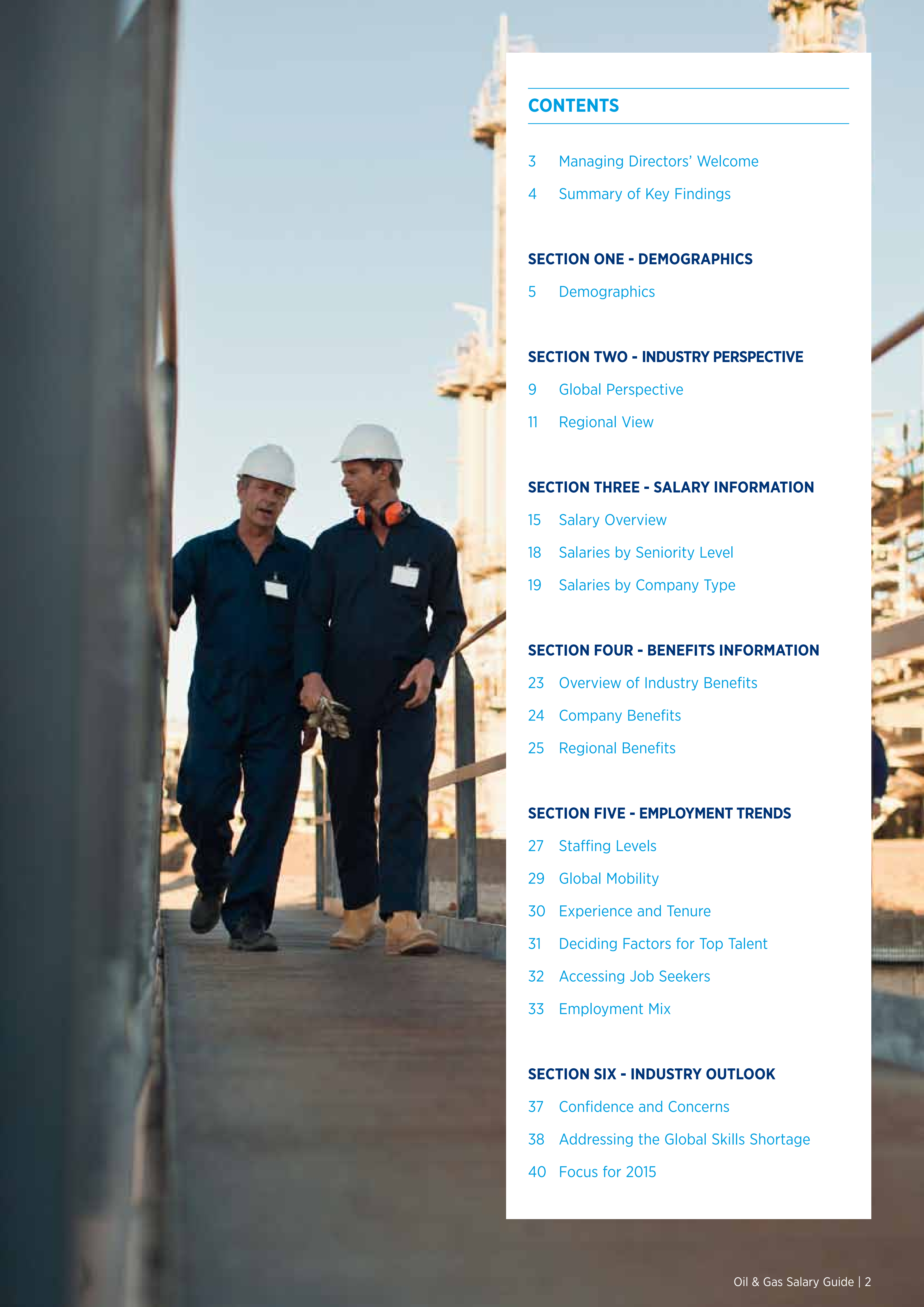
HAYS Recruiting experts in Oil & Gas

OILANDGAS JOBSEARCH

OIL & GAS GLOBAL SALARY GUIDE 2015

SURVEY SUMMARY

DISCIPLINE AREAS COVERED	25
COUNTRIES REPRESENTED WORLDWIDE	188
RESPONDENTS ARE EMPLOYERS IN THE INDUSTRY	10,000
PEOPLE RESPONDED TO THE SURVEY	45,000



CONTENTS

MANAGING DIRECTORS' WELCOME

We are delighted to share with you our Global Oil and Gas Salary Guide 2015.

Our goal is to provide the industry with an informed view of global and regional trends in compensation and benefits and to identify some of the key industry factors and events that have contributed to these trends.

This is the sixth year that we have conducted our survey and produced this document, and we are proud to say that each year we've seen the level of interest rise and the quality of our document and underlying analysis improve.

The changes in the price of oil in the last quarter of 2014 has impacted the labour market, however the sentiment in the industry remains positive. Salaries have seen a slight increase, benefits are on the rise and employers still have hiring on the agenda for 2015. Although some businesses are enacting consolidation initiatives, even a small upturn in global economic growth and demand in oil would lead to an overall recovery and strengthening of the labour market.

We would like to thank everyone who participated in the survey. Last year, we had over 60,000 copies of the Guide downloaded and an additional 20,000 printed copies distributed at various presentations and conferences. We believe that our growing number of readers is a strong indication of the value and quality of our document, but we are always interested in receiving feedback from you on how to improve and make our study more useful to you. Contact us at hays-oilgas@hays.com or info@oilandgasjobsearch.com with any comments you might have.

We hope you enjoy the read and, more importantly, find it useful in your job.

John Faraguna
Managing Director
Hays Oil & Gas

Duncan Freer
Managing Director
Oil and Gas Job Search

SURVEY METHODOLOGY

This year, approximately 45,000 participants across 25 disciplines from 188 countries responded to our survey.

The survey was completed in November 2014 and once closed, the data were compiled and cleansed to eliminate spurious samples and outliers.

Next we reviewed the data to ensure they reflected the realities of the local labour markets.

We then analysed the findings to identify trends and the reasons behind the results.

We believe that by blending the survey's quantitative data with our localised expertise, we produce the best and most representative view of remuneration in the industry.

As always with surveys, statistical errors due to sample size and respondent errors limit the accuracy of any particular figure. In addition, since the people who respond to our survey vary from year to year, changes in the demographics of respondents (e.g., their experience level, location and discipline) will have an impact on our figures that might not represent actual changes in labour markets.

For instance, in this year's survey, we had considerably more respondents from a managerial level than last year, which has yielded slightly elevated average salaries than observed by our recruitment consultants.

In addition, respondents report their salaries to us converted to $US from their local currencies, so fluctuations in the relative value of currencies versus the $US will also impact our results.

This year, we again have taken into consideration some of these biases to present a like-for-like global average salary alongside the average salary computed from the unadjusted raw data. We have not adjusted the other figures. Nonetheless, we believe that by looking at the results as a whole, and particularly at trends, there is considerable value in this research.

SUMMARY OF KEY FINDINGS

Despite uncertainty creeping into the industry, salaries have increased by 1.3% and confidence remains high as 87% of employers have a positive outlook.

Summary of key findings:

1. **Global permanent salaries saw an increase of 1.3 per cent over last year, after a slight dip in 2013.**
   - Oil and gas professionals rank salary as the most important factor in their decision to accept a new job offer and those with skills in demand realised greater increases than those with more commonly available skills.
   - Despite the global salary average stabilizing year-on-year, volatile local markets are causing salary changes to vary region by region. Employer confidence continues to remain high as 87 per cent feel positive about the oil and gas industry, compared to 72 per cent in the previous year.

2. **Nearly 75 per cent of employees globally receive benefits, an increase of 10 per cent from 2013 and the highest proportion ever seen in the six years of the Oil & Gas Global Salary Guide.**
   - Health plans are on the rise, and in some regions, more prevalent than bonuses, traditionally the leading benefit.
   - Eighty-six per cent of job seekers say progression and professional development is pivotal to their decision on accepting a job.

3. **Second only to salary, 92 per cent of job seekers judge company reputation as a crucial element in their decision making process when considering a new job opportunity.**
   - To attract top talent, 72 per cent of employers felt they had to make improvements to their employee offering in the last year, including training and development, compensation and rewards.
   - Only 3 per cent of employers are utilising social media to promote their employer brand, yet 68 per cent of both passive and active job seekers are utilising social media for personal use.

Building a strong employer brand, outside of the product brand, will help employers of all sizes compete for top talent. As part of your employer brand strategy, be sure to promote training programs and succession plan as a key piece of the benefits offering. Use digital channels, such as social media, to communicate your employee value proposition in order to target the passive candidate pool.

As a job seeker it is important to utilise all appropriate digital channels to search and apply for jobs. Help employers to find you by creating an optimised, professional profile and online resume.

IMPORTANT TO NOTE

Since the surveys' completion, the price of oil has fallen to the lowest level seen in five years. This unforeseen decline will not have been fully reflected in the survey, as indicated by the high confidence exhibited by respondents. A lag is expected before these changes are felt in the industry and perceptions could still shift.

Should oil prices continue to decline, history tells us to expect some downward pressure on salaries and contract day rates in line with the fall.

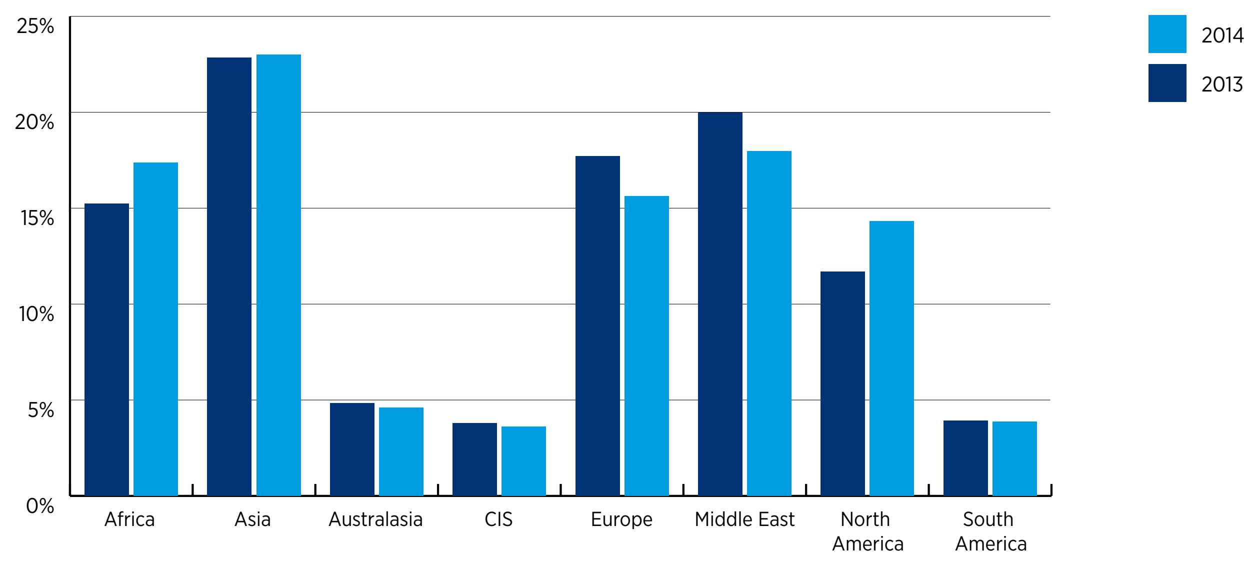
We are already seeing an increase in mergers and the sentiment of employers in the industry is that this will continue throughout 2015. Financially stable companies are looking to maximize on growth opportunities through the acquisition of targets at current, more favourable, prices. Mergers are likely as businesses join forces to help weather the storm.

Taking these changes in 2015 is likely to see a shift in the active candidate market, therefore this might be a good time for companies to attract and secure the top talent that will be key for future growth.

SECTION ONE
DEMOGRAPHICS

Only slight changes in the demographics of respondents year-on-year

RESPONDENTS BROKEN DOWN BY REGION

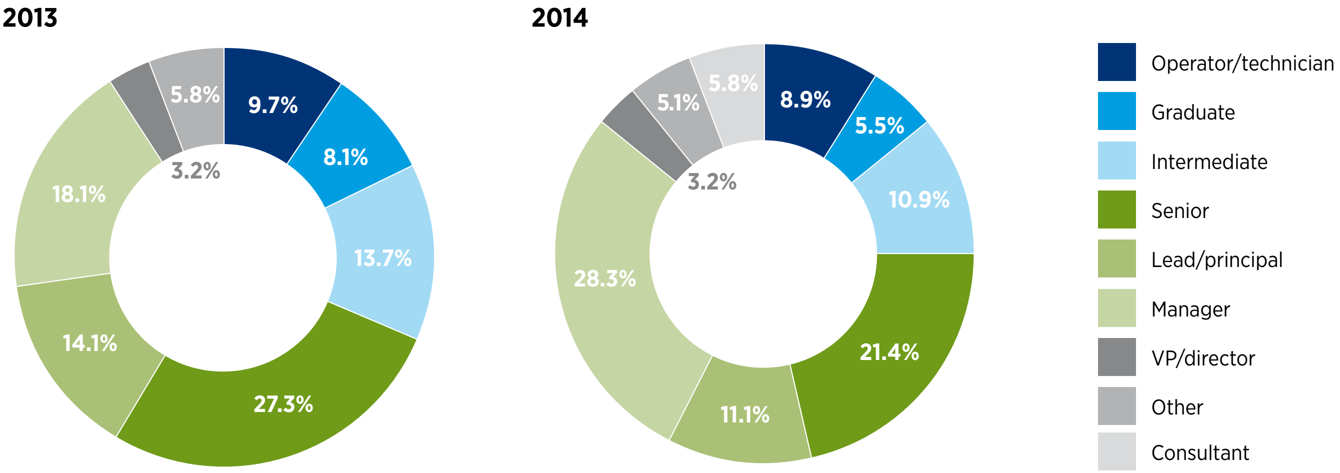


DEMOGRAPHICS

The figures below show the demographics of the 45,000 respondents to this year's survey.

While there is much consistency in the demographics of this year's respondents versus last year's, this year's sample had a much larger percentage of managers.

SENIORITY LEVEL



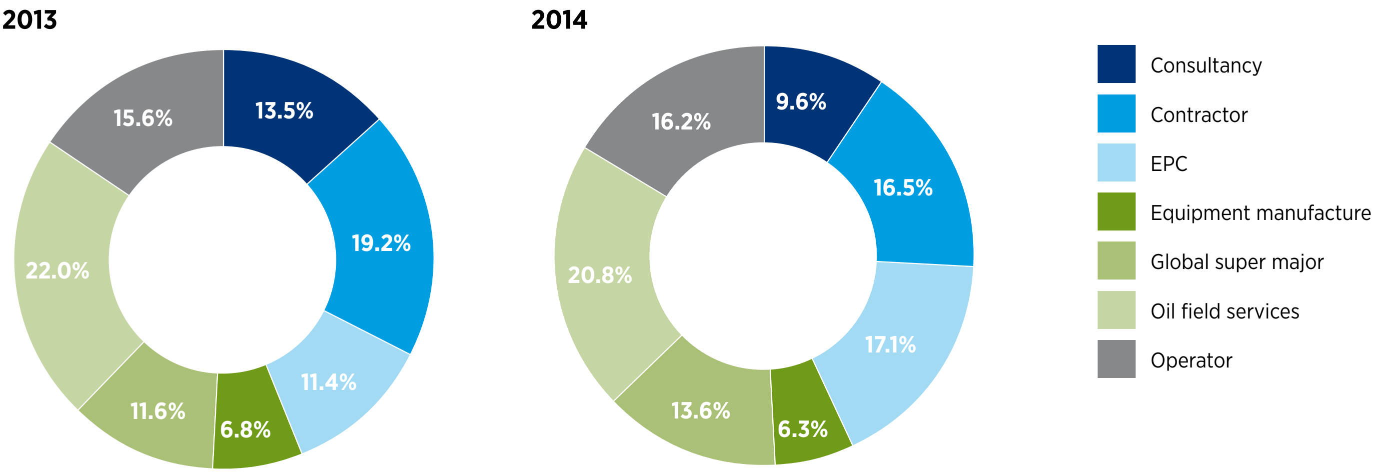
GENDER

EXPATS VERSUS LOCAL

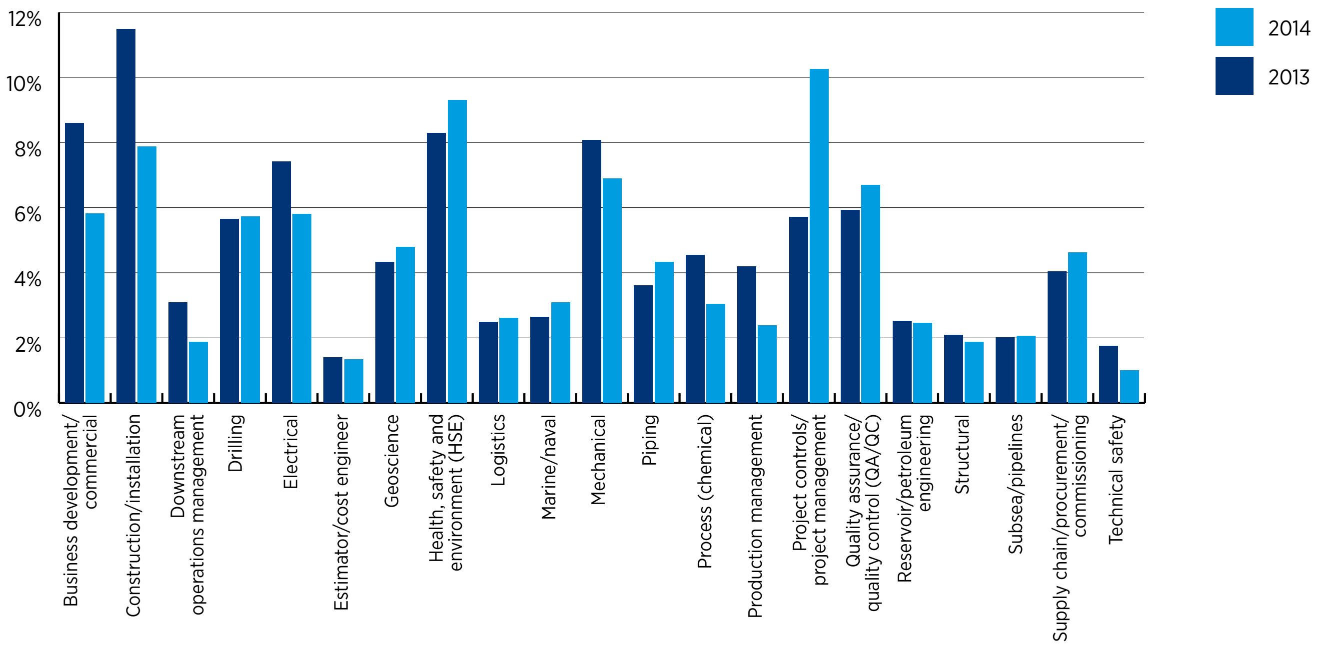
CONTRACT VERSUS PERMANENT

DEMOGRAPHICS

COMPANY TYPE



DISCIPLINE AREA



SECTION TWO
INDUSTRY PERSPECTIVE

GLOBAL PERSPECTIVE

What started as mild concern about the health of the industry at the beginning of 2014 has grown into nervousness as we exited the year.

Sluggish economic growth throughout the European Union (EU), Japan and China has again shaken business confidence and the markets alike. Doubts have even started to creep into the United States (US), despite robust economic growth and a generally upbeat outlook.

Continued tensions between Russia and Ukraine, and the sanctions imposed by the EU and the US have severely weakened the ruble and the Russian economy. In addition, shrinking exports to its key trading partner and uncertainty regarding natural gas supplies have led to a slowdown in economic growth in Germany, Europe's economic powerhouse, and may possibly halt growth and renew debt issues in some parts of Europe.

Militant activities and civil unrest in the Middle East have further added to the general unease, as has the outbreak of Ebola in Africa.

Given the geopolitical and economic turmoil, demand for oil has been weak. This coupled with surging production from oil shale in the US and rebounded production in Libya has left the world's market awash in oil. Consequently, oil prices have dropped more than 30 per cent from their highs in June, now officially in bear territory, to levels not seen since 2009/10.

While prices are still above break-even for most assets, the attractiveness of marginal fields has started to be questioned. Below $80/bbl, drilling activity in oil shales and other high cost fields will start to drop. Coupled with increasing demands from shareholders to rein in the rapid increase in capital expenditures over the last several years and to focus on cash generation, oil companies are decidedly in a wait-and-see mode, and are more conservative since the recession in their appetite for investment.

Consequently, the outlook for activity levels and therefore for service companies has dimmed. Taking offshore drilling as an example, this market could deteriorate further due to weak demand and a flood of new vessels, even though a few places such as Mexico and Brazil remain promising. Rig rates have fallen sharply over past 18 months as oil companies cut capital spending, just as dozens of new offshore rigs ordered during the boom come on line. For instance, day rates for most advanced ultra-deep rigs, which peaked at $650k per day last year, are now down to $375-500k. The financial markets have taken notice, and offshore drillers are among worst performing shares in 2014.

OPEC has been split on whether and what action is required to balance supply and demand. Some OPEC countries who are more financially dependent on high oil prices have lobbied for a cut in production quotas, while countries, such as Saudi Arabia, who are financially more sound have seen less of a need for action.

> “In prior years, skills shortages have been utmost on the minds of hiring managers and are still the case for certain roles in certain markets. Increasingly, however, financial viability will become the more pressing concern as this year's survey indicates.”
>
> **John Faraguna, Managing Director, Hays Oil & Gas**

The LNG market, a source of large-scale capital investment and hiring over the past years, is also in a state of uncertainty as cheap North American LNG could make more expensive projects in Australia, Africa and elsewhere uneconomic. The US Federal Energy Regulatory Comission (FERC) is considering over 10 applications to build LNG facilities. While most of these plants may never be built, they have created a real and present threat to the economics of most projects elsewhere in the world. LNG is in short supply and it will play an increasing role in the global energy market. However, uncertainty about future prices has made buyers reluctant to sign new long-term contracts under traditional terms that link LNG prices to oil prices, and developers of gas reserves outside North America have been hesitant to sanction new LNG facilities, particularly as these projects' costs are rising rapidly.

Needless to say, the industry's state of affairs has impacted and will continue to impact the labour market. While there are still hot spots in hiring, we have clearly seen a slow down in the pace of hiring, particularly in the riskier and more exploratory areas of the industry. We have seen layoffs in a small number of companies and we expect there to be continued consolidation in operating and service companies, which will further weaken the job market.

For those of us who have been in the industry for a while, these events are neither new nor surprising. Economic growth leads to increased energy demand, which leads to price increases, which attracts capital, which leads to increased activity and hiring, which can lead to a surge of supply that outstrips demand. Unfortunately, during the downside of the cycle the reverse occurs. What remains to be seen is how steep the decline in activity will be in the industry.

> “On a more optimistic note, the industry weathered the last storm during 2009-2010 relatively well and should do so again.”
>
> **Duncan Freer, Managing Director, Oil and Gas Job Search**

Taking the last recession as a guide, we saw only flat or slightly decreasing salaries, only modest layoffs and a relatively quick recovery in activity. Given the current global situation, it would not take much in the form of economic growth, reduced geopolitical tensions and firming oil demand to lead to recovered prices and an upswing in sentiment and activity.

North America

As the US increasingly becomes a dominant oil producer globally, it has left other producing nations, most notably OPEC, figuring out what to do to absorb this output.

US production has soared by 3 million barrels per day since 2011, exceeding 8 million bpd this year, largely due to surging production from unconventional sources, most notably oil shale. Production is at a 28 year high, imports are down from 45 per cent in 2011 to 26 per cent this year.

While drilling activity is continuing for more attractively priced crude and liquids, this will surely change if oil prices don't rebound. Breakeven prices range from $50-80/bbl across shale oil assets. Given that CapEx can reach as much as $35/bbl from a cash flow perspective, continued drilling of marginal reserves at prices hovering near or below $80/bbl is not sustainable. While some producers are protected by hedging, they will be increasingly exposed over the coming months.

While the ban on exporting crude is unlikely to be lifted in the US in the short term, North American gas developers are eager to export LNG, particularly to high priced markets in Asia. Companies have applied for permits that total more than 380 billion cubic metres (bcm) per year, which is roughly equivalent to all of the world's current liquefaction capacity. It is highly unlikely that all, or even a majority, of these projects will be built as their costs of supply vary greatly, but if even a small percentage of these projects are eventually built this surge of LNG would have dramatic impact on global prices, and would threaten the viability of high cost Australian and African suppliers.

Canadian activity this year rebounded somewhat on the strength of oil activity, but transportation bottlenecks are still depressing the wellhead price of oil and companies are beginning to slow down or postpone activity in high cost oil sands areas. Land sales, usually a good forward indicator of activity and optimism in Western Canada, are down 25 per cent. However, with a Republican-led Congress there is increased likelihood that the Keystone pipeline will be approved, which will increase the economic attractiveness of Canadian oil assets.

> "Despite the softening of the market, there are still areas that are seeing comparatively high hiring intentions, namely in the PetroChemicals sector and LNG."

Chemicals companies typically benefit from decreased cost of feedstock and are also being driven by the push to produce Tier 3 gasoline by 2018, driving increased hiring in these areas.

The overall sentiment is a general slowdown in hiring. Additionally, operators and engineering, procurement and construction (EPC) companies are changing how they utilise contract workers, shifting from multi-year assignments on long-term projects to a more traditional short-term usage for temporary skill requirements. Contractor day rates are also starting to be squeezed as companies seek to take advantage of an emerging candidate rich market. Our prediction is that this trend will continue through 2015 and perhaps into 2016.

Latin and South America

Latin and South America are experiencing increased interest as changes in legislation and expectations of strong economic growth will create opportunities for investment.

Mexico, in order to reverse its decade-long decline in production, aims to attract as much as $50 billion in foreign capital by 2018 as well as the talent it lacks to develop its deepwater and unconventional reserves. Pemex revenues historically have accounted for approximately 35 per cent of the federal government's annual budgets, so the stakes are high.

Under the new law, Pemex retains over 80 per cent of probable and possible reserves in the Round Zero allocation to develop on its own or to joint venture with international partners. It has also been assigned approximately 20 per cent of prospective resources. Round One is to be held by autumn 2015 and will auction over 150 onshore and offshore blocks.

Argentina, like Mexico, has also moved toward a more open market and has started to overhaul its energy regulations and improve its incentives to lure foreign investors. Amidst a weaker economy, the shale reserves here could make Argentina energy self-sufficient for decades if it can attract the capital and skills it currently lacks.

It is still too early to know whether these reforms in Mexico and Argentina will take root. The Mexican oil and gas industry will have to address concerns around denationalisation and make difficult decisions on how to implement its policies. Argentina must win back the confidence of the international companies it spooked only two year ago when it expropriated Repsol's stake in YPF. Nevertheless, these countries have realised that they cannot arrest declines in production alone and that an opening is required.

Brazil is reconsidering its policies implemented in 2010. Investors have been losing interest in this market as its energy policies are raising cost, reducing efficiency and increasing business risk. In addition, the government decision to halt a decade of annual auctions in 2008 is being questioned. Brazil enjoyed rapid expansion of its production and considerable international interest when it had a predictable auction schedule but since 2009 growth has stagnated. Finally, the government-mandated local content requirements have caused the country's construction and service companies to struggle to maintain service quality and keep costs under control.

> "The biggest news of the year is the historic passage of the energy reform legislation in Mexico, the world's tenth largest producer, which ends Pemex's 75 year old monopoly."

While not as critical to the country's financial health as perhaps Mexico, the industry still accounts for between 10 to 15 per cent of GDP. Brazil still dominates the subsea segment of South America and it is expected that as much as $90 billion will be spent on subsea projects through 2020. While the government's forecast is for production to double by 2023, it may struggle to find the capital and skills to meet these aggressive goals. To address its skill shortages, the government has launched a series of efforts to attract expat Brazilians back home and to accelerate training of new workers, with limited results so far.

Finally, in Venezuela, PDVSA is struggling with recently amended national policies. The state-owned company may be forced to sell some of its international assets in order to raise cash and to potentially prevent asset seizures by international companies seeking compensation for nationalised assets.

INDUSTRY PERSPECTIVE

Regional View

United Kingdom (UK) and Continental Europe

Now that Scottish independence has been decided (for the time being, anyway), one element of uncertainty has been lifted and should benefit industry activity. However, little has changed in terms of the ageing assets in the UK North Sea, and most companies have adopted a decidedly wait-and-see attitude before they make further investments, as they await implementation of the recommendations from the Wood review. Since peak production in 2009, output has steadily declined due to complex geology, poor exploration success, difficulty increasing recovery from existing fields and unattractive commerciality. The latest activity levels imply a dramatic reduction in near term activity, as Deloitte research indicates, it is almost five times more expensive to produce a barrel of oil today than it did in the early 2000's. However, new tax breaks for brownfield projects could spur increased interest.

North Sea oil companies made their lowest profits in five years during the first quarter of 2014, and companies on both sides of the North Sea are cutting investment programs, focusing on cash flow and preparing for potentially turbulent times ahead. Investments in Norway are expected to drop at least 10 per cent next year, based on $85/bbl prices. Seismic companies have seen their market soften as the appetite for exploratory investments has diminished and offshore drillers have witnessed rig rates fall sharply as companies have cut capital spending. Significantly, this has coincided with dozens of new rigs coming on line, prompting some companies to start retiring rigs.

For onshore UK and Europe the jury is still out on whether unconventional drilling picks up steam. In the UK, new legislation is making it easier for companies to drill horizontally under residential dwellings. However, significant opposition to relaxed standards and procedures may keep unconventional production insignificant. A report by Wood MacKenzie suggests that the third phase of unconventional development underway in the US, which is focused on brownfields, could show the way for shale projects in Europe.

> "The UK Continental Shelf still has significant potential to unlock additional reserves if geologic, technical and commercial challenges can be overcome."

Due to the slowing nature of the market and the increasing costs associated with production, particularly in the North Sea, operators and EPCs are seeking to streamline their operations by replacing contractors with permanent staff where possible. Procurement-led initiatives to drive down contractor day rates and consolidate suppliers are also being put into greater affect. One area that stands out is the increased demand for engineers and senior project staff with decommissioning experience.

[1] North West Europe Third Qurter Review 2014
[2] Unconventional 3.0: A new energy outlook

Russia and Commonwealth of Independent States (CIS)

The political tensions between Russia and Ukraine have been partially responsible for current global economic uncertainties. The US and EU have implemented sanctions against Russia resulting in delayed and cancelled trade which has affected arctic and shale projects worth billions of dollars.

In response, Russia, which supplies almost one third of the EU's oil and gas requirement, has disrupted it's supply of natural gas to certain EU countries. Not only has this had a negative impact on European economies, which already were experiencing tepid growth, but it has led to a plummeting of the Russian ruble and has severely cut into Russian companies' profits. For example, Gazprom saw its profits fall 40 per cent in the first quarter of 2014 due to reduced exports and lower prices.

Russian production is critical for the financial health of the government and so international capital and expertise has been sought. However, production here has never been cheap and is facing increasing challenges such as water production, which makes it highly sensitive to changes in global prices.

Russia has also witnessed a withdrawal of western skills and expertise in the oil industry. Sanctions have led to expat workers being repatriated as western companies pull out of the region under growing political pressure. Russia is increasingly looking to China and the Far East for talent to cover the loss of this workforce as Russian operators continue to push forward with large scale CapEx projects.

> "Russian production has been in decline and is now second to the US in terms of total oil and gas volume."

It remains to be seen how long the sanctions will last and whether Russia can replace western investment and skills with those from Asian partners. The decline in oil prices has also hurt the Russian economy as budgetary price expectations were over $100/bbl. Russia has lobbied OPEC to curtail production in order to boost global prices, but there is a rift between OPEC nations on the urgency of such a response.

These are worrying signs for an economy that is teetering on the edge of recession. Equally worrying are the global economic and geopolitical risks and implications that the dispute has created.

INDUSTRY PERSPECTIVE

Regional View

Middle East

Amid sluggish global economic growth, soft increase in demand for energy, surging US production and the consequent decline in oil prices, the Middle East has also faced civil and political unrest.

While spending and activity have been strong in Saudi Arabia, Kuwait and the UAE, parts of Iraq have been destabilised by continued militant activities. However there have been few disruptions to Iraq's most important oil region in the south. There is a real risk that militant activities will spread to other parts of the region and could create major disruptions in the production and transport of crude and products. Iraq is also facing a dispute over Kurdish oil production and the sale and transport of crude oil outside the Iraqi state marketing organisation. Finally, crumbling infrastructure, a lack of clear oil legislation and security risks have reduced international appetite for investments. If these obstacles can be overcome, Iraq is expected to account for 60 per cent of the growth of OPEC production through 2019.

OPEC is divided on how to respond to forecasts for continued weak demand and declining oil prices. Countries in more urgent need of immediate cash, Iran for instance, are lobbying strongly for production curtailment. Of course, by curtailment it is expected that Saudi Arabia takes most of the reduction. Other countries, such as Saudi Arabia and the UAE, who face lower budgetary pressures, see less urgency for a response. These countries might be satisfied with crude oil prices hovering near $80/bbl, a potential mid-to-long-term baseline in pricing due to the higher cost of unconventional production, but would likely react if prices drop significantly below the $80 threshold.

In LNG, Qatar continues to lead the global market exports, providing almost three times as much volume as the next largest exporter. LNG imports continue to grow in Asia, particularly Japan, South Korea and China, whereas they have been declining in Europe as LNG is diverted to higher priced Asian markets and gas is replaced by cheaper coal. While the global market is short of LNG supply, which has buoyed prices, this is about to change over the next few years as several high cost, high capacity export facilities come on line in Australia. In the longer term, proposed LNG projects in North America will further threaten the incumbents' market share and will apply downward pressure to prices.

> "Although several projects in the region have reached their peak in hiring needs, we expect the regions' hiring outlook to remain positive throughout 2015."

While other regions have noticed a dip in hiring, the Middle East has remained buoyant.

Africa

Capital investment on the continent remains flat as new opportunities, primarily in the East, are roughly balanced by geopolitical, security and health issues in the West.

Improved technologies and deep-water capabilities have led to discoveries offshore West Africa of pre-salt basins that appear to be analogous to those offshore Brazil. Activity has risen in Angola, Gabon, Congo and Namibia. While West Africa has had a significant level of activity in the past decades, the East has enjoyed a surge of interest over the past few years. There have been world class gas finds in Tanzania and Mozambique as well as significant successes in Kenya and Uganda.

Internal unrest in Libya has brought the country to the brink of civil war. On a more positive note, Libyan production has risen more than expected, defying the chaos that exists in the country and helping to limit budget deficits which could double in the coming years. While positive for Libya, the unexpected production increase has contributed to the decline in global oil prices.

In LNG, Chevron continues to be beset by problems in its Angola facility and new projects and expansions in Nigeria are on hold due to uncertainty of the impact that new legislation will have. Some proposed projects are in financial investment decision (FID) stage in Mozambique and Tanzania following recent large deep-water finds there. These projects should be able to compete on a price basis with Australian and possibly North American exports. Increasing gas shortages and diversions of feed gas to supply the domestic market in Egypt have all but dried up LNG exports from its two liquefaction plants.

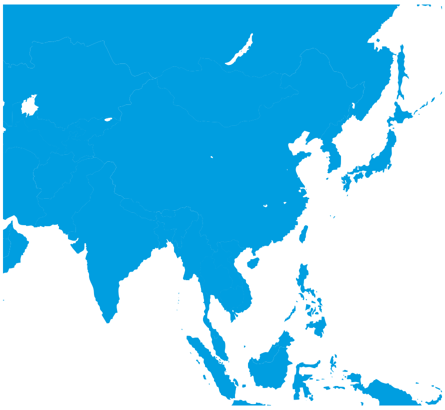
> "The cost and risk of doing business in some regions still remains an obstacle, and expat workers are being rewarded with high day rates to compensate for often substandard working and accommodation conditions."

East Africa's huge offshore gas potential and its close proximity to LNG markets in Asia make it an attractive location for operators. More recently, there has been a significant drive to entice qualified professionals back to the region from expat assignments with training and sponsored qualifications being offered.

INDUSTRY PERSPECTIVE

Regional View

Asia



Singapore's small and mid-sized oilfield service companies are experiencing intense competition as companies have begun to reign in capital expenditures. Singapore has grown to be a significant Asian energy hub, and energy now accounts for about 5 per cent of the country's GDP.

With Singapore's first LNG terminal now fully operational and entering into its Phase 3 expansion, we wait to see if the Singapore government will push through on its stated intention to position Singapore as a hub for LNG activities in the region and targeting LNG bunkering operations by 2015. There are still some regulatory hurdles for the state to iron out before bunkering operations commence but we have seen companies tracking progress in this area with a view to market entry. However, this is in early planning stages.

A more traditional stronghold for the Singapore market has been the expertise and proven track record in the design and construction of offshore production facilities, including rigs, floating, production, storage and offtake (FPSO), floating, storage and offloading (FSO) and topsides. Singapore is responsible for 75 per cent of the world's FPSOs currently under construction. We expect to see a continued robust performance in the original equipment manufacture (OEM) sector both in Singapore, and across the region, as manufacturers seek to capitalise on the region's relatively low cost base and ready supply of skilled labour.

There are good opportunities in terms of the region's oil and gas resources with most still targeting ambitious growth figures. Indonesia's Pertimina is looking to secure LNG supply from the US and to buy into producing shale assets to augment declining domestic production. Despite being the world's fourth largest exporter of LNG, the country is set to become a net importer by as soon as 2018 as gas increasingly becomes the fuel of choice for transportation and power generation.

In China, activity levels have been modestly up, but the coming development of unconventional gas will lead to an increase and redeployment of capital expenditures. China has deployed troops to South Sudan to protect oil field assets and personnel amid the rebellion there, which supplies about 2 per cent of China's crude oil imports.

2014 has seen the region's EPC's and shipyards being awarded significant contracts due to increased confidence in their ability to deliver quality services, particularly South Korea. A majority of these contracts are FEED or Construction Engineering. Consequently, we've seen an increase in demand for skilled project engineers and construction professionals.

> "In Malaysia, employers' focus on "Malaysianisation" has continued to gather momentum this year causing local nationals' salary demands to increase in areas where there are skills shortages."

The war for this talent has intensified as countries like Singapore are pushing to restrict foreigners, particularly on S Pass visas. This will start to have impact on the target demographic of the workforce in Singapore and surrounding regions. Employers are finding it harder to take on new staff from overseas and an increasing number of visa renewals are being turned down.

Malaysianisation has resulted in an uplift on salaries for local workers. This is particularly evident in the geoscience area where companies, mainly operators, are now vying for talented local professionals who have the skills to assume the technical and staff development roles traditionally held by expats.

In Indonesia, we have seen several large projects starting to wind down their contract workforce as the projects move closer to completion. As a result, demand for expat contractors has reduced as companies repatriate large numbers of expats and preferentially hire local, less expensive talent.

Australasia

Australia has 60 million tons per annum (mtpa) of additional LNG capacity coming on line and is poised to become the world's largest LNG producing nation. Most of the projects had severe cost overruns and delays.

Consequently, the underlying economics of the projects are now questionable, and their financial viability will depend on securing high prices from Asian importers who may be lured away by cheaper exports from North America. This has delayed some investments, has put a lid on new LNG projects and has shifted attention to improving the economics and efficiency of existing operations.

The existing LNG projects are not yet in need of large numbers of skilled professionals in Operations and Maintenance. However, when this does happen from mid-2015 onwards, a large shift in the industry's workforce will occur as workers with the design and construction skills needed to create the facilities are replaced by those required for ongoing operations and maintenance.

Gas production will significantly increase over the next three to four years as the LNG export projects come on line. However, the continued increase in development costs and the difficulty of transporting gas from Western Australia (WA) and Northern Territory (NT) to the eastern seaboard LNG facilities will constrain investment appetite. That said, the pending decision to link gas discoveries in the Browse Basin to the existing LNG projects and a FID for a pipeline carrying gas from NT to Eastern Australia, if approved, could see gas activity increase. Furthermore, should the global appetite for natural gas continue to grow at the current rate then we could see Australian LNG export facilities look to expand by adding additional trains. In turn, this could spark an increase in exploration, as companies seek new plays in order to feed the expanded plants.

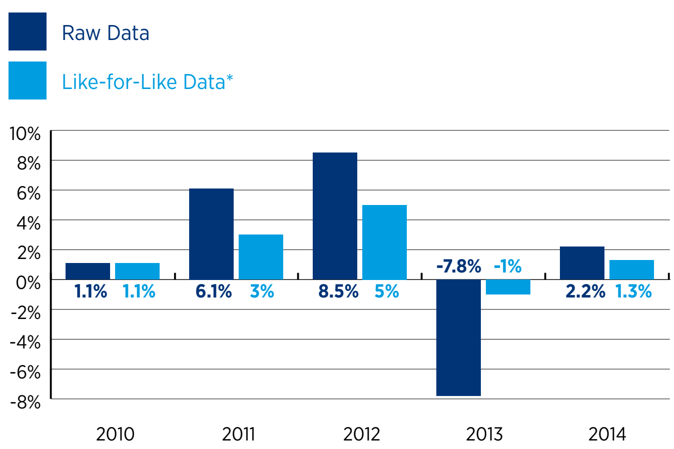
> "Momentum continues to gather pace as larger international operators farm into permits for deep water and unconventional projects, driving an increase in demand for geotechnical staff."

Oil production here is declining but there is some hope that oil shale can replace maturing older fields. Efforts to boost oil and gas reserves are pushing companies into deeper waters and more difficult unconventional projects.

SECTION THREE
SALARY INFORMATION

Salaries increase 1.3% globally

Salaries increased from 2013 levels



* Adjusted for changes in the demographic of survey respondents.

SALARY INFORMATION
Salary Overview

Over the past 12 months, we have seen the average global permanent salary increase by 1.3 per cent from last years' average salary of $82,239. This breaks down into a local talent average of $71,569 and an expat talent average of $99,013. The average contractor day rate globally in 2014 was $540 per day. This is welcome news after the previous years' softening of salaries and is indicative of the ongoing battle to secure top talent in candidate short areas.

North America remained relatively stable year-on-year with salaries increasing 1 per cent overall. Unprecedented levels of onshore drilling and exploration in the US supported by new LNG projects have offset decreases in other areas.

In South America local talent has seen an increase in salaries as a result of efforts to reduce the dependence on expats.

In Europe, companies seeking to maximize the remaining reserves in the North Sea coupled with Europe's pursuit to be less reliant on Russian oil imports has led to a demand in talent and an overall increase in average salaries of 3.6 per cent.

Australia saw a significant decline in average salaries, as much as 15 per cent in some areas. Project directors have attempted to curtail escalating costs and ensure project financial viability, replacing lost headcount at reduced salary levels.

Employers on projects in Russia have been forced to compete for local talent due to western sanctions and political instabilities, resulting in an increase of 4.8 per cent in local salaries.

Key Insights:

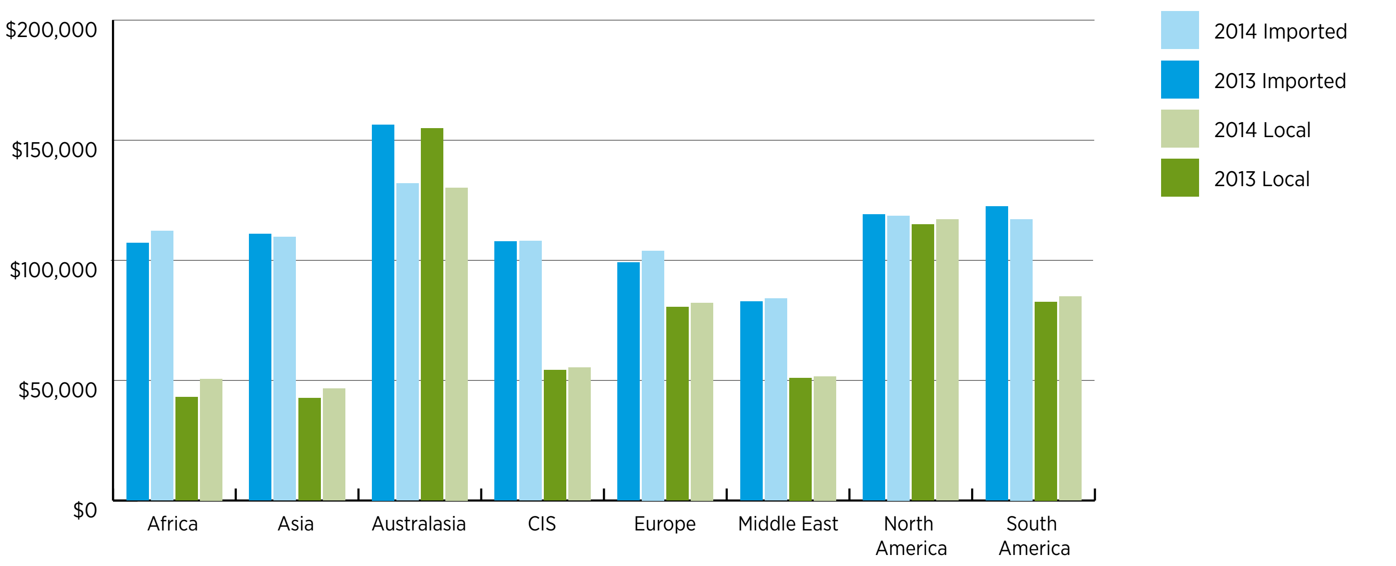
Globally, salaries have increased by 1.3 per cent overall. However, this varies region-by-region reflective of the health of the local oil and gas industry and political climate.

Salaries remained constant throughout the Middle East region with the exception of Saudi Arabia which showed significant increases in local average salaries.

The African region has seen an overall increase in average salaries buoyed by the efforts of countries such as Nigeria, implementing schemes to attract expats back from international assignments; this has resulted in an average increase of 9.8 per cent.

Throughout Asia we have seen an increase in average local salaries of 9.3 per cent over last year. This can be attributed to governmental incentives in countries such as Malaysia to increase the use of local talent. Similarly, in Singapore the authorities have tightened regulations of visa applications, therefore contributing to the increase of salaries for local professionals.

AVERAGE SALARY CHANGES BY REGION YEAR ON YEAR



Background for this section

Only where the sample size is large enough have we listed figures in these tables. Where not enough responses were received, entries are returned as N/A.

Permanent staff salaries are the figures returned by respondents as their base salary in US dollar equivalent figures (respondents were asked to convert their salary into US dollars using xe.com at the time of responding) excluding one-off bonuses, pension, share options and other non-cash benefits, for those working on a yearly payroll. Those on a daily payroll are extracted and listed separately.

The average salaries listed under local labor are representative of respondents based in their country of origin. Salaries listed under imported labor are representative of those who are working in that country but originate from another.

Contractor rates are listed as US dollar equivalent day rates as provided by respondents.

SALARY INFORMATION
Salaries by Seniority Level

The three functional areas that have seen above average increases are construction, business development and piping. This seems a fair reflection on the global market as mega projects enter construction phases.

Key Insights:

Construction (12.1 per cent), business development (10.3 per cent) and piping (15.8 per cent) saw the biggest increases in salaries in 2014.

ANNUAL SALARIES BY DISCIPLINE AREA (IN US DOLLARS)	Graduate	Intermediate	Senior	Manager Lead/ Principal	Vice President/ Director
Business Development/Commercial	48,700	64,800	69,900	100,000	165,000
Construction/Installation	37,000	55,000	81,000	135,000	210,000
Downstream Operations Management	40,000	52,000	81,000	90,000	180,000
Drilling	40,000	64,500	94,500	125,000	201,000
Electrical	41,000	48,500	70,000	91,000	N/A
Estimator/Cost Engineer	33,000	48,600	72,000	104,000	N/A
Geoscience	48,000	62,500	103,000	138,100	227,300
Health, Safety and Environment (HSE)	36,500	58,200	71,000	96,000	180,000
Logistics	31,000	39,000	63,200	81,700	124,900
Marine/Naval	35,000	67,600	81,000	105,000	173,000
Mechanical	39,000	42,600	68,000	88,000	109,000
Petrochemicals	35,500	46,200	58,300	74,700	150,100
Piping	32,000	43,000	59,000	86,000	104,000
Process (chemical)	38,000	48,000	74,000	111,000	136,000
Production Management	32,400	55,000	82,000	111,600	238,200
Project Controls/Project Management	38,000	54,000	73,200	109,400	158,700
Quality Assurance/Quality Control (QA/QC)	37,300	57,000	62,500	90,000	137,000
Reservoir/Petroleum Engineering	47,200	67,500	105,000	131,000	258,000
Structural	35,900	42,200	72,700	92,300	202,000
Subsea/Pipelines	44,200	68,100	100,000	129,100	215,200
Supply Chain/Procurement	30,500	55,000	69,000	89,600	180,100
Technical Safety	34,300	64,500	82,000	115,000	180,000

Looking at levels of seniority, permanent salaries across the board saw a slight uplift, aside from VP / Director levels, where average salaries saw a decrease as employers replace retirees in these roles.

Key Insights:

Contractor day rate changes are in line with permanent salaries: slight increases across all regions aside from Australia.

CONTRACTOR DAY RATES BY REGION (IN US DOLLARS)	Operator/ Technician	Intermediate	Senior	Manager Lead/ Principal	Vice President/ Director	Consultant
Australasia	390	630	710	870	1,300	1,400
East/South Africa	270	300	470	580	1,210	900
Eastern Europe	340	180	340	470	660	680
Middle East	300	230	330	520	920	770
North Africa	590	270	350	440	550	930
North America	400	580	640	770	900	920
North East Asia	300	340	450	660	980	1,000
Northern Europe	340	350	660	810	1,120	1,040
Russia & CIS	340	280	520	650	780	820
South America	370	250	380	590	900	890
South East Asia	200	170	250	370	580	650
West Africa	340	250	540	620	1,200	850
Western Europe	400	440	640	780	1,100	900

SALARY INFORMATION
Salaries by Company Type

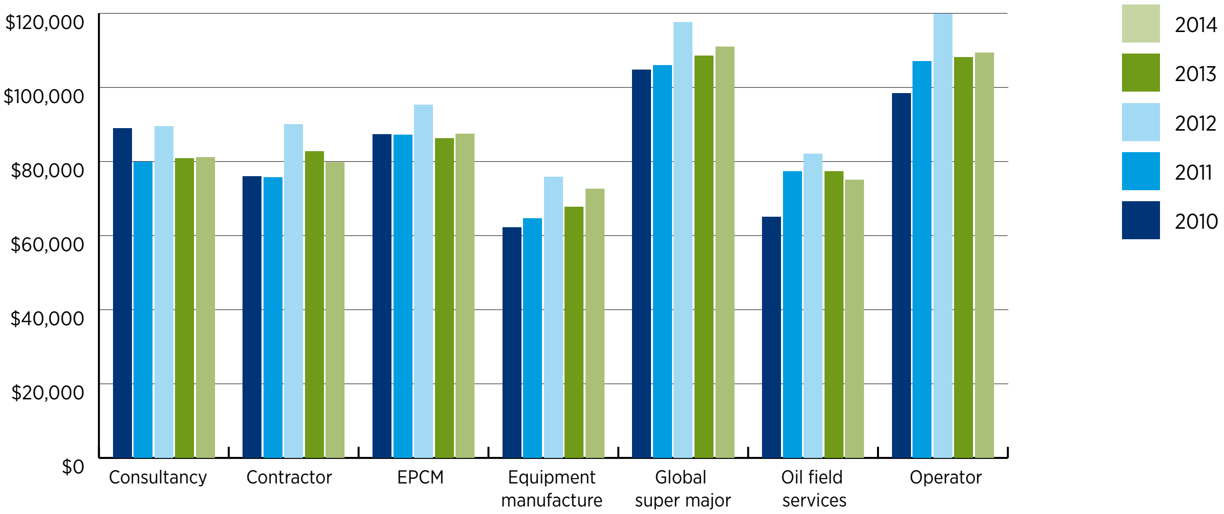
The Global Super Majors continued to be the highest paying across all levels of seniority. This year, they increased salaries across all levels, whereas operators focused salary uplifts at the more junior levels.

Key Insights:

In a bid to attract the very best graduates, we are seeing employers invest in their entry-level talent, targeting ambitious professionals with plans to groom and develop skills for future career growth.

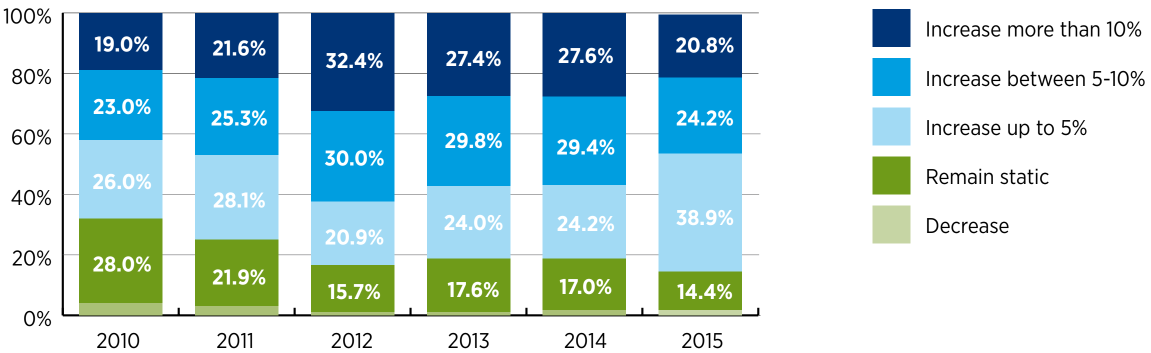
ANNUAL SALARIES BY COMPANY TYPE (IN US DOLLARS)	Graduate	Intermediate	Senior	Manager Lead/ Principal	Vice President/ Director	Consultant
Consultancy	41,200	48,500	78,000	111,200	148,000	85,380
Contractor	39,800	53,500	65,500	94,000	167,000	83,960
EPCM	41,500	50,000	79,000	115,800	178,200	92,900
Equipment Manufacture	37,000	45,300	61,000	74,900	143,000	72,240
Global Super Major	61,000	78,600	100,000	148,000	237,000	124,920
Oil Field Services	41,000	53,900	66,200	85,000	159,000	81,000
Operator	45,000	67,000	98,700	138,000	228,000	115,300

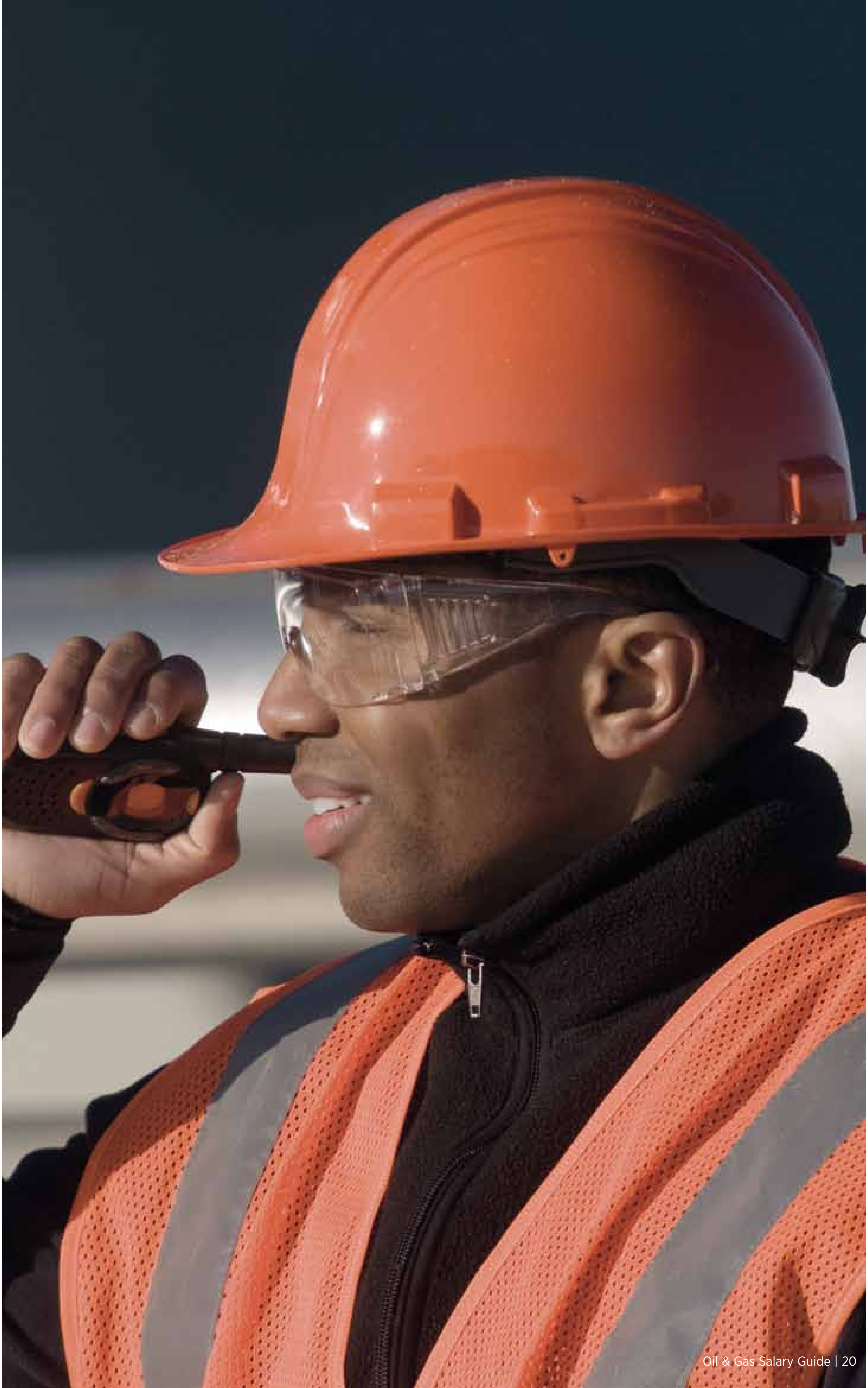
SALARY CHANGES BY COMPANY TYPE OVER THE LAST FIVE YEARS



Over the next 12 months, a higher proportion of employers expect salaries to increase by up to 5 per cent than in previous years, an indication of cautious optimism amidst a changeable market. Significantly, 45 per cent of employers still predict that salaries will increase by more than 5 per cent and we are still seeing upward pressure on salaries in skill short areas.

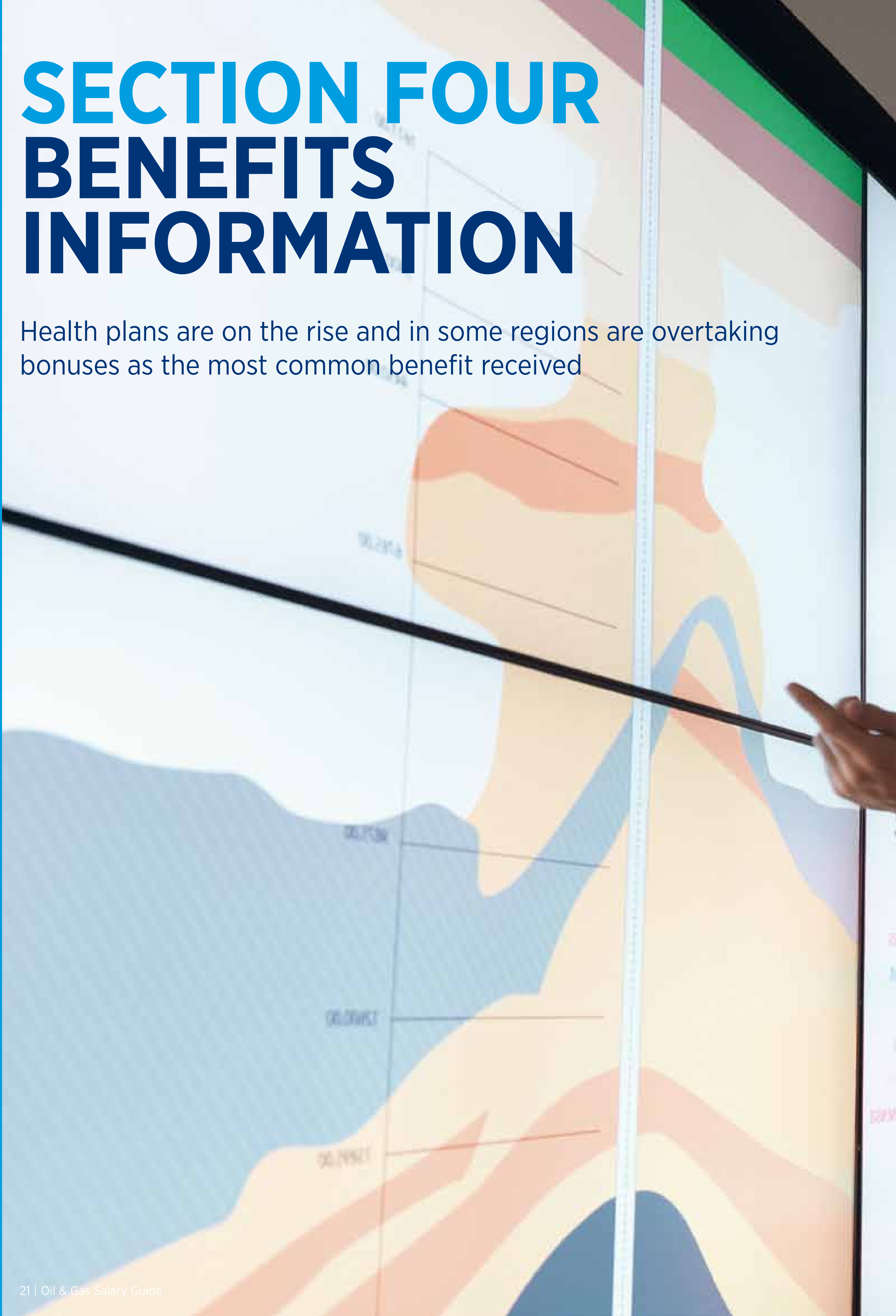
EXPECTED SALARY CHANGES GLOBALLY OVER THE NEXT 12 MONTHS





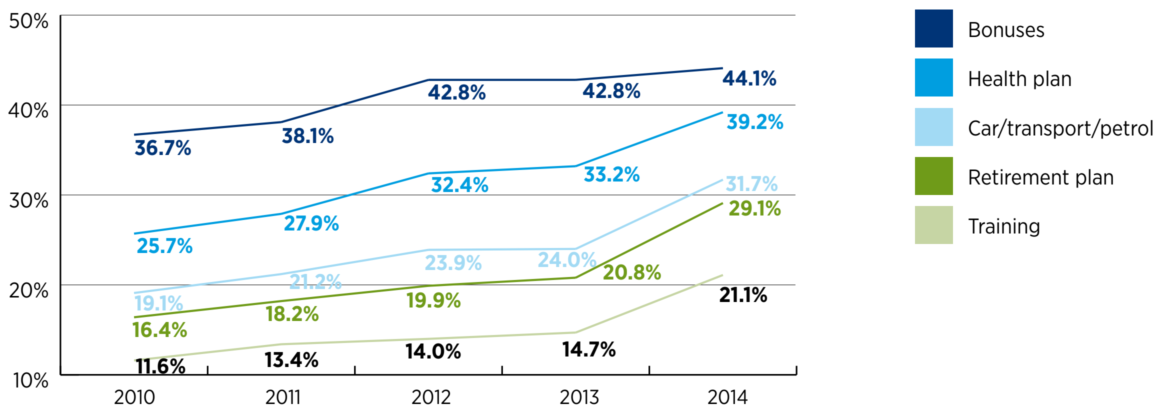
SECTION FOUR
BENEFITS INFORMATION

Health plans are on the rise and in some regions are overtaking bonuses as the most common benefit received



18% more employees are receiving health plans as demand for quality healthcare increases

CHANGES IN KEY BENEFITS RECEIVED



BENEFITS INFORMATION
Overview of Industry Benefits

The number of employees receiving benefits continues to increase. In 2014 benefits were received by 73.5 per cent of the workforce. This represents an increase of 10.2 per cent, from the previous year, a five-year high and a reflection of attempts by employers to secure top talent for their projects by offering additional incentives beyond base salary.

Bonuses are the most commonly received benefit once again. However, health plans are on the rise, as are their perceived value, an uplift of 7.8 per cent. With an uplift of 16.6 per cent year-on-year, housing continues to be the most valued benefit. Paid overtime is in decline as employers curtail workforce spend.

Training and development as a benefit offered has increased and we are seeing an increase in employers hiring at a more junior, less expensive level in order to later upskill talent.

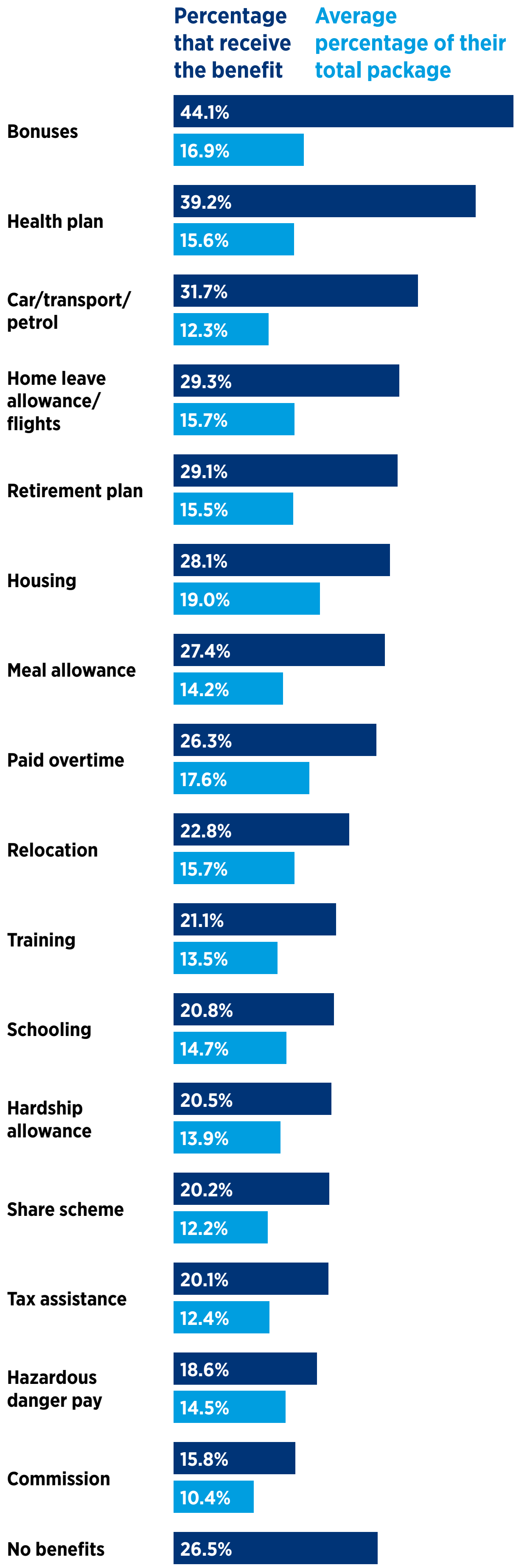
Key Insights:

Although bonuses still hold the number one spot, more employees are receiving health plans than ever before and training makes its first appearance on the top five benefits list in specific company types.

Background:

The bar chart shows two figures related to benefits that employees in the oil and gas industry receive. The first figure represents the percentage of respondents that receive that particular benefit, (e.g. 44.1 per cent of respondents receive some sort of bonus.) The second figure represents the value of that benefit stated as a percentage of their overall package for those that receive it, which in the case of bonuses is 16.91 per cent.

OVERVIEW OF INDUSTRY BENEFITS



BENEFITS INFORMATION
Company Benefits

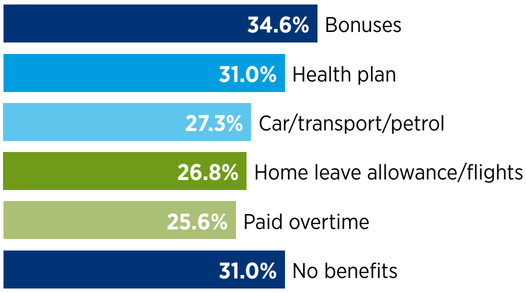
Bonuses and health plans are the most popular benefits offered by all company types. Global Super Majors and Operators provide the highest number of retirement plans and EPC's / Contractors are the only sectors where training isn't amongst the most prevalent benefits received.

Key Insights:

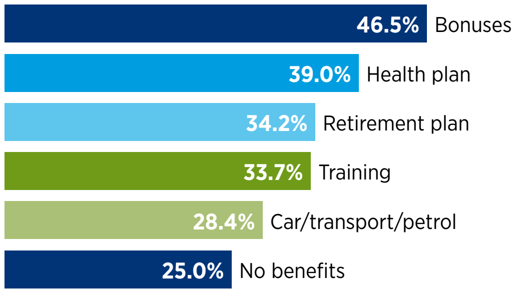
Aside from bonuses and health plans, popularity of benefits vary across company types. Employers should factor this in when targeting specific candidate pools.

TOP BENEFITS RECEIVED BY COMPANY TYPE

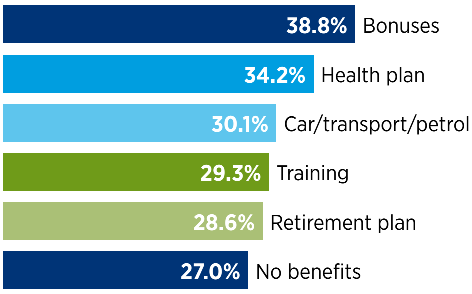
EPC/CONTRACTOR



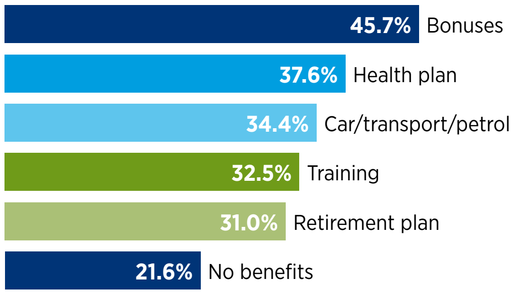
GLOBAL SUPER MAJOR/OPERATOR



OILFIELD SERVICES/CONSULTANCY



EQUIPMENT MANUFACTURER



BENEFITS RECEIVED BY EMPLOYMENT TYPE

BENEFITS INFORMATION
Regional Benefits

Africa, Asia and the CIS have seen a sharp increase in benefits offered as employers look to attract locals back from international assignments with more attractive packages.

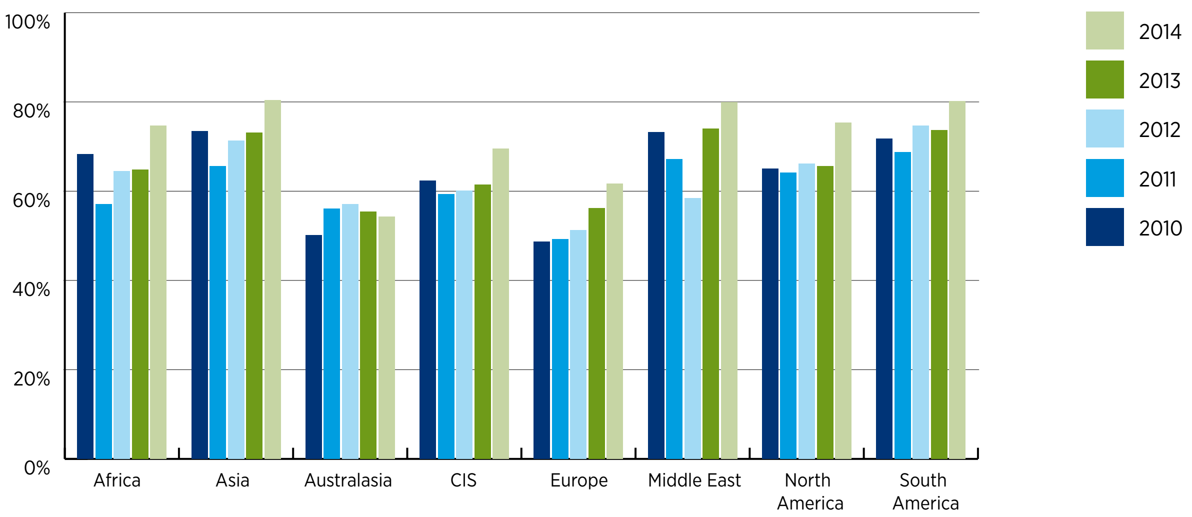
Europe's employers have steadily increased their offerings over the past five years to meet the developing needs of the workforce.

Australasian employers have continued to decrease the number of benefits on offer to cut workforce expense.

Key Insights:

Continuing the trend of 2013, health plans are the number one benefit received in both North America and South America and are on par with bonuses received in the Middle East and Africa. Australia and Europe are the regions with the highest proportion of employees who receive no benefits.

PERCENTAGE OF EMPLOYEES WHO RECEIVE BENEFITS BY REGION



BENEFITS INFORMATION
Regional Benefits

TOP BENEFITS RECEIVED BY REGION

AFRICA

34.5%	Bonuses
34.4%	Health plan
30.6%	Car/transport/petrol
29.3%	Housing
29.1%	Home leave allowance/flights
25.3%	No benefits

ASIA

38.7%	Bonuses
37.4%	Health plan
31.2%	Car/transport/petrol
30.7%	Training
28.9%	Housing
19.5%	No benefits

AUSTRALASIA

29.6%	Bonuses
20.4%	Training
20.2%	Retirement plan
17.8%	Health plan
14.9%	Car/transport/petrol
45.6%	No benefits

CIS

35.1%	Bonuses
31.7%	Health plan
26.5%	Meal allowance
25.3%	Training
24.7%	Home leave allowance/flights
30.4%	No benefits

EUROPE

34.5%	Bonuses
29.2%	Health plan
27.0%	Retirement plan
23.1%	Training
20.0%	Car/transport/petrol
38.3%	No benefits

MIDDLE EAST

36.4%	Bonuses
36.3%	Health plan
35.1%	Home leave allowance/flights
31.9%	Car/transport/petrol
25.7%	Training
20.0%	No benefits

NORTH AMERICA

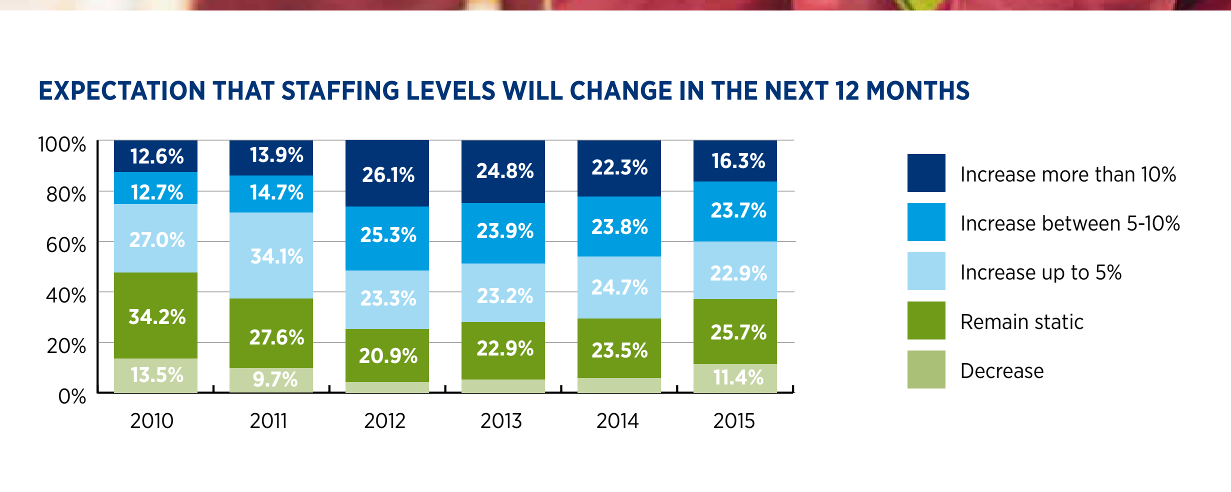
46.1%	Health plan
39.0%	Bonuses
37.9%	Retirement plan
29.1%	Training
21.1%	Paid overtime
24.7%	No benefits

SOUTH AMERICA

46.3%	Health plan
43.5%	Bonuses
37.1%	Training
33.5%	Meal allowance
29.1%	Retirement plan
19.8%	No benefits

SECTION FIVE
EMPLOYMENT TRENDS

The fluctuating industry isn't changing employers' plans for the year ahead; although 11% of employers will reduce headcount in 2015, positively, 63% still plan to recruit new staff



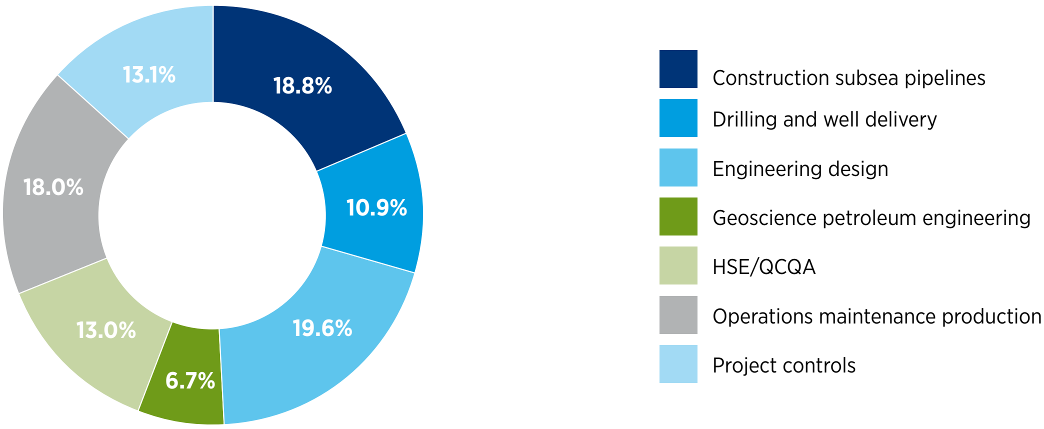
EMPLOYMENT TRENDS
Staffing Levels

With the significant decline in oil prices that occurred in the second half of 2014, activity levels will decrease and mergers and aquisitions (M&A) activity should pick up through next year. Should this happen, we expect hiring activity to decrease as companies focus on cost reduction and streamlining operations.

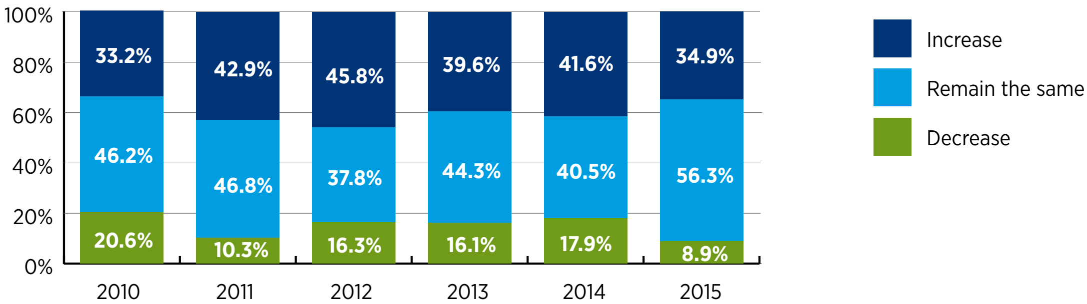
Key Insights:

There has been a shift in the way in which employers utilise contingent contractors, moving away from long-term assignments, often consecutively for a number of years, to a more traditional short-term interim solution.

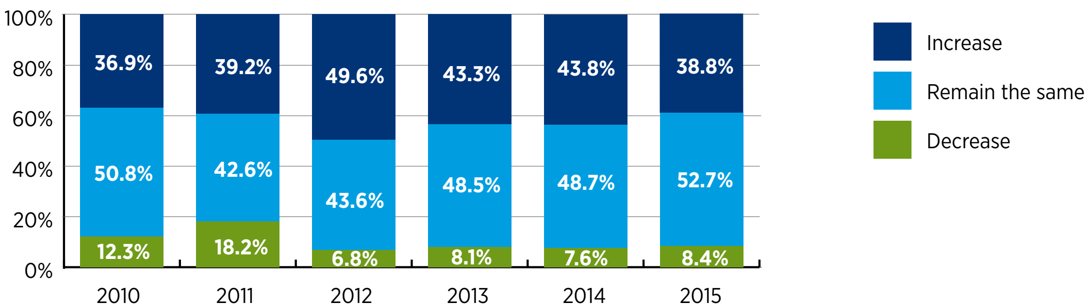
MOST COMMON FUNCTIONAL AREAS FOR CONTRACTORS



EXPECTATION THAT CONTRACTOR LEVELS WILL CHANGE IN THE NEXT 12 MONTHS



EXPECTATION THAT EXPAT LEVELS WILL CHANGE IN THE NEXT 12 MONTHS



EMPLOYMENT TRENDS

Global Mobility

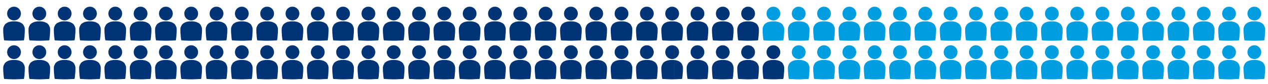
Ninety-one per cent of employees would consider an international move which highlights the global nature of the oil and gas labour market. While relocation packages are ranked the fifth most valuable benefit (a value of 15 per cent of total compensation package), only 23 per cent receive the benefit. Given that hiring managers continually struggle to find specific niche skills for their projects locally, companies need to better understand candidate drivers when looking to hire overseas talent. To tap into this global mobile talent pool, employers must deliver a competitive offering that includes an attractive relocation component.

WOULD YOU MOVE INTERNATIONALLY?

8.7%
No

91.3%
Yes

WORKING AT HOME OR ABROAD



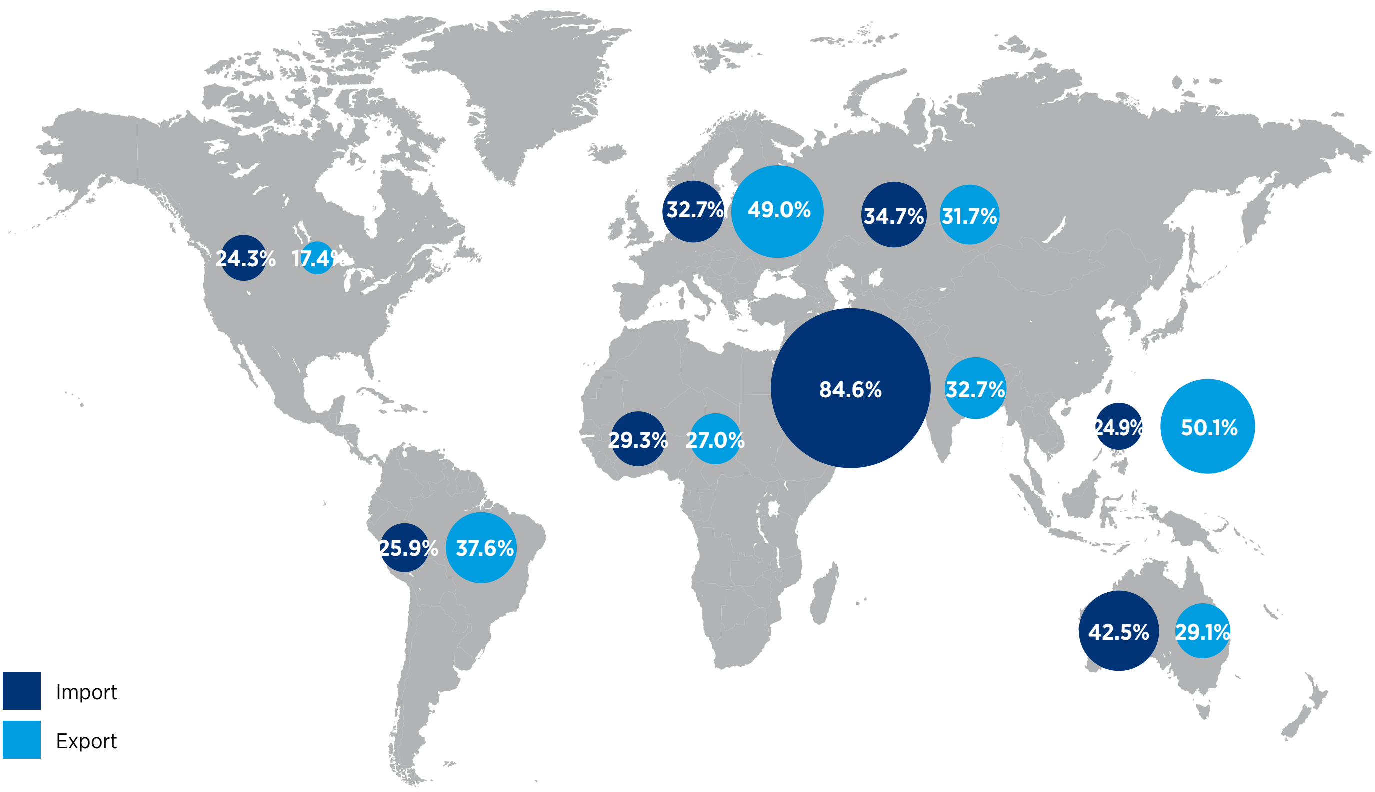
61%
Home

39%
Abroad

TALENT MIGRATION BY REGION

Key Insights:

The Middle East continues to rely heavily on expat workforce, while Asia battles to retain and attract home its experienced, indigenous workforce.



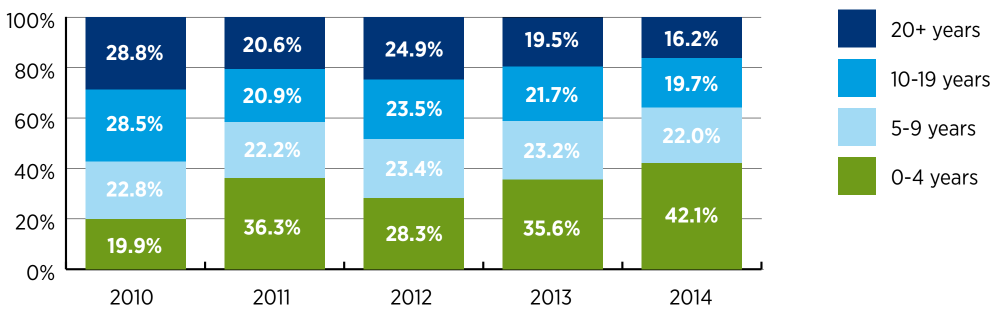
EMPLOYMENT TRENDS
Experience and Tenure

In 2014, the number of employees in the zero to four years' experience in the oil and gas sector has increased by 18.3 per cent, reflecting companies' focus on attracting new workers to the industry. With baby boomers moving into retirement, the challenge for employers is to ensure effective knowledge transfer to this new generation.

Key Insights:

The uplift in employees entering the industry is a positive indication that the efforts of governments and oil and gas companies to attract talent into the sector are having a positive impact.

YEARS OF EXPERIENCE IN THE OIL AND GAS INDUSTRY



TIME IN CURRENT ROLE

21.1% Less than 1 year

27.5% 1-2 years

25.6% 3-5 years

16.3% 6 - 10 years

9.5% 10+ years

YEARS OF EXPERIENCE FOR SPECIFIC DISCIPLINE AREAS

	0-4 years	5-9 years	10-19 years	20+ years
Construction/ installation	24.4%	22.9%	27.0%	25.7%
Geoscience	21.8%	24.4%	22.6%	31.2%
Project controls	21.1%	25.4%	29.1%	24.4%
Subsea/ pipelines	25.6%	30.8%	23.5%	20.1%

EMPLOYMENT TRENDS
Deciding Factors for Top Talent

According to the Hays Where People Are report, 68 per cent of oil and gas professionals utilise social media for personal use and 22 per cent of our survey respondents use it to search for jobs. However, only 3 per cent of oil and gas employers use social media to successfully hire. Given that company reputation is critical to job seekers, employers need to showcase their employee value proposition across all digital channels to build a strong employer brand.

Key Insights:

Social media is an effective forum to tap into that highly sought after pool of passive job seekers. Companies need to engage pools of both passive and active job seekers via all digital channels.

HOW CANDIDATES SEARCH FOR JOBS

In a competitive candidate market, it is becoming increasingly important to understand what the target talent pool wants from their next job or long-term career plans. While 95 per cent of candidates confirmed that salary is important, there are other factors taken into consideration. Insights into key drivers when weighing up a job opportunity and what benefits are most in demand help employers offer a competitive package to attract the right talent.

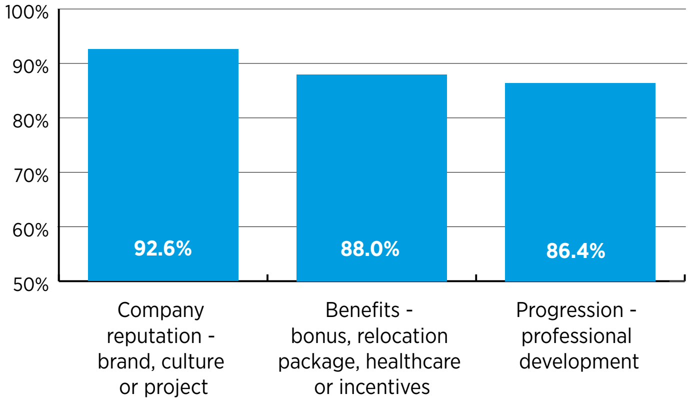
No surprises that compensation is the most important factor when weighing up a new role, however company reputation (92 per cent) also plays a significant part. In order to position themselves as an employer of choice, hiring managers, and the company as a whole, must showcase their unique value proposition throughout the hiring process.

New technologies and the appetite to take on challenging projects are high on what job seekers are looking for in employers when assessing a career move.

Key Insights:

Progression and professional development are ranked the fourth most important factor when weighing up a new job opportunity. Employers must promote their training and succession plan as part of the hiring and onboarding process.

KEY FACTORS WHEN CONSIDERING A NEW ROLE (AFTER SALARY)



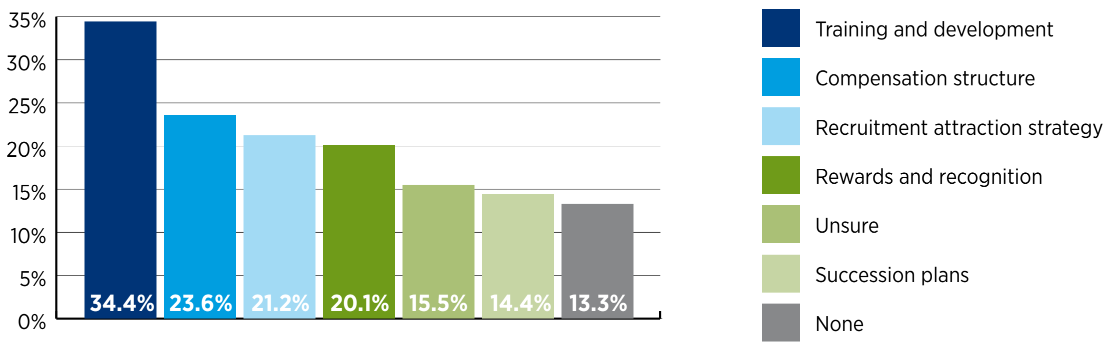
EMPLOYMENT TRENDS
Accessing Job Seekers

Although there has been a slowing of the market in some areas, there are still specific skills that are in demand. In the last year, over 72 per cent of employers felt they had to make improvements to their employee offering in order to attract top talent. Professional development is seen as one of the most important factors when considering a new role and, as a result, 34 per cent employers have had to update their training offering in order to offer the benefits candidates want.

Key Insights:

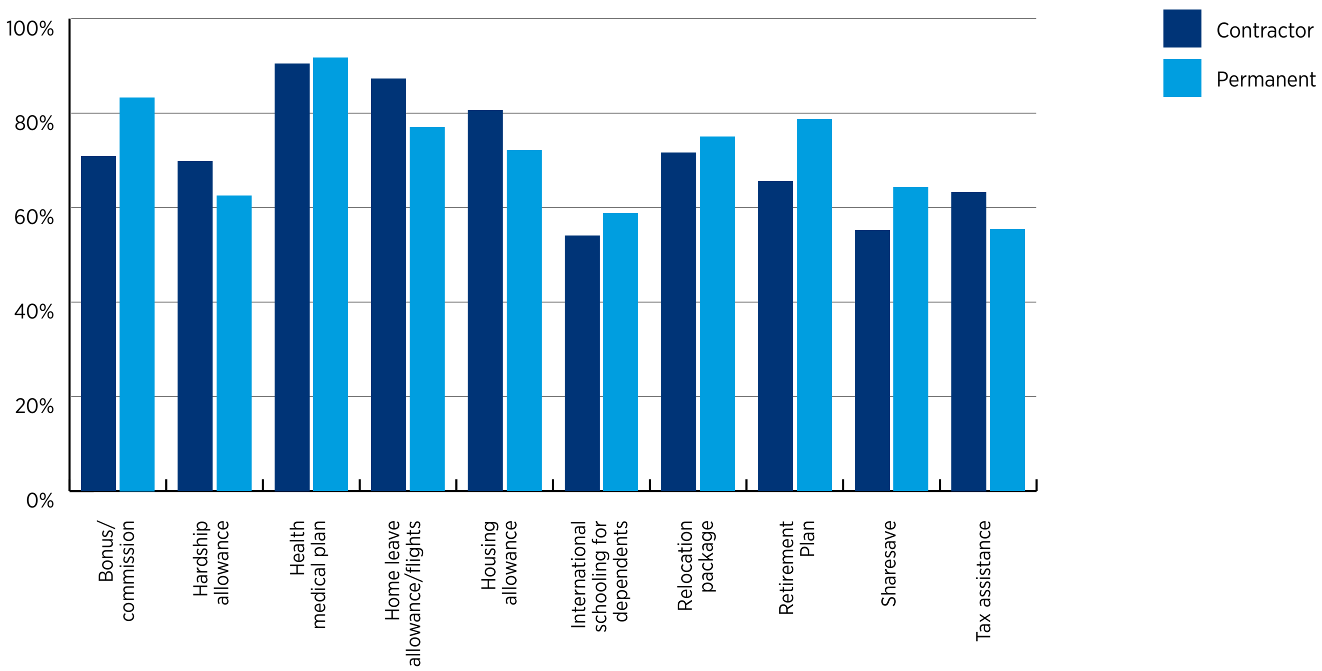
To be attractive to ambitious talent, employers must highlight succession and growth plans throughout the hiring process, and as part of the overall employer brand strategy.

CHANGES MADE BY EMPLOYERS TO ATTRACT NEW TALENT OVER THE LAST 12 MONTHS



Over the last 12 months, almost one quarter of employers changed their compensation and benefits plans to compete for the right skills in the market. It's clear from the below chart that health plans are important to both contract and permanent workers. Bonuses and commission are favoured by the permanent workforce and contractors look for housing and home leave allowance as more contractors work internationally than remain at home.

BENEFITS MOST IMPORTANT TO CANDIDATES WHEN CONSIDERING A NEW ROLE



SECTION ONE: DEMOGRAPHICS
SECTION TWO: INDUSTRY PERSPECTIVE
SECTION THREE: SALARY INFORMATION
SECTION FOUR: BENEFITS INFORMATION
SECTION FIVE: EMPLOYMENT TRENDS
SECTION SIX: INDUSTRY OUTLOOK

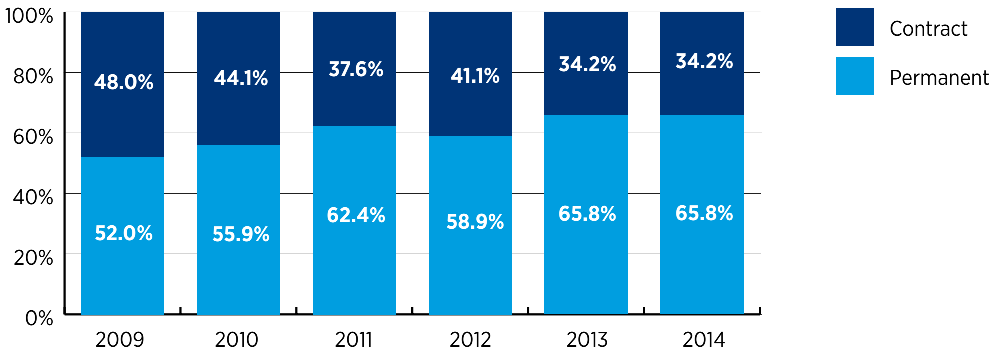
EMPLOYMENT TRENDS
Employment Mix

Over time the employment mix is showing a slow increase in the ratio of permanent staff to contractors. While consultancies have shown a significant uplift in the ratio of permanent headcount, equipment manufacturers have shown a shift towards contractors.

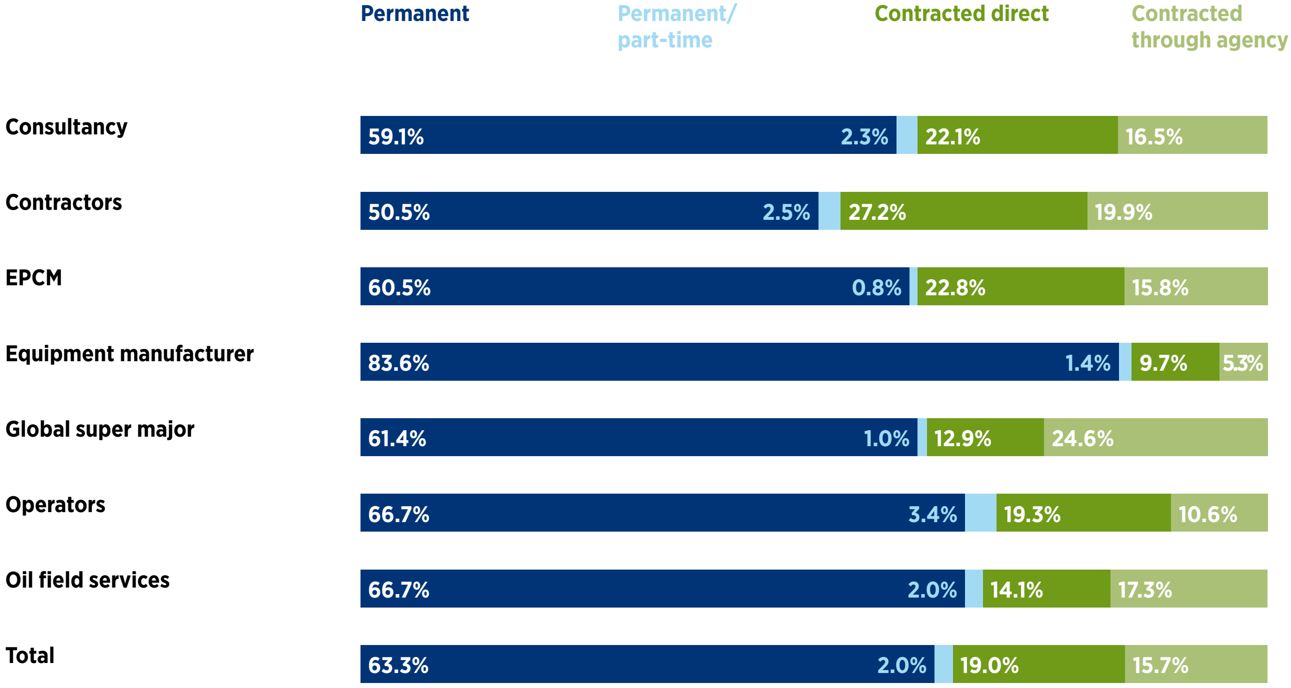
Key Insights:

We are seeing contractors being used to cover short term skills gaps and niche expertise, shifting from long term staffing solutions. This is expected to continue as employers look to curb project spend.

EMPLOYMENT MIX YEAR ON YEAR



EMPLOYMENT MIX BY COMPANY TYPE



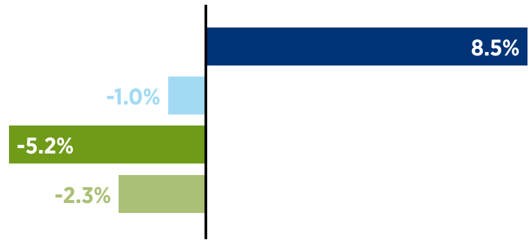
EMPLOYMENT TRENDS

Employment Mix

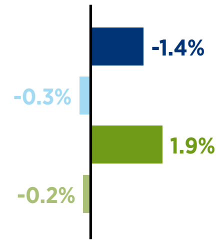
PERCENTAGE CHANGE OF EMPLOYMENT TYPE FROM 2013 to 2014

Permanent | Permanent/part-time | Contracted direct | Contracted through agency

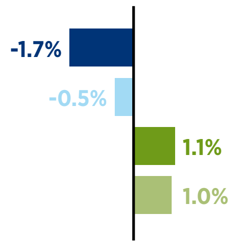
CONSULTANCY



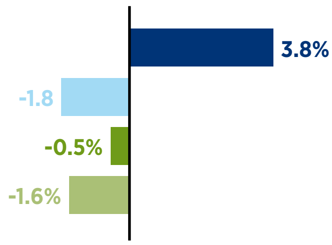
CONTRACTORS



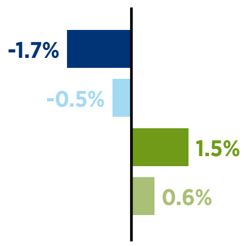
EPCM



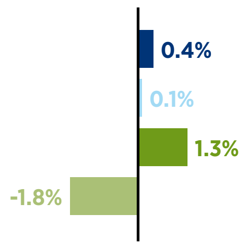
EQUIPMENT MANUFACTURER



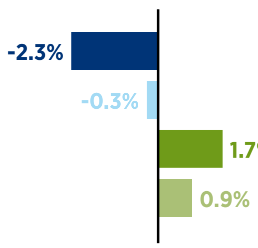
GLOBAL SUPER MAJOR



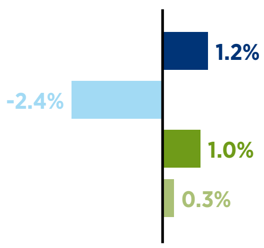
OIL FIELD SERVICES



OPERATORS

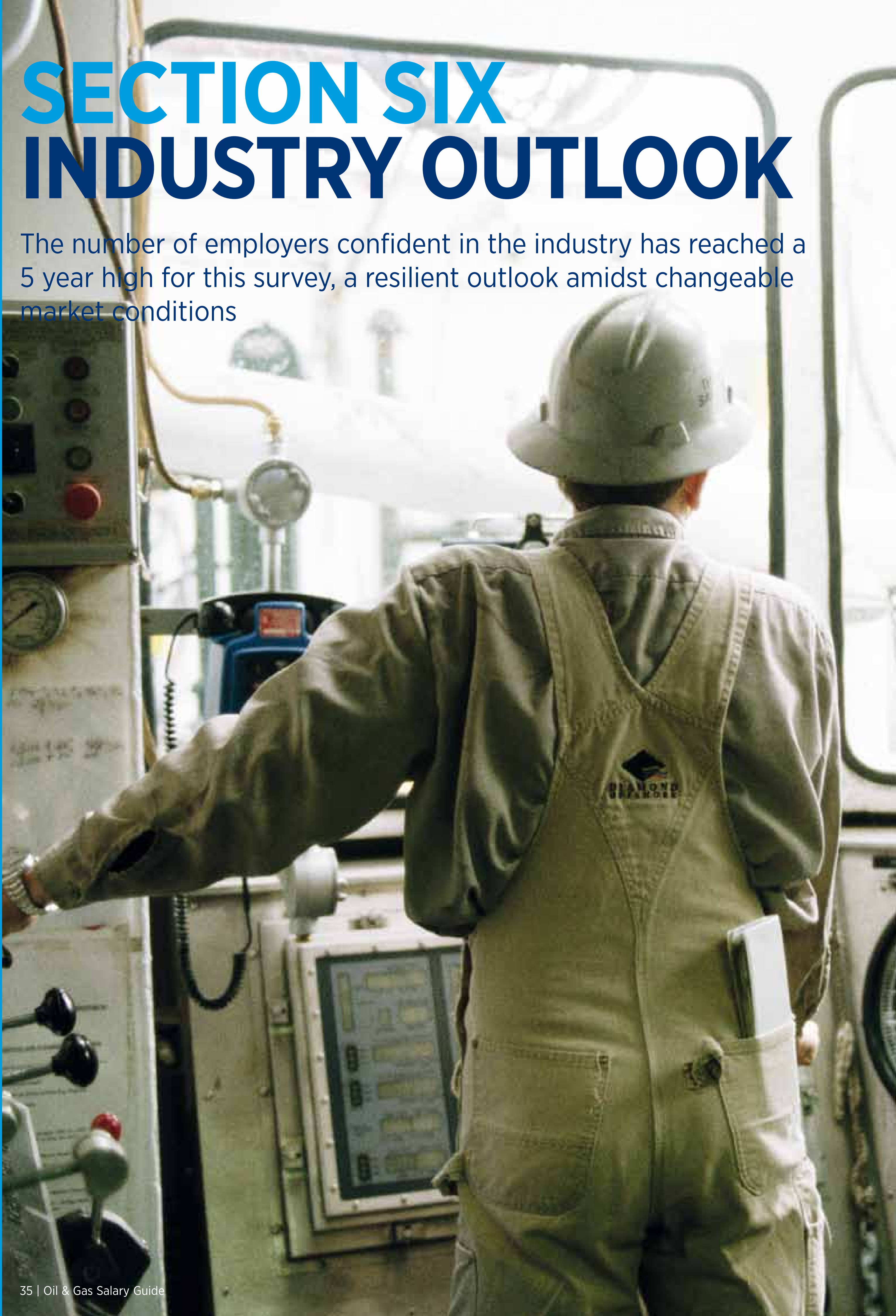


TOTAL

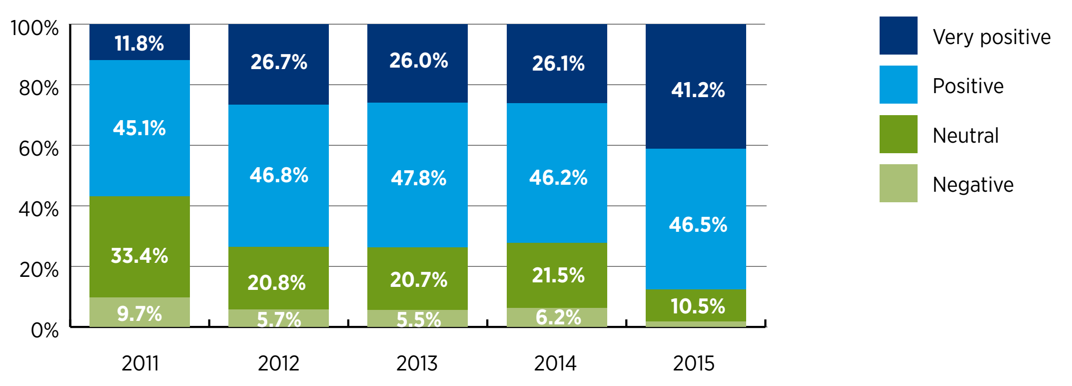


SECTION SIX
INDUSTRY OUTLOOK

The number of employers confident in the industry has reached a 5 year high for this survey, a resilient outlook amidst changeable market conditions



EMPLOYER'S CONFIDENCE IN THE OIL & GAS INDUSTRY



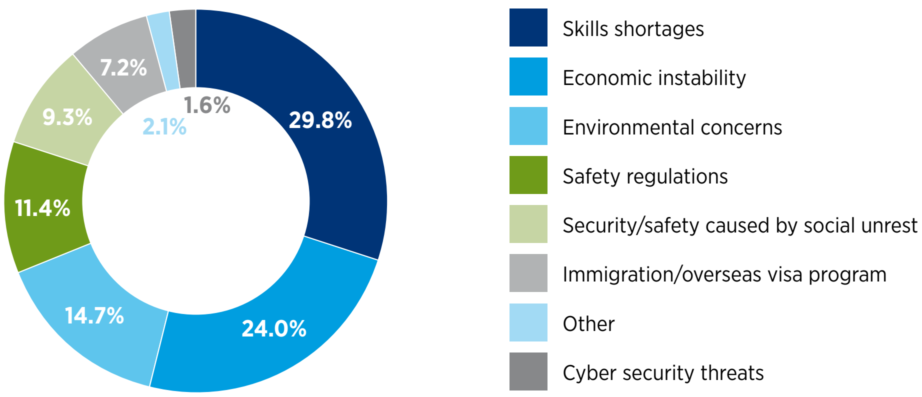
INDUSTRY OUTLOOK
Confidence and Concerns

Skills shortages remain the number one concern for employers for the coming year. However, there has been a significant rise in the concern regarding economic instability in specific regions.

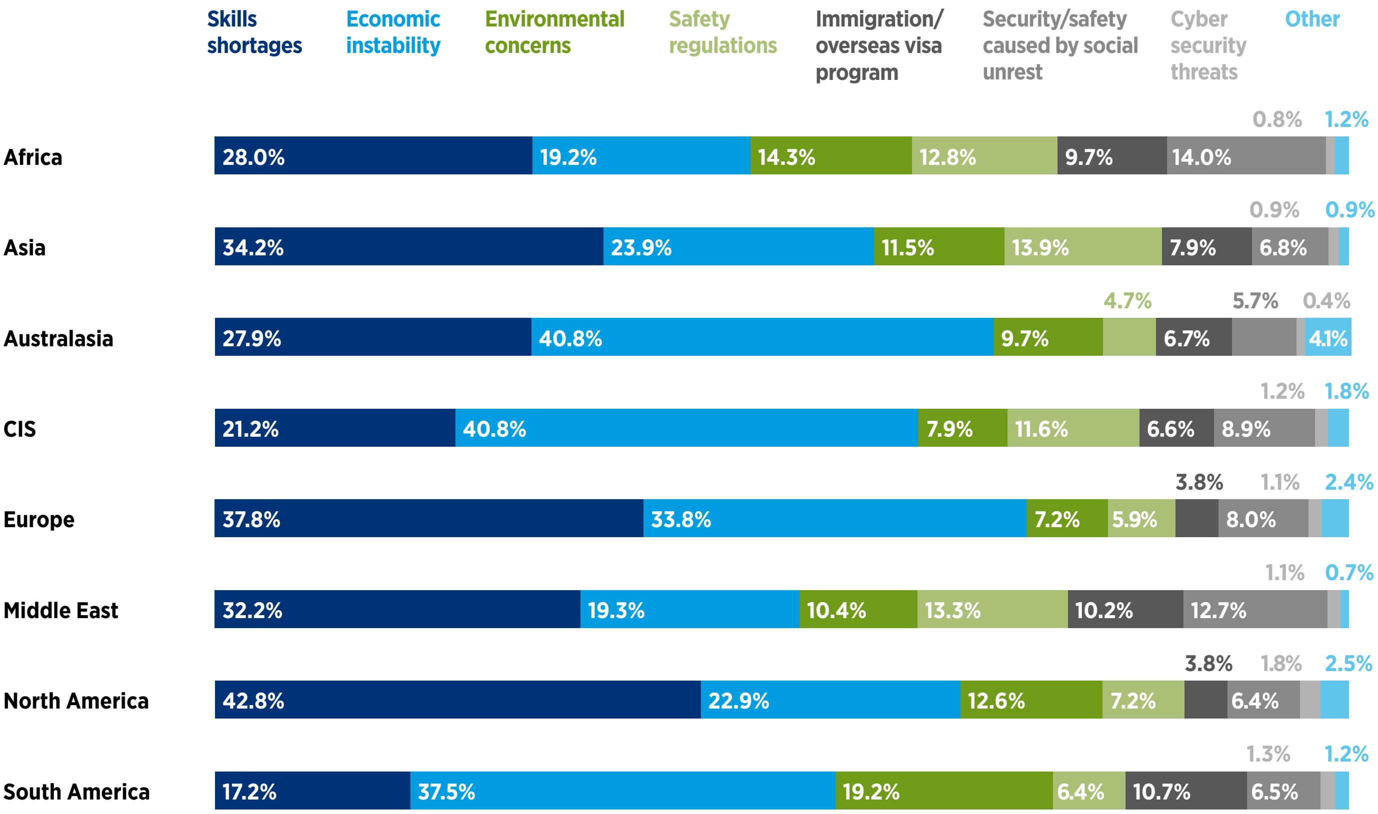
In Australasia and the CIS, 40 per cent feel that economic climate will hinder growth. At the end of 2014 the price per barrel had decreased by 41 per cent over the previous six months. This combined with an already fragile global economy may see a dramatic decline in further investment within the industry.

> “Confidence levels of survey respondents seem highly optimistic given the economic uncertainties facing the industry.”
>
> **John Faraguna, Managing Director, Hays Oil & Gas**

EMPLOYER’S CONCERNS IN THE CURRENT EMPLOYMENT MARKET GLOBALLY



EMPLOYER’S CONCERNS IN THE CURRENT EMPLOYMENT MARKET BY REGION



WOMEN IN OIL AND GAS: TARGETING THE FEMALE MARKET TO TACKLE THE SKILLS SHORTAGE

The gender imbalance within the oil and gas industry is a topic of much debate and there has been a push on initiatives from individual companies and policy makers to encourage more women to enter the oil and gas sector. As employers face skills shortages globally, tapping into the female candidate pool could provide the talent needed to help grow the industry.

Aside from the obvious rebalancing of the workforce there are key commercial reasons for employers to engage more women into their businesses. The Women Matter [3] series of reports produced by McKinsey & Company, global management consultants, indicate that businesses with a higher number of women in executive positions tend to be more successful financially than those with no women at senior levels. Getting the right balance of skills, experience and leadership at the top really impacts the whole business, something employers must factor in when looking to hire into executive positions.

A significant portion of the global oil and gas employment market is within the science, technology, engineering and mathematics (STEM) fields, such as geoscientists and engineers and changes within the STEM candidate markets will impact the oil and gas industry. According to research by Hays, there has been an increase in the number of women taking science programmes at undergraduate level. According to Higher Education Statistics Agency (HESA), in 2013 women made up over half of all science subject undergraduates in the UK. Though this trend will vary in different oil and gas regions, hiring managers should take advantage of this skilled, readily available candidate pool where possible.

How to tackle the skills shortage has been a topic for much debate and targeting the female market to fill these positions is on the agenda for most employers. This year's Guide shows that almost 40 per cent of all female respondents are in their first four years of working in the oil and gas industry. Employers can access this new workforce to alleviate the skills shortage for senior positions. Showcasing mentorship programmes and succession plans throughout the hiring process and incorporating childcare or flexible work options will help attract women into the business.

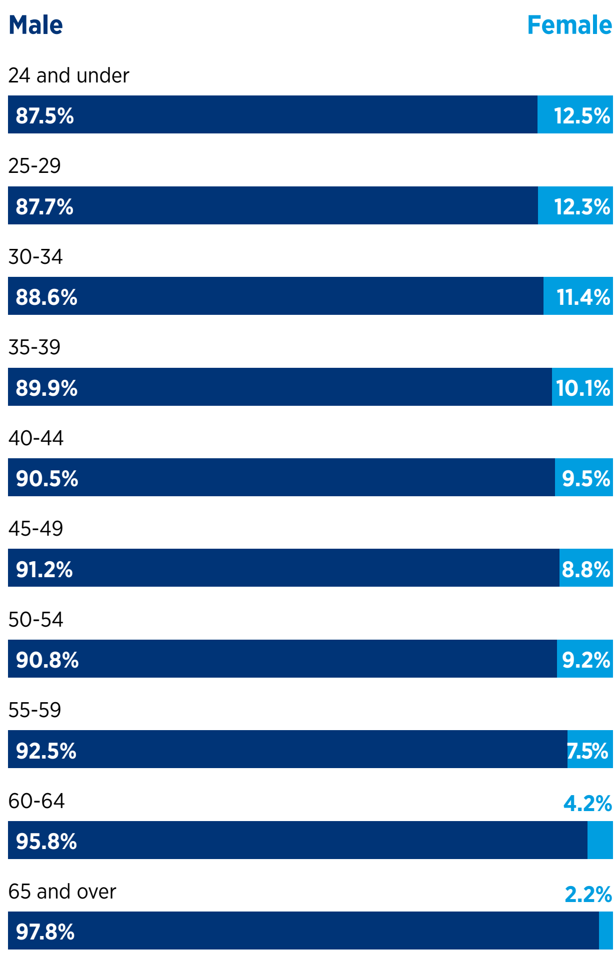
However, the challenge still remains on how best to keep women in the industry. As our age demographics chart shows below, the industry's workforce is male dominated, particularly at higher levels of seniority. In part this can be explained by fewer women being hired in the past. However, the industry has been a less attractive long-term career option for women than for men. Consequently we've seen a disproportionate number of women leave the workforce before retirement.

[3] Women Matter series of reports 2007-2014

DIVERSITY OF STAFF

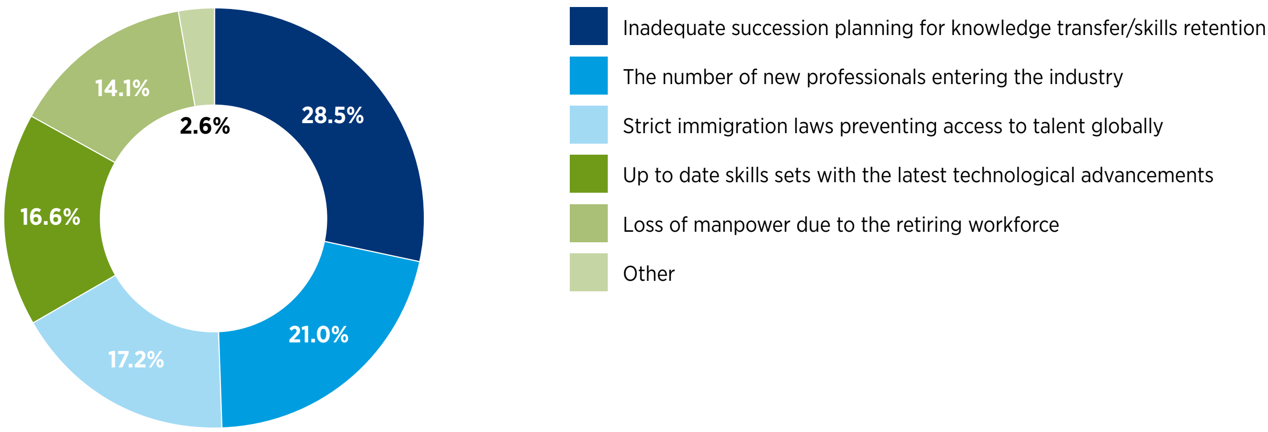
SALARY CHANGES BY GENDER ACROSS ALL LEVELS GLOBALLY

AGE DEMOGRAPHICS



Inadequate succession planning and insufficient time for knowledge transfer are seen by 28 per cent of employers as the main reason for the global skills shortage. We are seeing more employers taking proactive measures to address this by hiring graduates into the business with enough time to develop and coach into leaders and experts. Training and up-skilling are part of the industry's response to tackle the skills shortage and aging workforce concern.

THE KEY CAUSE OF SKILLS SHORTAGES



GENERATION Y: THE WORKFORCE TO HELP SOLVE THE SKILLS SHORTAGE

Generation Y (Gen Y) – those born between 1983 and 1995 – now represent a significant and increasing percentage of the global labour market. This year, Gen Y made up 39.9 per cent of the global workforce, an 8.7 per cent uplift from the previous year. As the baby boomers and Gen X start to leave the workforce, this generation will take over the reins and be responsible for leading the worldwide economy.

Research conducted by Hays sheds some light on Gen Y's attitudes to issues surrounding their work and careers: what attracts them to a potential employer and what makes them stay such as reward training and work/life balance, what they look for in an ideal boss, what they regard as key indicators of career success, and how they relate to social media and emerging technology. It's probably not surprising that our research shows that Gen Y across the globe differs from prior generations in terms of their needs and aspirations in the workplace. By and large, they look for a more engaging employee value proposition than prior generations, and value flexibility in when and where they work.

However, our research also shows that Gen Y differs considerably from region to region and from country to country. For instance, while all Gen Y's want to be compensated appropriately, wealth creation is much more important to those in China than Gen Y in the UK or US where work/life balance and job satisfaction are equally important.

In contrast, Gen Y in Japan views job security as the most important indicator of career success. Gen Y in the US are more motivated by making a difference to society than any other country surveyed, whereas Gen Y in the UK are the most motivated by interesting work and coming up with solutions, and workers in China value public recognition.

In the oil and gas industry, the ageing workforce and the increasing demand for highly skilled professionals has created skills shortages in many disciplines and in many parts of the world. In 2014, 22 per cent of respondents were aged 50 and above, 7 per cent fewer than the previous year. Therefore, efforts to attract more Gen Y workers into the industry seem to be having an impact. However, our survey shows that skills shortages are still the most important issue facing companies today. Gen Y workers will play an increasingly important role in solving the industry's skill shortages. Therefore it is critical for companies and their HR departments to understand what motivates Gen Y so that they can most effectively attract, motivate and retain them.

INDUSTRY OUTLOOK

Focus for 2015

EMPLOYER'S GEOGRAPHICAL FOCUS OVER THE NEXT 12 MONTHS, OUTSIDE THEIR OWN REGIONAL AREA

North America

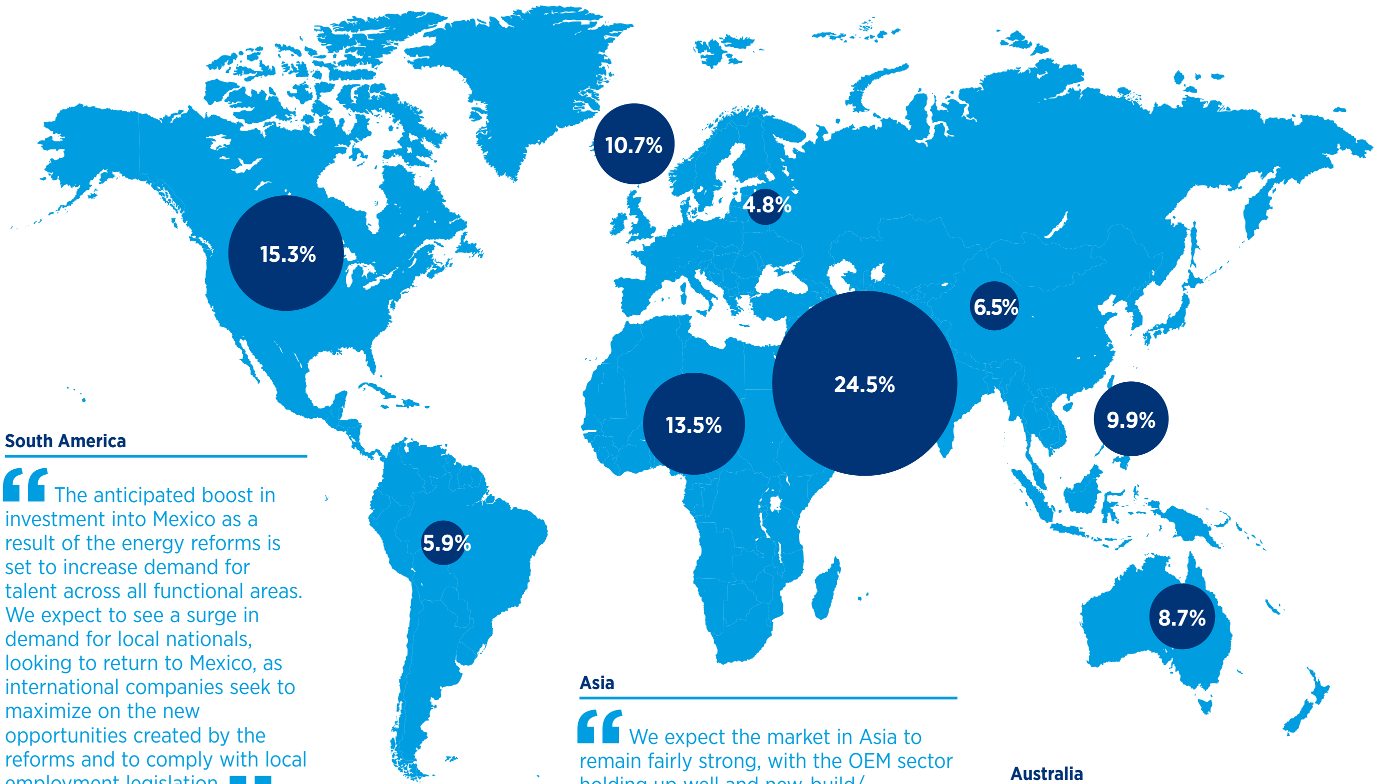
"LNG activity is set to increase over the next five years. Both in Canada and the US, projects will be competing for the same talent pool locally and searching internationally for the skills required. Employers will need a strong employee value proposition to attract the very best candidates available."

Jim Fearon, Vice President, Hays Oil & Gas

North Sea

"From 2013 through to 2040, £31.5 billion is forecast to be spent on decommissioning existing assets in the North Sea. This is a significant test for the industry, both in terms of technical challenges, and for employers looking to attract engineers with the skills capable of delivering cost-effective decommissioning projects."

Ed Allnut, Director, Hays Oil & Gas



South America

"The anticipated boost in investment into Mexico as a result of the energy reforms is set to increase demand for talent across all functional areas. We expect to see a surge in demand for local nationals, looking to return to Mexico, as international companies seek to maximize on the new opportunities created by the reforms and to comply with local employment legislation."

Gary Ward, Director, Hays Oil & Gas

Asia

"We expect the market in Asia to remain fairly strong, with the OEM sector holding up well and new-build/ conversion of offshore vessel projects, in particular offshore production facilities, insulating the sector for the short term. The gap between candidates' and employers' expectations on salaries is likely to further widen as Singapore's restrictive visa processes for foreign workers further increases the demand for local talent."

Mike Wilkshire, Director, Hays Oil & Gas

Australia

"Australia continues to adjust to the changing skill sets required by projects. As LNG facilities come on line throughout 2015 we expect to see a stronger demand for engineers with plant operations and maintenance skills. Operators may look to re-train the readily available pool of talent with transferable skills from mining and power projects in order to reduce their reliance on expensive expat talent."

Paula Kirwan, Director, Hays Oil & Gas

Oil and Gas Job Search

"The number of respondents who have confidence in the industry is the highest we have seen in five years of surveys; a resilient outlook by employers amidst changeable market conditions."

Duncan Freer, Managing Director, Oil and Gas Job Search

ABOUT HAYS

COUNTRIES WORLDWIDE	33
OFFICES WORLDWIDE	237
STAFF WORLDWIDE	8,237
PERMANENT CANDIDATES PLACED LAST YEAR	57,000
PEOPLE PLACED INTO TEMPORARY ASSIGNMENTS LAST YEAR	212,000

Hays Oil & Gas specialize in the recruitment of professionals within the oil and gas sector across the following regions: Africa, Asia, Australasia, Commonwealth of Independent States, Europe, Middle East, North America and South America.

Hays specializes in the following 20 functional areas and industry sectors globally:

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Construction & Property
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Engineering & Manufacturing
Executive
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