

SPIRIT ENERGY GENDER PAY GAP REPORT 2020



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Here at Spirit Energy, we take pride in our welcoming and inclusive culture. We aim to attract and keep great people by creating an environment where everyone can thrive regardless of gender.

Traditionally, oil and gas is a male-dominated industry. So, we recognise that achieving gender balance will take time, but it is also necessary. Advances in technology and the energy transition are some of the factors rapidly changing our industry. By being truly diverse and inclusive, we gain the range of thought needed to navigate these changes. More importantly, it is also the right thing to do.

This year, I am pleased to report that we are still making steady progress in closing our gender pay gap and have had some notable successes.

The proportion of men and women in our business has not changed significantly – there has been a one percentage point decrease in our female population. Maintaining stability in the number of women in our company is positive, particularly in a year when studies have shown the Covid-19 pandemic has had a disproportionate effect on women's careers.

Our mean gender pay gap¹, or the difference between our hourly wage spend-per-woman and hourly wage spend-per-man, has continued moving in the right direction, falling by one percentage point to 16% (6 percentage point decrease since 2018). This keeps us in line with the UK national average for all employees².

Our mean gender bonus gap³ has improved year-on-year, falling from 26% in 2019 to 15% in 2020. This reflects the bonuses paid to a higher proportion of women in senior roles, some one-time payments associated with their recruitment and the payment of deferred bonus plans, which matured during the reporting period.

We had to make some tough decisions in 2020, including not implementing an annual pay review. As a result, the fluctuations you see in our 2020 pay gap data are linked to changes in people movement, like internal moves between roles or starters and leavers, rather than changes to pay year-on-year.

I am genuinely proud of the progress we have made so far. With continued consistent effort and focus, we should see our gender pay gap continue to narrow over time. In the rest of this report, you can read about the steps we have taken to remove barriers and encourage women to pursue and progress a career in our industry and business.

Thank you,



Chris Cox
Chief Executive, Spirit Energy



1 Base on hourly rates of pay for all employees at full pay (including bonuses and allowances, but with some exceptions) at the snapshot date of 5 April 2020 i.e. in the snapshot pay month of April. As defined by the Government Equalities Office for Gender Pay Gap reporting
2 UK Office for National Statistics, 2020.
3 Includes anyone receiving a bonus during the twelve months prior to the snapshot date of 5 April 2020, i.e. in the payrolls between April 2019 and March 2020, and who are still employed on the snapshot date.

OUR VISION



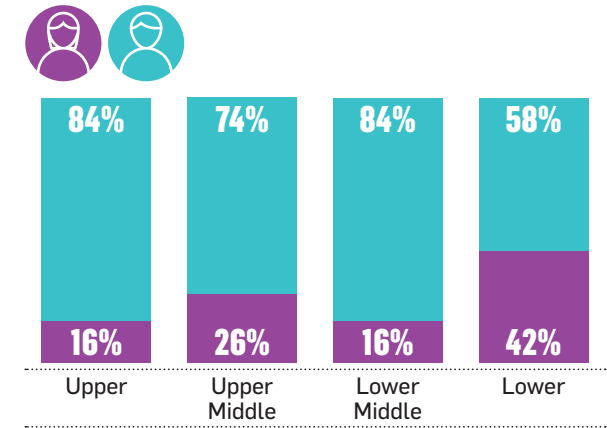
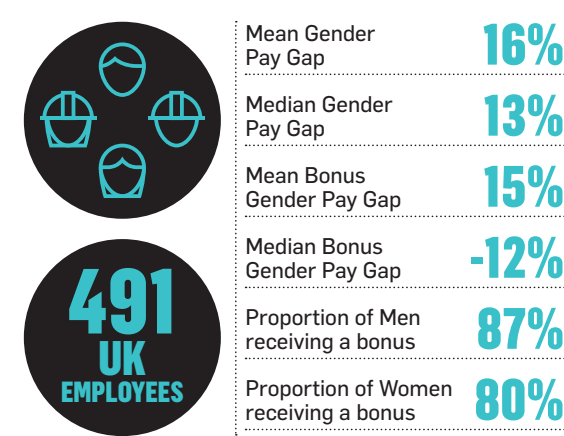
OUR VISION IS TO CREATE AN INCLUSIVE ENVIRONMENT BY BUILDING A BALANCED, DIVERSE BUSINESS, PROVIDING EQUAL OPPORTUNITY FOR EVERYONE, REPRESENTING THE COMMUNITIES WE WORK IN AND DELIVERING BETTER BUSINESS RESULTS.

OUR 2020 RESULTS

SPIRIT ENERGY PRODUCTION UK LTD.

SINCE OUR LAST GENDER PAY REPORT, OUR NUMBER OF RELEVANT UK EMPLOYEES HAS REDUCED FROM 497 TO 491.

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 in 2018, we have consciously worked to close our gap. We welcome all conversations and actions that support this, whether relating to the progression of women in our industry or our business.

Our 2020 data tells us that our mean gender pay gap¹ is continuing to move in the right direction, decreasing **by one percentage point (from 17% in 2019 to 16% in 2020)**, and remains in line with the UK national average for all employees².

Our median gender pay gap has fluctuated more since we started reporting, **moving from 18% in 2018, to 9% in 2019, and 13% in 2020.**

Since we did not implement a pay review in 2020, the fluctuations in our data relate to recruitment, departures, internal moves, and promotion activity, rather than changes to pay year-on-year.

1 Based on hourly rates of pay for all employees at full pay (including bonuses and allowances) at the snapshot date of 5 April 2020. 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 UK Office for National Statistics, 2020.

For a small business, like Spirit Energy, small changes in the data can cause the median to vary considerably from year to year. Therefore, for us, the mean (or average) pay gap is a more reliable indicator of our progress. Over the last three years, our mean pay gap has moved steadily in the right direction, from 22% to 16%.

While we still have a gender pay gap, it is caused by the uneven distribution of men

and women across our business and the types of roles they do – rather than unequal pay. For example, like other traditionally male-dominated industries, we have more men than women at all levels of the organisation, particularly in well-paid positions, including engineering and operational roles. Many of these positions also attract premiums for working offshore or in shifts. This also causes the imbalance of the ratios of men to women in each of the pay quartiles.

Our mean gender bonus gap³ fell from **26% to 15%**, and our median bonus gap fell from **10% to -12%**, now favouring women. These changes are due to the increased number of women in senior roles, one-time payments made during recruitment activity, and the payment of legacy deferred bonus plans. Of the employees that received the deferred bonus payment, 55% were women and 45% were men. Without the deferred bonus payments, our median bonus gap would be -2%, and the mean bonus gap would be 11%.

3 Includes anyone receiving a bonus during the twelve months prior to the snapshot date of 5 April 2020, i.e. between April 2019 and March 2020, and who are still employed on the snapshot date.

We are pleased with the progress we have made, but also mindful of the need to ensure our efforts are focused on long-term change. That is why we will continue to invest in programmes and initiatives to tackle the challenges that drive the gender pay gap in our industry and business. You'll find more information on these in this report.



NOT ONLY IS IT JUST THE RIGHT THING TO DO, RESEARCH OVERWHELMINGLY CONFIRMS THAT HAVING A DIVERSE AND INCLUSIVE WORKFORCE LEADS TO BETTER BUSINESS OUTCOMES.

SUSAN GRAYSON

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

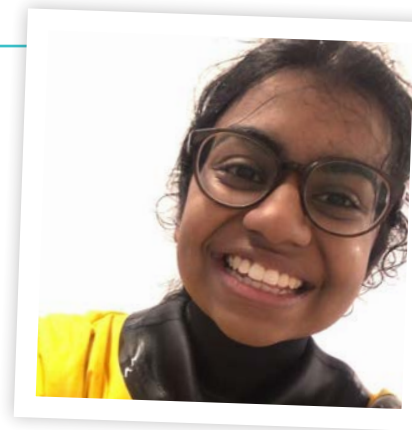
INVESTING IN THE FUTURE

We encourage young people to consider a career in the energy sector by giving them first-hand experience of how interesting and fulfilling it can be.

Together with the Stemettes; a social enterprise set up to inspire and support young women into Science Technology, Engineering & Maths (STEM) careers; we provide access to inspirational women already working in these areas, helping break down stereotypes and attract the new diverse talent our industry needs.

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

Connecting with the Association For Black and Minority Ethnic Engineers (AFBE), we run 'Transition' workshops, helping to prepare graduates for the world of work.



APPLYING FOR YOUR FIRST JOB CAN BE DAUNTING, ESPECIALLY IF THERE AREN'T MANY VISIBLE ROLE MODELS, LIKE FEMALE ENGINEERS. INITIATIVES LIKE CAREER READY AND AFBE TRANSITION GIVE YOUNG PEOPLE INSIGHT INTO A VARIETY OF INDUSTRIES AS WELL AS ACCESS TO INSPIRING ROLE MODELS.

THAYARUBY UTHAYAKUMARANATHAN

Process Engineer

FLEXIBLE WORKING

At Spirit Energy, we believe that a flexible approach to working is important to equality and well-being. Flexible working arrangements have always been considered and, where possible, encouraged.

Undoubtedly, the Covid-19 pandemic has been challenging for our employees. With their work and home life disrupted, we have prioritised our employees' well-being, granting them greater autonomy over how and when they work, as well as expanding our support services and increasing the frequency of our communications to keep us all connected virtually.

Although an incredibly challenging time for many, the Covid-19 pandemic has shown us that we can still successfully deliver even when we are all working in different places and at different times. We have learnt a lot from the experience and will continue to do so as we adapt to new ways of working for the future.

SUPPORTING WORKING PARENTS

Established in 2019, the Spirit Energy Working Parents' Group came into its own during the pandemic, offering support and representing our working parents' needs.

Some of the initiatives the Working Parents' Group has put in place are an informal buddy/mentoring system, information care packages for pre- and post-parental leave support and a Yammer communication channel. The group has also helped us review our parental leave policy.



FINDING YOUR PERSONAL BALANCE BETWEEN WORK AND FAMILY LIFE CAN BE DIFFICULT AT ANY TIME, AND ESPECIALLY DURING THE PANDEMIC. THE WORKING PARENTS' GROUP PROVIDES AN INVALUABLE SUPPORT NETWORK FOR PARENTS.

MARJORIE SANCHEZ

Business Development Manager
& Working Parent Group Lead

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 of six groups: Gender Balance, Ethnicity, Working Parents, VIBE (our LGBTQ+ group), Developing Professionals and Wellbeing.

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

- Creating the space for discussion and action on diversity and inclusion whilst considering intersectionality
- Growing a well-known and supportive network across all our locations
- Attracting, retaining and celebrating diverse talent in the industry
- Working collaboratively with external bodies and networks to learn and share
- Educating on and challenging hidden barriers, as well as raising awareness of existing unconscious bias
- Promoting (signpost) awareness of D&I existing support within the business whilst challenging it to champion it reaching best in class across the industry
- Removing inequality of opportunity

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



SPOTLIGHT ON: GENDER BALANCE NETWORK



"In every way we are an industry in transition. As we transition to greater diversity and inclusion we now know that we missed opportunities along the way to be better and reach higher given how non-diverse we have been. The Energy Transition presents the greatest of opportunities to correct that balance and reach our full potential."

Neil McCulloch, Executive VP, Technical & Operated Assets



"At Spirit Energy, and across our industry, I work to ensure we offer an environment where everyone can be the best version of themselves."

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



"I'm committed to supporting others in removing inequality of opportunity and call it out and challenge it when I see it!"

Mustafa Mohamed, Incident Free Workplace Programme Manager & The Network Co-Chair

CLOSING OUR GAP



With research suggesting that women's careers have been disproportionately affected by the Covid-19 pandemic, now more than ever, we remain dedicated to putting diversity and inclusion at the heart of every stage of the employee journey at Spirit Energy, from recruitment to career progression.

We also remain focused on working closely with our industry to address the long-term structural issues and drive meaningful change.

Like other traditionally male-dominated industries, we know increasing the representation of women in the energy sector will take time. Still, we are confident our actions, as outlined in this report, are making a difference.

Our approach is aligned with recommendations from the UK Government and includes actions and initiatives designed to improve women's recruitment and progression.

INCLUSIVE RECRUITMENT

In 2019, we talked about focusing on our candidate shortlists, with an equal number of male to female candidates, armed with the skills and competencies required by the role – and interview panels that include diverse viewpoints and people.

In 2020, we were pleased to report that 86% of our candidate lists were diverse, up from 56% in 2019. And all our interview panels were diverse – addressing unconscious bias in the selection process and giving candidates a better experience.

MORE THAN QUALIFICATIONS AND EXPERIENCES

We value technical qualifications and experience. But equally important are attitude, values, and personality. That's why we look beyond technical qualifications and experiences and use tools like psychometric tests and competency-based interviews – to help us find the best candidate for the job.

GREATER AWARENESS HELPS US BE MORE INCLUSIVE

Before Covid-19 led many of our teams to work remotely, we offered classroom-based unconscious bias training to our

people managers. Now, all our employees can access training on diversity and inclusion online – helping to foster a more inclusive working environment and empowering our employees to be more open and honest.

We have also created new tools to help standardise the questions we ask people who want to join our team. Applying this to internal promotions and external hires helps ensure we continue to improve women's progression into more senior roles within Spirit.

We partner with Work 180 – an organisation that helps women make career decisions by giving them answers to questions they might not want to ask during an interview, like whether a company offers flexible working or parental leave. This helps break down hidden barriers that prevent women from joining companies, and by featuring our vacancies on the Work 180 job board, we are letting women know we are a great organisation to work for.

LISTENING TO OUR EMPLOYEES

Listening to our employees helps us understand what we are doing well and how we can improve. Our employees can share their voice through a range of channels in our continuous listening programme, including engagement and pulse surveys, leader-led coffee sessions, and town halls.

In our most recent survey, we added new question sets relating to diversity and inclusion and wellbeing. We also measure organisational fit – which tells us whether employees believe a company provides equal opportunities and that those working there do not suffer from discrimination. We are pleased to say that we perform well in all these measures, but there is always room for improvement. Insights gathered from all our listening programmes are used to create targeted actions that will help boost employee engagement.

Many of the initiatives and programmes you will read in this report have come about by listening to and acting on our employee's feedback.

CLOSING OUR GAP

DEVELOPING POTENTIAL

In 2020, we embedded our Leadership Expectations programme to support our people managers' growth and performance through assessment, training, and development. Having a simple set of clear leadership expectations helps us lead consistently across Spirit.

In addition, we launched a new Learning & Development portal providing improved access to learning opportunities, online training, external courses and further education, and internal job opportunities and secondments. We also plan to share stories and experiences of our employees that have progressed through our organisation.

As part of our commitment to providing learning and development opportunities across our business, all our employees have access to an online leadership library containing handpicked content that addresses challenges important to Spirit Energy. The purpose is to provide inspiration and innovative ideas for meeting these challenges.

DEDICATED TO DIVERSITY AND INCLUSION

In 2018, 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, focusing on diversity and inclusion in all its forms. Launched in 2014, focusing first on gender balance, it has expanded to include new groups such as Ethnicity; Wellbeing; Young Professionals; LGBTQ and Working Parents.

Part of The Network's success comes down to each group having an ambassador from our Executive Committee (ExCom) who champion their work.



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

We are members of – and two of our ExCom are Ambassadors for – PowerFul Women, a professional initiative to advance gender diversity within the energy sector.

IMPROVING REWARD TRANSPARENCY

As part of our 2020 reward process, we have given our teams a more straightforward explanation of our reward framework, as well as the way we calculate Spirit's bonus fund. This has continued with further transparency and explanation during the 2021 process.

We've also undertaken an exercise to benchmark our salaries against the broader exploration and production (E&P) market, with managers responsible for informing individuals in their team where they are positioned.

To make it easier for our employees to understand and determine what skills and capabilities they need to progress their career at Spirit, we have created Career Ladders, which outline what abilities and skills are necessary for each role at every Grade and function or profession.



GENDER BALANCE IN THE WORKPLACE ISN'T JUST ABOUT HAVING EQUAL RATIOS OF WOMEN TO MEN. IT IS MUCH MORE THAN THAT. TO TRULY REALISE THE MANY BENEFITS OF A DIVERSE WORKFORCE, WE NEED TO EMPOWER EVERYONE SO THEY CAN REACH THEIR FULL POTENTIAL.

NATASHA GORDON

Assurance Coordinator
& The Network Co-Chair

WOMEN IN ENERGY – GRO KYLLINGSTAD



We know how important it is to have visible female role models to attract and retain women in our industry. We spoke to two women in our business to hear from them what it's like to work in the Energy sector. Read on to find out more about their experiences and views on the current state of play in relation to gender diversity in the sector.

TELL US ABOUT THE JOB YOU DO

I am the Senior Vice President of Norway Production and a member of the Executive Committee.

There are two aspects to my role, overseeing the production of the Norwegian assets and being the leader for our teams in Norway.

WHAT IS YOUR BACKGROUND?

I grew up in a small town next to Stavanger, Norway's oil capital. I've always been interested in natural sciences but wasn't sure what to study in higher education. The high school career advisor suggested Geology, as there was a great need for them at the time, so I did and loved it! Now, I don't work on geology day-to-day, but I'll always be a geologist in my heart.

After graduating, I joined Mobil Exploration as a geologist.

Later, Mobil merged with Exxon and became ExxonMobil, and I became a production geologist on their operated Jotun Development. I had a couple of short stops at GdF Suez and ConocoPhillips before joining Spirit back in 2007, then Centrica. It's been a fantastic journey with lots of great learning experiences.

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

As a female in a male-dominated industry, it's been vital for me to have good role models. I've been fortunate to have excellent role models from the start.

My first role model was Maury Devine, who was the first female general manager for an international oil and gas company in Norway. She had a different leadership style. She was powerful and strong, but she also showed a lot of care and courage. Even to this day, her influence is still with me.

The attentiveness that she gave her team, like getting to know them, was repaid with loyalty and the fact that we all wanted to do an excellent job for her.

In addition to good role models, I've helped myself progress by being vocal and open about where I am and where I'd like to go, which has opened tremendous opportunities.

I have also taken every chance that has been offered to me. Sometimes after accepting a new role, I've felt overwhelmed and actually scared. But as you settle into the role, that feeling passes, and I've learnt not to be afraid to ask for help. No one is expected to know everything. It's impossible, and people like to help. It's also important to treat everyone well. It's true what they say; you'll meet everyone on the way up and on the way down, so be kind.

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

It's encouraging to see the industry come a long way, but there's still a way to go. We need to get better at nurturing talent, making space for diverse types of people.

As well as being aware of our own unconscious bias, it's critical that we consciously make sure everyone gets the chance to speak up and is listened to. Then we can all benefit from a range of ideas and thoughts.

We also need to show that different types of leaders are valued and that they're essential for our industry and business to thrive.

There are promising signs of progress at Spirit. We are changing the ways we do things. We are very conscious of diversity and its importance, helping us to create a more balanced culture.

MY ADVICE FOR OTHER ASPIRING WOMEN IN ENERGY

1

Don't focus on your limits, and don't be ashamed to ask for help.

2

Take chances and any opportunities that come your way. Don't worry that you might make a mistake. It's part of growing and learning.

3

Be you. You are good enough as you are.

WOMEN IN ENERGY – GEMMA CAMPBELL



TELL US ABOUT THE JOB YOU DO

I am the UK Non-Operated Asset Director. Together with two other Asset Managers, I am responsible for managing Spirit Energy's UK portfolio of Non-Operated Assets, which account for around 10% of Spirit's oil and gas production.

My role is hard to describe. What I most enjoy about it, is interacting with people and building relationships, like with our joint venture (JV) partners. We work with them to achieve mutual goals that benefit all parties.

WHAT IS YOUR BACKGROUND?

I studied Geology, I loved physical geography at school, and I discovered Geology at a university open day and thought it was perfect for me. I then stayed at university to study for a master's in petroleum Geology.

After graduating, I worked in geological consultancy, which gave me great insight into how different oil and gas operators work. Seeing many different approaches and corporate cultures helped me identify the type of company I wanted to work in.

I joined Spirit Energy in 2011, then Centrica, as a geologist.

During my time at Spirit, I've had several different roles; I've led a technical team in our Subsurface department and progressed towards a more business orientated role as Asset Manager, to the Director role I hold today.

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

I've always been open to taking opportunities as they've come along. I've also had some fantastic mentors who've encouraged and believed in me. Without them, I may still be in a technical role enjoying being a Geologist; however, the position I'm doing offers greater variety and, personally, a better fit.

Watching other female colleagues progress their careers within our business has also inspired and encouraged me. Particularly if they've moved to a role quite different to their previous one, it makes me think, if they can, then why not me.

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

It's positive to see the energy sector changing, but it's still moving at a glacially slow pace. We need greater diversity entering the industry to stop us all thinking alike, and all parts of the pipeline need to be opened up.

Since having a baby, I've had the opportunity to experience a different perspective as a working parent. It has been a positive experience for me, but I don't think that is the case for everyone. Changing the pressures in your life can significantly impact an individual's approach to their career, resulting in them leaning back rather than in.

I think the focus shouldn't always be on making it easier for women to do everything. Men need to be included to have a balanced approach towards the concept of flexibility for all. For example, offering parental leave and flexible working to fathers helps to balance parenting responsibilities. A recent study found that 85% of men would do anything to be more involved in the first weeks and months of their child's life – it's something that they also want, so the opportunity should be encouraged more.

MY ADVICE FOR OTHER ASPIRING WOMEN IN ENERGY

1

Go for it. The Energy industry is evolving and has a lot to offer.

2

Take all the opportunities as they come. Roles are what you make of them.

RECAP OF OUR RESULTS

OUR RESULTS 2019

SPIRIT ENERGY PRODUCTION UK LTD.



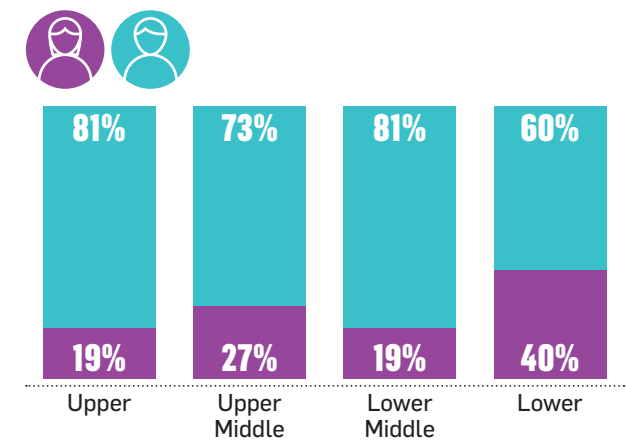
Mean Gender Pay Gap	17%
Median Gender Pay Gap	9%
Mean Bonus Gender Pay Gap	26%
Median Bonus Gender Pay Gap	10%
Proportion of Men receiving a bonus	87%
Proportion of Women receiving a bonus	83%



PERCENTAGE OF FEMALE TO MALE EMPLOYEES



PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE BAND



OUR RESULTS: 2018 TO 2020

	2018	2019	2020
Number of relevant employees in entity	469	497	491
Proportion of men and women (M/F) (%)	76 / 24	74 / 26	75 / 25
Mean gender pay gap (%)	22	17	16
Median gender pay gap (%)	18	9	13
Proportion of men and women in the lower pay quartile (M/F) (%)	58 / 42	60 / 40	58 / 42
Proportion of men and women in the lower middle pay quartile (M/F) (%)	83 / 17	81 / 19	84 / 16
Proportion of men and women in the upper middle pay quartile (M/F) (%)	84 / 16	73 / 27	74 / 26
Proportion of men and women in the upper pay quartile (M/F) (%)	81 / 19	81 / 19	84 / 16
Mean gender bonus pay gap (%)	33	26	15
Median gender bonus pay gap (%)	19	10	-12
Proportion of men and women receiving a bonus (M/F) (%)	89 / 84	87 / 83	87 / 80

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. Another word for 'mean' is 'average'.

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.

