

SPIRIT ENERGY GENDER PAY GAP REPORT 2019



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Here at Spirit Energy, we have been working hard to create a culture that is all ours and an environment in which high-performing teams – built on the strength of different perspectives, opinions and experiences – are acknowledged as being vital to our success.

While there is a broadening awareness and understanding of the benefits of greater diversity; and much work has been done within the oil and gas industry to improve the attraction, retention and promotion of diverse talent, there is always more that can be done.

It has been three years since the Gender Pay Gap legislation first came into force and, for Spirit, we are now in the second year of reporting our results as a standalone company. Last year presented us with the opportunity to set a firm marker and I am pleased to say that this year, while our gap still exists, we have seen a welcome improvement in some key areas.

The proportion of men and women in our business has not changed markedly, with the number of female employees in the UK increasing from 24% to 26% in the 12 months since 5 April 2018.

What has changed, is our mean gender pay gap¹ – or the difference between our total wage spend-per-woman and total wage spend-per-man, which has fallen from 22% to 17%. This compares favourably with the rest of the UK, which saw a 0.5 percentage point reduction in gender pay gap among all employees between 2018 and 2019, from 17.8% to 17.3%.

This has partly been achieved by improving female representation in our more senior roles, with the proportion of women in our upper middle pay quartile increasing from 16% to 27%. When you consider that female participation in oil and gas declines 31% from entry-level roles to manager roles, compared with 22% in other STEM industries², this is an important gain.

As you will see from this year's report, we are working hard at all levels of our business, and across the wider industry, to make a difference. We know there are still gains to go after and, with consistent effort, aim to continue in this positive direction of travel, sustaining and improving each time.

In the meantime, I would like to express my sincere thanks to everyone that has helped us get to this point. It is often said that a company's success comes from its people and I am a big believer in that. It is why I am passionately committed to creating a working environment where everyone is welcomed and can bring the best of themselves to their roles.

Thank you,



Chris Cox
Chief Executive, Spirit Energy



¹ Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot date of 5 April 2019. As defined by the Government Equalities Office for Gender Pay Gap reporting, this includes basic pay, allowances and shift premiums; but excludes overtime and benefits.

² Women in the Workplace 2018, LeanIn.Org and McKinsey & Company, October 2018.

OUR VISION



OUR VISION IS TO CREATE AN INCLUSIVE ENVIRONMENT BY BUILDING A BALANCED, DIVERSE BUSINESS, PROVIDING EQUAL OPPORTUNITY FOR EVERYONE, REPRESENTING THE COMMUNITIES WE WORK IN AND DELIVERING BETTER BUSINESS RESULTS.

OUR 2019 RESULTS

SPIRIT ENERGY PRODUCTION UK LTD.

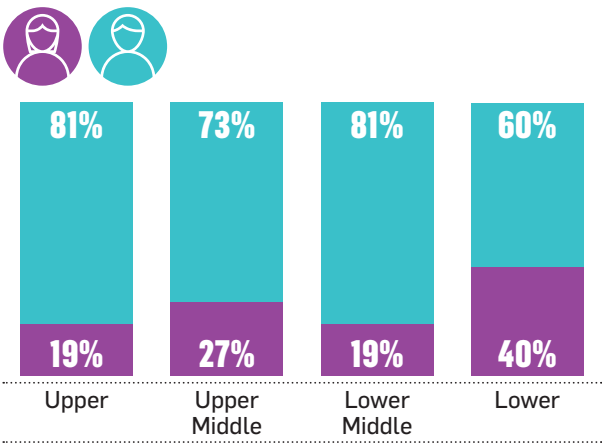
SINCE OUR LAST GENDER PAY REPORT, WE HAVE GROWN FROM 469 TO 497 UK EMPLOYEES.



Mean Gender Pay Gap	17%
Median Gender Pay Gap	9%
Mean Bonus Gender Pay Gap	26%
Median Bonus Gender Pay Gap	10%
Proportion of Men receiving a bonus	87%
Proportion of Women receiving a bonus	83%



PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE BAND



PERCENTAGE OF FEMALE TO MALE EMPLOYEES



PERCENTAGE OF FEMALE TO MALE EMPLOYEES WORKING PART TIME



BEHIND OUR NUMBERS

Since our first Gender Pay Gap report last year, we have made some important progress towards closing our gap, and welcome the dialogue that has been encouraged by this requirement – both in relation to the progression of women in our industry, as well as within our own business.

In 2018, we were able to set a marker from which to identify where we are making progress, and where there are more gains to go after.

Our data tells us that we have closed our mean gender pay gap by **by five percentage points (from 22% in 2018 to 17% in 2019)**, a great result which brings us in line with the UK national average for all employees¹ – which fell from **17.8% in 2018 to 17.3% in 2019**. We have also reduced our median gender pay gap from **18% to 9%**.

¹ UK Office for National Statistics, 2019.

While our gap does still exist, this is not driven by unequal pay, but by the uneven distribution of men and women across the business and the types of roles they do. For example, we have more men than women in senior positions, with women less well-represented in specialist, technical roles. Many of these positions attract premiums for working offshore or in shifts. In addition, we have more women than men working part-time, which also impacts on our numbers.

We are doing a better job of recruiting women into some of our more senior roles, with the proportion in our upper middle pay quartile increasing by **11 percentage points (from 16% to 27%)**, which also positively influences our gender bonus gap². Our mean bonus pay gap has fallen from **33% to 26%** and our median from **19% to 10%**; predominantly as a result of

² Includes anyone receiving a bonus during the twelve months leading up to the snapshot date and who are still employed on the snapshot date.

the increased number of women in senior roles, which carry a higher proportion of performance-related variable pay.

Our men and women continue to have equal opportunity for performance-related variable pay, with **87%** and **83%** receiving an award respectively.

While we are pleased with this progress, we are also mindful of the need to ensure our efforts are focused on long-term change. That is why we have a multitude of programmes and initiatives that are helping us to get to the crux of some of the challenges driving the gender pay gap in our industry in the UK.



BUILDING AN INCLUSIVE TEAM EQUIPPED WITH THE RIGHT COMPETENCIES, WHERE EVERYONE FEELS VALUED FOR WHO THEY ARE, IS SIMPLY THE RIGHT THING TO DO.

SUSAN GRAYSON

Director, Resourcing, Talent, D&I and L&D



INSPIRING THE NEXT GENERATION

To shape the future of our industry, we need to attract the next generation. We are doing this by helping them to experience, first-hand, how interesting and fulfilling a career in the energy sector can be.

In collaboration with Scotland's Developing the Young Workforce programme, we are also preparing children and young people for the world of work, as well as providing mentoring and work experience to students via the UK-wide initiative, Career Ready.

And that's not all. Together with the Stemettes, we provide access to inspirational women already working in Science, Technology, Engineering and Maths (STEM); helping the talent our industry needs, to make informed decisions about their futures.



**WHAT THIS INDUSTRY HAS DONE,
FOR GIRLS IN PARTICULAR, IS TO
SHOW THEM THAT THEY CAN BE
ANYTHING THEY WANT TO BE.**

DEBBIE SKENE

Portfolio Project Controls Lead

FLEXIBLE WORKING: NO ONE SIZE FITS ALL

At Spirit Energy, we want to think creatively about new ways of working that will improve retention, productivity, motivation and morale. That's why we will always consider and, where relevant, encourage, flexible working arrangements.

We spoke to our teams across the business to find out why this matters to them. And although their experiences were different – depending on roles and personal circumstances – there were a few things they were firmly in agreement on:

- Delivery is key. Teams and individuals should be judged on their performance and results, irrespective of where, when and how the work is done. Not being in the office does not equate to a loss of productivity.
- Technology is critical in removing barriers, with the increased reliance on connectivity that we are seeing in the world around us undoubtedly transferring into the workplace.
- Flexible working is not just about big changes – small changes can make a big difference too.

"Flexible working must be well-managed by all involved, without losing focus on delivery. Getting it right can be hugely advantageous."

David Dawson, Senior Project Manager

"There are lots of reasons you can call on to say flexibility won't work, can't work or doesn't work. But I made it work for me. The most important thing is to assess what works for you, your team and what the business needs of you."

Carla Riddell, Senior VP, West of Shetland

"I think it's a win-win for the employee and the employer. Since my employer affords me flexibility, I am also willing to show flexibility back. It goes both ways."

Valya Møller, Revenue Accountant

"We have to empower people to make the decisions they need to make in order to do the best they can in their roles. As a manager, what matters to me most is quality output."

Vanessa Medeiros, Senior Procurement Manager – North Sea



DIVERSE VOICES. ONE SPIRIT.

Spirit Energy is the kind of place where everyone's welcome. A place where creating a more diverse and inclusive business is championed across the company, and supported by a dedicated team focused on making Spirit Energy, and the oil and gas industry as a whole, a more attractive, welcoming place to work. For anyone, from any background.

Helping us to get there is The Network, our employee-led organisation, consisting six groups:

- Gender Balance
- Ethnicity
- Working Parents
- LGBTQ
- Young Professionals
- Carers, Disabilities & Wellbeing

Set-up to raise awareness of diversity and inclusion (D&I) issues and opportunities, The Network's mission is to support Spirit Energy by:

- Creating the space for discussion and action on D&I
- Growing a well-known and supportive network across all our locations
- Attracting, retaining and celebrating diverse talent in the industry
- Educating on, and challenging, hidden barriers – including unconscious biases
- Promoting awareness of existing support within the business
- Removing inequality of opportunity

As we continue to bring better balance to our workforce, memberships with a number of important organisations are helping us to build on these strong foundations:



POWERful WOMEN

SPOTLIGHT ON: GENDER BALANCE



"Having managed a number of teams with a good balance of gender, I value the diversity of thought and challenge that I believe contributes to a high-performing team."

Nick Gorton, Procurement & Supply Chain Director



"Gender balance is about equality and I'm excited to be helping to promote an environment where everyone has a voice."

Victoria Newbatt, Senior Category Specialist



"I joined The Network to start making a difference, by creating a workplace resembling the human race, where all genders can thrive."

Sarah Willis, Financial Controller, UK and Netherlands

CLOSING OUR GAP

Last year, we shared some of the commitments we have been making to address the long-term structural issues in our industry – important in driving a sustainable change – while staying focused on attracting, retaining and developing a high-performing, diverse and inclusive team.

A year into our journey, we are seeing some tangible results, and will sustain and enhance our focus in order to go after even more improvement. We know that closing our gap will not be a quick fix, but we are confident that the actions we outlined in 2018 are supporting change, with opportunities yet to go after.

Our approach is aligned with recommendations from the UK Government and includes actions and initiatives designed to improve the recruitment and progression of women, thereby reducing the gender pay gap.



INCLUSIVE RECRUITMENT

Research¹ tells us that if there's only one woman in a candidate pool then, statistically, there's less chance she'll be hired. With more than one woman, the odds go way up. That's why we aim for gender-balanced candidate shortlists, ideally with more than one female applicant, with the skills and competencies required by the role. And when it comes to interview panels, we strive to bring diverse viewpoints to the table - helping to combat unconscious biases and balance our decision-making.

EXPERIENCE MATTERS, BUT IT'S NOT THE ONLY THING WE CARE ABOUT

Technical qualifications and experience are important. But so too are cognitive ability, attitude, values and personality. That's why we use psychometric tests – to help us find the best candidate for the job. In future, we're looking to introduce skills-based assessments too; asking applicants to perform tasks that would be expected of them if they worked here. As well as more accurately gauging how they will perform on the job, this also helps to shift the focus away from gender, age, personality, background, education and other factors that can sometimes influence hiring decisions.

COMMITTED TO CHANGING MINDSETS

In 2019, we provided Unconscious Bias training to 60% of people managers within Spirit – helping them to understand the benefit of increased diversity on their teams and different ways to recruit in order to fill talent gaps. In 2020, how we deliver that training is changing from classroom-based to online, making it more accessible for all.

We're also introducing interview skills training and standardising the questions we ask those who want to join our team, as well as the grading system we use to assess applicants. By applying this process to internal promotions as well as for external hires, we hope to continue improving the progression of women into more senior roles within Spirit.

¹ Harvard Business Review; Stephanie K Johnson, David R Kehman and Elsa T Chan; April 26, 2016.

And through joining specific jobs boards, like Work 180, our candidates know they don't have to ask about specific things during the hiring process – such as flexible working and parental leave. This helps break down hidden barriers to women joining the company, or re-entering the workforce after starting a family.

PUTTING THE 'PERSONAL' INTO PPE

In May 2016, Prospect, the Women's Engineering Society (WES), Women into Science and Engineering (WISE), the Trades Union Congress (TUC) and Institution of Mechanical Engineers (IMechE) Support Network undertook a survey to review females' experiences of wearing personal protective equipment (PPE).

Of the 3,086 women surveyed across multiple sectors, only 29% percent reported having PPE designed for their gender; while 83% said that their PPE had, at least occasionally, hampered their work. With PPE critical to health and safety, the survey results, along with our own experiences at Spirit, made it clear that providing male garments in smaller sizes just doesn't cut it.

That's why we have been collaborating closely with our supply chain to source PPE that genuinely takes into account the needs of female team members across our offshore and operational sites. As well as adhering to industry health and safety standards (such as flame retardant and anti-static fabric), the solution we have invested in also meets our expectations for high quality. And from speaking to our team we know that, as well as improving safety, this has also had a positive impact on their self-confidence and mental wellbeing too.

CLOSING OUR GAP

ENABLING HIGH-PERFORMING TEAMS

On the back of our latest employee engagement survey, we scored 8.1 out of 10 for Organisational Fit¹ – above the sector benchmark. We're not perfect though, and – together with teams across our business – are addressing feedback we believe will help us score even higher and close our gender pay gap further. This includes the launch of employee and management development guides, to help our teams more clearly capture their development aspirations.

We have also introduced Our Leadership Expectations, designed to support the growth and performance of our people managers – through assessment, training and development.

1. Organisational Fit measures whether employees believe the company provides equal opportunities, and that those working there do not suffer from discrimination. The external benchmark for Energy & Utilities is 7.7

Finally, a new Learning & Development portal has been introduced via our employee intranet – providing improved access to learning opportunities, online training, external courses and further education; as well internal job opportunities and secondments. Team members that have progressed through the organisation will also be role-modelled through this site, sharing their stories and experiences.

IT TAKES MORE THAN ONE FLINT TO MAKE A FIRE

Last year, Spirit Energy created a senior leadership role focused on the development and implementation of policies and strategies designed to improve diversity, inclusion and female representation within the business – as well as driving the conversation at an industry-level through collaboration with organisations such as AXIS Network, InterEnergy and Oil & Gas UK's Diversity and Inclusion Task Group.

This role is supported by continued investment in The Network, our employee-led organisation which focuses on diversity and inclusion in all its forms. Launched in 2019 with a focus on gender balance, it has since been expanded to include new groups such as Ethnicity; Carers, Disabilities & Wellbeing; Gender Balance; Young Professionals and Working Parents. Each group has an ambassador within Spirit's Executive Committee (ExCom) to support the work they are doing.

Our ExCom also has access to a real-time diversity and inclusion dashboard, showcasing performance and progress, and providing them with the opportunity to challenge and drive action for further improvement.



REAL INNOVATION – THE KIND THAT UNCOVERS NEW PATHS TO SUSTAINABILITY – WILL ONLY COME FROM HIGH-PERFORMING, GENDER-DIVERSE TEAMS THAT MAXIMISE THE POWER OF DIFFERENT OPINIONS, PERSPECTIVES AND CULTURAL REFERENCES.

NEIL McCULLOCH

Executive VP, Technical & Operated Assets

POWERFUL WOMEN AMBASSADOR: CARLA RIDDELL



A POWERful Women ambassador, Carla Riddell has pledged her support to advance the professional growth and leadership development of women in the UK's energy sector. Read on to learn more about her career journey so far, thoughts about gender diversity in the oil and gas industry today, as well as her advice for other aspiring women in the energy sector.

TELL US ABOUT THE JOB YOU DO

I am the Senior Vice President for Spirit Energy's West of Shetland assets and a member of the Executive Committee, as well as mum to my young son.

The beauty of my role is that there is no typical day – there is a lot of variety in what I do, from strategic planning to managing relationships with joint venture (JV) partners. One of the most rewarding things for me is knowing that I have a direct role in providing energy to people in the UK.

I'm fortunate to be in a position with the autonomy to face whatever challenges arise. I know that I am making a difference and adding value to the business, but I couldn't do that without the flexibility afforded by my employer which allows me to balance the demands of parenthood with a demanding career.

WHAT IS YOUR BACKGROUND?

I studied Geology initially, because I loved it (and still do), followed by a Masters in Paleontology. While working as a technical specialist in offshore drilling operations, I returned to study to earn my MBA because I wanted to be stronger in the business world and more effective at the job I was doing.

I've moved from technical roles in traditionally male-dominated environments to business roles, but each step of my career has been about seeing the bigger picture – from looking down a microscope to developing company strategy.

WHAT HAS BEEN YOUR PERSONAL EXPERIENCE OF CLIMBING THE CAREER LADDER?

I recognise that, in many instances, a good education can help to remove barriers and act as insulation against certain biases, so I feel fortunate in that respect.

I think the biggest challenges that I have faced have often been of my own design. Waiting to feel comfortable before taking on more significant roles can be a real impediment to career advancement, and I have waited too long at times.

The biggest obstacle I've had to overcome has been believing that I deserve a seat at the table and that I have earned the right to be there.

WHAT ARE YOUR VIEWS ON THE CURRENT STATE OF PLAY REGARDING GENDER DIVERSITY IN THE UK ENERGY SECTOR?

I love the energy sector and I passionately believe that this industry should feel accessible to everyone, irrespective of gender.

The industry is in a transition and we need to adapt to make the most of the entire talent pool. Taking a modern approach to working and attracting the best, diverse teams is a big part of this. There are plenty of dinosaurs still roaming around in the oil industry, whether it's attitudes, ways of working and problem solving or technology. We need to evolve to survive in a changing world. We will only succeed if we find ways to nurture the alignment of our unconscious with our conscious values to ensure fairness and equality.

MY ADVICE FOR OTHER ASPIRING WOMEN IN ENERGY

1

Remember to try and put yourself first – at least some of the time.

2

Remember that what you give attention to grows. Make the time to understand what you want from your career and then make a plan for how to get there.

3

Don't let criticism hold you back. I have been criticised for 'wanting it all', but the truth is I want what I believe I deserve – a career I love and a happy family life that I make time to enjoy.

OUR 2018 RESULTS

SPIRIT ENERGY PRODUCTION UK LTD.



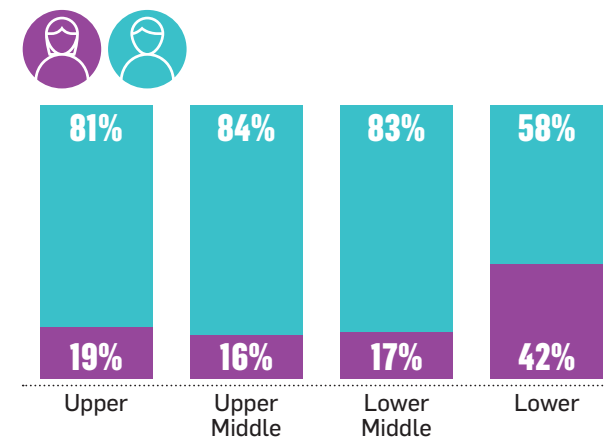
Mean Gender Pay Gap	22%
Median Gender Pay Gap	18%
Mean Bonus Gender Pay Gap	33%
Median Bonus Gender Pay Gap	19%
Proportion of Men receiving a bonus	89%
Proportion of Women receiving a bonus	84%

469
UK
EMPLOYEES

PERCENTAGE OF FEMALE TO MALE EMPLOYEES



PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE BAND



OUR RESULTS: 2018 TO 2019

	2018	2019
Number of relevant employees in entity	469	497
Proportion of men and women (M/F) (%)	76 / 24	74 / 26
Mean gender pay gap (%)	22	17
Median gender pay gap (%)	18	9
Proportion of men and women in the lower pay quartile (M/F) (%)	58 / 42	60 / 40
Proportion of men and women in the lower middle pay quartile (M/F) (%)	83 / 17	81 / 19
Proportion of men and women in the upper middle pay quartile (M/F) (%)	84 / 16	73 / 27
Proportion of men and women in the upper pay quartile (M/F) (%)	81 / 19	81 / 19
Mean gender bonus pay gap (%)	33	26
Median gender bonus pay gap (%)	19	10
Proportion of men and women receiving a bonus (M/F) (%)	89 / 84	87 / 83

UNDERSTANDING THE TERMINOLOGY

MEDIAN PAY GAP

The median pay gap is the difference in pay between the middle-ranking woman and the middle-ranking man. If you line up all the men and women working at a company in two separate lines, in order of salary, the median pay gap will be the difference in salary between the woman in the middle of her line and the man in the middle of his.

MEAN PAY GAP

The mean pay gap is the difference between a company's total wage spend-per-woman and its total spend-per-man. The number is calculated by taking the total wage bill for each, and dividing it by the number of men and women employed by the organisation.

PAY GAP VS. EQUAL PAY

The gender pay gap is not the same as unequal pay. Unequal pay is giving women less than men for the same work. That has been against the law since the Equal Pay Act was introduced in 1970. Here 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.

