employee works part-time or full-time.

As more women versus men work part-time, bonus calculated on prorated pay for women further influences our gender bonus gap.



Percentage of female to male employees working part-time



EQUAL OPPORTUNITIES

Our men and women have equal opportunities for roles involving performance-related variable pay, with 89% and 84% receiving an award respectively.

Our male top bonus earners significantly influence our mean gender bonus pay gap, while our relatively consistent distribution of bonuses explains our lower median gender bonus pay gap.



Percentage of female to male employees receiving an award

CLOSING THE GAP



WE ARE COMMITTED TO ADDRESSING THE LONG-TERM STRUCTURAL ISSUES IN OUR INDUSTRY – KEY IN MAKING A SUSTAINABLE CHANGE – WHILE STAYING FOCUSED ON ATTRACTING, RETAINING AND DEVELOPING A HIGH-PERFORMING, DIVERSE AND INCLUSIVE TEAM.

TRAINING: We offer Unconscious Bias training to all our teams, essential for our leaders and anyone hiring new people

MENTORING: We provide mentioned and work experience to young people through the UK charity, Career Ready, partnering with schools close to our operations. We also offer engineering internships for university students

INSPIRING: Working with the Stemettes, we are helping to inspire and support female students into Science, Technology, Engineering and Maths (STEM) careers

INCLUSION: Neutral language in our job adverts and job descriptions tells everyone that Spirit Energy is the kind of place they're all welcome

DIVERSITY: When we interview, we make sure we have a diverse group of candidates, interviewed by a diverse panel

RETENTION: We prioritise succession planning, and offer training and development for our future leaders

PERFORMANCE: Research tells us that giving people ratings in annual performance reviews can sometimes benefit certain groups over others – so we got rid of them

FLEXIBILITY: We offer flexible working, recognising that our employees have different needs both in and outside the workplace

TALENT: We have started a talent pipeline to attract more women into technical roles

FOCUS: We are growing The Network, our employee-led organisation, which focuses on diversity and inclusion in all its forms