Board of Directors

Martin Houston G R T

Non-Executive Chairman
Appointed 1 October 2019

Key strengths and experience

- In-depth knowledge of the energy industry and a wealth of board-level and international business experience

Martin joined BG Group plc in 1983 and enjoyed a 32-year career before retiring as chief operating officer and a member of the board of directors. He holds, and has held, many FTSE and international board or senior advisory positions. Martin's other interests include being a council member of the National Petroleum Council of the United States of America, a member of the advisory board of the Global Energy Policy unit at Columbia University's School of International and Public Affairs, New York and a Fellow of the Geological Society of London.

Principal external appointments
Co-founder and vice-chairman of Tellurian Inc. Non-executive director of CC Energy. In an advisory capacity, he is the global energy chairman of Moelis & Company.

Amjad Bseisu G

Chief Executive
Appointed 22 February 2010

Key strengths and experience

- Extensive energy industry and leadership experience

Amjad worked for the Atlantic Richfield Company ('ARCO') from 1984 to 1998, eventually becoming president of ARCO Petroleum Ventures. In 1998, he founded and was the chief executive of Petrofac Resources International Limited which merged into Petrofac PLC in 2003. In 2010, Amjad formed EnQuest PLC, having previously been a founding non-executive chairman of Serica Energy plc and a founding partner of Stratic Energy Corporation. Amjad was chairman of Enviromena Ltd., the largest solar power engineering company in the MENA region, until its sale in 2017 and was British Business Ambassador for Energy from 2013 to 2015.

Principal external appointments
Chairman of the independent energy community for the World Economic Forum since 2016. Director of The Amjad and Suha Bseisu Foundation since 2011.

Jonathan Swinney

Chief Financial Officer
Appointed 29 March 2010

Key strengths and experience

- Significant capital markets and merger and acquisition transactional experience

Jonathan is a qualified chartered accountant and a member of the Institute of Chartered Accountants of England and Wales. He is also a qualified solicitor and worked in roles with a focus on acquisition finance. Jonathan's previous roles include Credit Suisse and then Lehman Brothers, advising on a wide range of transactions with equity advisory, before joining Petrofac Limited in April 2008 as head of mergers and acquisitions for the Petrofac Group. Jonathan joined EnQuest PLC in 2010 as Chief Financial Officer.

Principal external appointments
None.

Howard Paver R A G T

Senior Independent Director
Appointed 1 May 2019[1]

Key strengths and experience

- 40 years' global experience in E&P, including 20 years at senior executive level

Howard is a petroleum engineer and began his professional career at Schlumberger before moving to Mobil and then BHP Petroleum, where he was regional president, Europe, Russia, Africa & Middle East, and before becoming president, global exploration & alliance development. He most recently served as SVP, strategy, commercial & business development at Hess, a role he took up in July 2013, having joined the company in 2000 as SVP, north sea/international. Between 2005 and 2013 he held the position of SVP, global new business development.

1 31 March 2020, appointed as Senior Independent Director

Principal external appointments
None.

Committees key

- **A** Audit
- **G** Governance and Nomination
- **R** Remuneration and Social Responsibility
- **S** Safety, Climate and Risk
- **T** Technical and Reserves
- Denotes Committee Chair

Farina Khan A S R

Non-Executive Director
Appointed 1 November 2020

Key strengths and experience

- Strong energy industry and financial experience, as well as deep insights into Malaysia

Farina is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. She started her career in 1994 with Coopers & Lybrand, Australia, before returning to Malaysia in 1997 to join PETRONAS where she held various senior positions. Farina was chief financial officer of PETRONAS Carigali Sdn. Bhd, one of the largest subsidiaries of PETRONAS with operations in over 20 countries and has also been Chief Financial Officer at PETRONAS Exploration and Production. From 2013, Farina was the Chief Financial Officer of PETRONAS Chemical Group Berhad, the largest listed entity of PETRONAS. Farina left PETRONAS in 2015 to pursue non-executive opportunities.

Principal external appointments
Member of the boards of the following Malaysian listed companies: PETRONAS Gas Berhad, KLCC Property Holdings Berhad, AMMB Holdings Berhad and Icon Offshore Berhad.

Philip Holland S T

Non-Executive Director
Appointed 1 August 2015

Key strengths and experience

- Significant experience in managing large-scale oil and gas projects around the globe

Philip joined Bechtel Corporation in 1980 and managed major oil and gas projects in a wide range of international locations. In 2004, he joined Shell where, in 2009, he became executive vice-president downstream projects in Shell's newly formed projects and technology business. In 2010, he was appointed as project director for Shell's Kashagan phase 2 project in Kazakhstan, and subsequently the Shell/QP Al Karaana petrochemicals project. Since 2013, he has operated as an independent project management consultant.

Principal external appointments
Chairman of Velocys plc and non-executive director of KazMunayGas.

Carl Hughes A S

Non-Executive Director
Appointed 1 January 2017

Key strengths and experience

- Substantial audit and accounting experience in the energy sector

Carl is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Energy Institute. Carl joined Arthur Andersen in 1983 and became a partner in 1993. Throughout his professional career he specialised in the oil and gas, mining and utilities sectors, becoming the head of the UK energy and resources industry practice of Andersen in 1999 and subsequently of Deloitte in 2002. When Carl retired from the partnership of Deloitte in 2015, he was a vice-chairman, senior audit partner and leader of the firm's energy and resources business globally.

Principal external appointments
Non-executive director and chairman of the audit and risk committee of EN+ Group IPJSC. Member of the finance and audit committee of the Energy Institute. Board member of the Audit Committee Chairs' Independent Forum. Member of the General Synod of the Church of England. Deputy chairman of the finance committee of The Archbishops' Council.

Liv Monica Stubholt A S

Non-Executive Director
Appointed 15 February 2021

Key strengths and experience

- Extensive experience of the energy industry, public policy and governance

Liv Monica has 20 years' experience as a corporate lawyer. She started her career as an attorney before becoming political adviser to the Centre Party Finance Parliamentary Group. From 1997, she spent two years as a legal adviser to an industry alliance for private ownership before becoming partner at her original law firm. In 2005, Liv Monica moved back into politics and was Norway's Deputy Minister of Foreign Affairs for two years, followed by two years as Deputy Minister of Petroleum and Energy. Liv Monica rejoined the private sector in 2009 and held four top executive industry positions within the Aker Group in Norway including as EVP in the listed EPC contractor Kværner before moving back into law.

Principal external appointments
Partner at the Oslo-based law firm Selmer. Sits on a number of private company boards, industrial boards and academic committees including as chairperson of Fortum Oslo Varme and Silex Gas Norway. Member of the board of OKEA ASA (listed on the Oslo Stock Exchange).

John Winterman T S

Non-Executive Director
Appointed 7 September 2017

Key strengths and experience

- Extensive technical leadership experience in global exploration, business development and asset management

John is a member of the American Association of Petroleum Geologists. John joined Occidental in 1981 as a geologist with the company and had a strong record of exploration success globally with over two billion barrels of oil equivalent discovered in the Philippines, Indonesia, Bangladesh, Malaysia, Russia, the US and Yemen. After a 20+ year technical career, John moved into executive roles, including high-level executive leadership positions. John left Occidental in 2013 and since then he has provided strategic advice to international oil and gas companies.

Principal external appointments
Non-executive director of CC Energy.

Executive Committee

Bob Davenport

Managing Director – North Sea

Key strengths and experience

- Extensive international experience leading large upstream development projects
- Strong operational and engineering experience

Bob joined EnQuest in 2015 and is currently responsible for the Group's UK North Sea business. He has extensive international experience in upstream, with prior roles including: Managing Director – Malaysia, leading the Group's Malaysia business; and operations director – North Sea and managing director – Khalda JV at Apache Corporation, where he led the largest oil and gas producer in Egypt's western desert.

Stefan Ricketts

Commercial and Legal Director. Company Secretary

Key strengths and experience

- Extensive international legal and commercial experience in energy and natural resources in all phases of development and operations
- Transaction management across corporate finance, debt finance, mergers and acquisitions and project development

Stefan joined EnQuest in 2012. He is a solicitor and has previously been a partner in a major international law firm and a General Counsel in a FTSE 100 energy company. He has responsibility for the commercial and legal affairs of the Company, and holds the offices of General Counsel, Company Secretary and Chief Risk Officer.

Imran Malik

Vice President – Finance

Key strengths and experience

- Over 25 years of international oil and gas experience across a range of functions
- Member of the Institute of Chartered Accountants of England and Wales and a Chemical Engineer

Imran joined EnQuest in 2015 as Vice President – Finance, and is responsible for ensuring that the Company has the necessary financial capacity and capabilities in place to deliver on EnQuest's strategy. He has over 25 years of international oil and gas experience across a range of functions, including group and operational finance, project services, contracts and procurement, and general management responsibilities across the entire value chain.

Martin Mentiply

Business Development Director

Key strengths and experience

- Over 20 years' experience in senior technical and commercial roles
- Extensive geographical experience

Martin joined EnQuest in 2016 and is responsible for all business development-related activities across the Group. He has over 20 years of broad international oil and gas operator experience. Throughout his career he has gained significant technical and commercial expertise in field development planning, project execution, reservoir management and investment assurance across the value chain, from upstream through to LNG.

Richard Hall

Managing Director – Malaysia

Key strengths and experience

- Significant international experience
- Senior positions held in operations, field development and project roles

Richard rejoined EnQuest in December 2020 and has overall responsibility for EnQuest's Malaysian business, having previously worked for EnQuest as part of the Executive Committee as Head of Major Capital Projects where he was instrumental in taking Kraken from project concept stage through to production. Previously, Richard had roles at Petrofac, including: vice president of operations & developments; and general manager in Malaysia, where he started Petrofac Malaysia. Richard went on to be co-founder and CEO of Malaysia-focused Nio Petroleum and was also one of four founders and operations director of the service company UWG Ltd.

Janice Mair

Director of People, Culture & Diversity

Key strengths and experience

- Strong experience in the energy sector
- A Fellow of the Chartered Institute of Personnel and Development

Janice joined the Executive Committee in August 2020 after two years as UK Head of Human Resources. She has held HR leadership roles in a variety of sectors, including oil and gas and transportation. Prior to joining EnQuest, Janice was head of HR for Repsol Sinopec Resources. She also holds a masters of law degree in employment law and a BA in hospitality management.

Salman Malik

Vice President, Strategy And Corporate Development, International Business Development

Key strengths and experience

- Corporate strategy, investment management, corporate finance and mergers and acquisitions experience across the energy value chain
- Chartered Financial Analyst Charterholder

Salman joined EnQuest in 2013 and is responsible for the Group's strategy, corporate finance and mergers and acquisitions. He has extensive experience in structured finance, acquisitions, post-acquisition management and divestitures across the energy value chain. He has also held several positions in the private equity and investment banking industry.

Chairman's letter

> EnQuest views corporate governance as an essential part of its framework and continues to strengthen its procedures in this important area.

Martin Houston
Chairman

Dear fellow shareholder

On behalf of the Board of Directors (the 'Board'), I am pleased to introduce EnQuest's Corporate Governance Report. 2020 has been a challenging year and I would like to extend my thanks to the staff, senior management and Directors of the Company for their resilience and achievements over the period. Through necessity, much of the Company has needed to adapt to working remotely, while those who work offshore have been required to adjust to additional mobilisation and offshore protocols. Through their hard work, they have ensured that the Company continues to function effectively and efficiently. This has taken a tremendous effort and has certainly been recognised and appreciated by me and the Board. For more information about the Company's response to COVID-19, including the 2020 consultation process, please see pages 09 and 16.

I met with a number of our principal shareholders during the year, albeit remotely rather than in person, and appreciated their insights and sentiments, particularly as we were developing a refreshed and more succinct statement of the Company's purpose and refining our Environment, Social and Governance ('ESG') philosophy. They have indicated that they have been impressed by the Group's responsiveness in adapting to the rapid changes in the external environment, and at the same time maintaining a high level of operational performance and reducing debt. Since then, I've also received positive feedback on the Company's revised purpose statement. While EnQuest was unable to physically host shareholders at our AGM in May 2020 and will be unable to do so at the coming 2021 AGM, it is hoped that in the future, we will be able to meet with all our shareholders who wish to join us.

Over 2020, in addition to the activities outlined in the Strategic report (pages 01 to 63), the Board focused on ESG issues. The Board considered how EnQuest demonstrates its commitment to ESG matters in a transparent manner. In doing so, it agreed to strengthen the remits of the current Board-level Committees to ensure that its efforts across this arena is aligned with its purpose and the expectations of our stakeholders, while maintaining our delivery against our strategy. The Committees have also been renamed to reflect their refreshed mandates. The Governance and Nomination Report on pages 102 to 104 contains more detail of how this was approached and implemented by the Board. Company-wide ESG activities can be found on pages 32 to 45, while, more Board-focused activities are set out below:

In line with these changes, we have simplified how we report our corporate responsibility performance. The activities previously reported under the categories of Health and Safety, People, Environment, Business Conduct and Community are now under the headings of 'Environmental', 'Social' and 'Governance', see pages 32 to 45. The Board has approved the Company's overall approach to corporate responsibility, receives regular information on the performance of the Company in these areas, and specifically monitors health, including asset integrity, and safety and environmental reporting at each Safety, Climate and Risk Committee and Board meeting.

Environmental

Environmental protection has been a core feature of EnQuest's business model since its inception, with the priority being SAFE Results with no harm to people and respect for the environment. Climate change and emissions reductions are clearly areas of focus for the Company, recognising that industry, alongside other key stakeholders such as governments, regulators and consumers, must all contribute to reducing carbon-related emissions. To balance all stakeholder interests, EnQuest believes in a measured approach to absolute emissions reductions from its existing producing assets, involving credible targets and the pursuit of economic emission reduction opportunities. As such, the Group aims to reduce absolute Scope 1 and 2 CO_2 equivalent emissions from its existing operations by 10% over the period 2021 to 2023. This target has been included as a key performance metric in the Group's long-term incentive scheme.

Social

The employee forum continues to improve engagement between the workforce and the Board. It has been an integral part of how we've navigated through the COVID-19 crisis and the Group's UK transformation programme. We have been at pains to ensure that our staff were supported throughout. The Board receives a report, following each meeting, from Philip Holland and Farina Khan, the designated Board members who attend the forum on a regular basis. Whilst not all forum discussions necessitate Board-level action, the Board, when appropriate, will act. For example, a Management Expectations document was developed to help those who were new to management and to provide a refresher for those who were more experienced but wished for extra guidance, especially in managing staff remotely during this period.

Governance

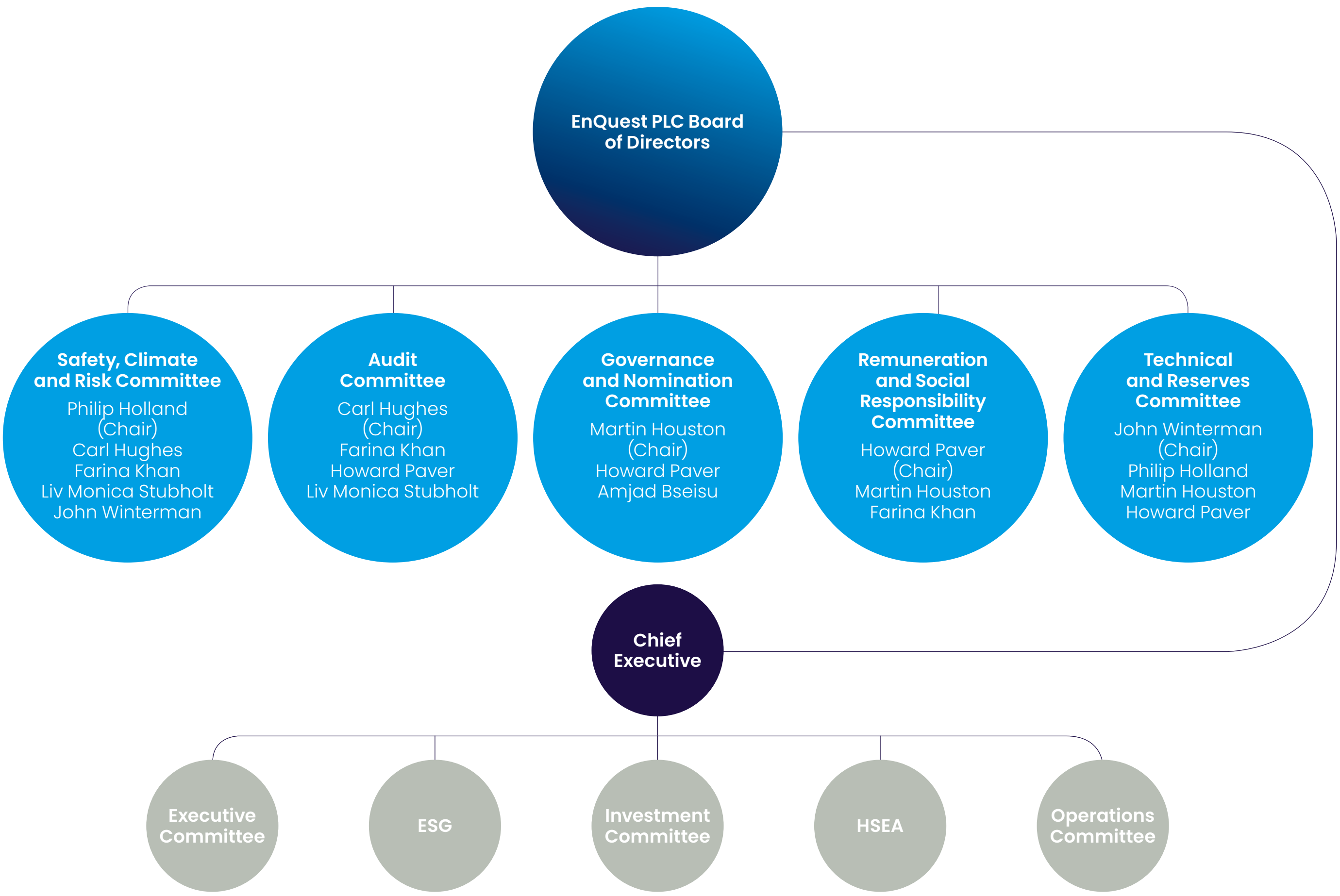
EnQuest views corporate governance as an essential part of its framework, supporting risk management and the Company's core Values. Our governance framework also contains non-Board Committees which provide advice and support to the Chief Executive on the development, implementation and monitoring of the Group's strategy, including an Executive Committee; Health, Safety, Environmental and Assurance ('HSEA') Committee; Operations Committee; and Investment Committee.

The Board regularly considers how it operates and whether there is an appropriate composition of members. Rotation of, and succession for, the Directors is kept under review by the Nomination and Governance Committee. Since publication of the 2019 Annual Report we have welcomed Farina Khan and Liv Monica Stubholt as additional Non-Executive Directors. Each will ably strengthen the Board's capabilities and will ensure a diverse debate within the Boardroom. My thanks to Helmut Langanger who, as anticipated in last year's Annual Report, left in March 2020, and also to Laurie Fitch. Laurie stepped down from the Board in January 2021 having been instrumental in working alongside the Company's employee forum. She also served as Remuneration Committee Chair, prior to Howard Paver, Senior Independent Director, assuming the role. Please see the Nomination and Governance Report for more information on the appointment of our new Directors.

Further information relating to the operation of the Board and its Committees can be found in the following governance pages of this Annual Report. Individual Committee reports are on pages 75 to 81 (Audit), pages 82 to 101 (Remuneration and Social Responsibility), pages 102 to 104 (Governance and Nomination), pages 105 to 106 (Safety, Climate and Risk) and pages 107 to 108 (Technical and Reserves).

While this has been a challenging year, we have taken important steps to secure and develop our business and forward strategy. We have refined our approach to corporate responsibility and governance around ESG and we remain cognisant of the evolving regulatory landscape, especially in this area. Finally, we have focused on our refreshed purpose. In summary, despite the limitations placed on the business by COVID-19 and the prevailing commodity environment, we have made good and solid progress.

Martin Houston
Chairman
24 March 2021



Corporate governance statement

Statement of compliance

The Board believes that the manner in which it conducts its business is important and it is committed to delivering the highest standards of corporate governance for the benefit of all of its stakeholders. The Directors are cognisant of their duties to stakeholders under Section 172 of the Companies Act 2006 and the manner in which the Directors have regard to the Company's key stakeholders can be found throughout this Annual Report. The Section 172 Statement can be found on page 02. The Company complies with the Financial Reporting Council's UK Corporate Governance Code 2018 (the 'Code') which was effective for accounting periods beginning on or after 1 January 2019. The Code can be found on the Financial Reporting Website at www.frc.org.uk. Detailed below is EnQuest's application of, and compliance with, the Code. In order to avoid duplication, cross-references to appropriate sections within the Annual Report are provided.

Key corporate governance activities in 2020	Details
Succession planning and Board composition	Farina Khan, Non-Executive Director, was appointed on 1 November 2020 Howard Paver was appointed as Senior Independent Director on 31 March 2020 and as Chair of the Remuneration and Social Responsibility Committee on 21 May 2020 Search for an additional Non-Executive Director (Liv Monica Stubholt appointed 2021) Review of Board Performance and Board diversity discussions
Board Committees	Review of membership Review of responsibilities in relation to ESG matters, including updates to terms of reference Review of Committee performance
Shareholder engagement	Chairman, Senior Independent Director and Remuneration Chair and Executive Director meetings
Employee workforce and employee culture	Employee surveys Collective consultation Company purpose Engagement with the employee forum

Board leadership and Company purpose

The Board takes seriously its roles in promoting the long-term success of the Company, generating value for shareholders, having regard to the interests of other stakeholders and contributing to wider society. How the Company manages these areas can be found in the Strategic report, in particular on pages 02 to 03.

The Board is responsible for:
- The Group's overall purpose and strategy;
- Health, safety and environmental performance;
- Review of business plans and trading performance;
- Approval of major capital investment projects;
- Acquisition and divestment opportunities;
- Review of significant financial and operational issues;
- Review and approval of the Company's financial statements;
- Oversight of control and risk management systems;
- Succession planning and appointments; and
- Oversight of employee culture.

Board agenda and key activities throughout 2020

During 2020, the majority of Board meetings were, by necessity, held by videoconference. The table below sets out matters that the Board discuss at each meeting and the key activities that have taken place throughout this period.

Matters considered at all Board meetings	Key activities for the Board throughout 2020
• HSEA • Key project status and progress • Responses to oil price movements • Strategy • Key transactions • Financial reports and statements • Production • Operational issues and highlights • Cessation of production decisions • HR issues and developments • Key legal updates • Assurance and risk management • Investor relations and capital markets update • Liquidity • Employee Forum activities	• Company purpose • COVID-19 considerations • 2020 UK staff collective consultation • 2020 performance and 2021 budget reviews • Review of plans for debt amortisation • Compliance with debt covenants and liquidity • Hedging strategy and policy • HSEA policy and culture review • Risk, going concern and long-term viability review • Strategy sessions held in October • Growth opportunities • Sullom Voe Terminal operations • Decommissioning activities • Risk Management Framework • Cyber-security related process and controls • Annual anti-corruption review • Employee culture and Values • Succession planning • Periodic updates on corporate regulatory changes and reporting requirements • Asset integrity review • ESG strategy and emissions reduction • S.172 principal decisions • Heather and Thistle cessation of production • Board diversity

The Board delegates a number of responsibilities to its Audit Committee, Remuneration and Social Responsibility Committee, Governance and Nomination Committee, Technical and Reserves Committee and Safety, Climate and Risk Committee. Membership for each Committee, which is reviewed by the Governance and Nomination Committee on a regular basis, is found on page 69. The Chair of each Committee reports formally to the Board on its proceedings after each meeting and makes recommendations that it deems appropriate to the Board for its consideration and approval. There are formal terms of reference for each Committee, approved by the Board. The terms of reference for each of these Committees set out the scope of authority of the Committee, satisfy the requirements of the Code and are reviewed internally on an ongoing basis by the Board. Copies of the terms of reference, each of which has been revised since the last Annual Report, are available on the Company's website, www.enquest.com, under Corporate Governance.

Culture

The Board ensures that the culture of the Company is aligned with its purpose, Values and strategy. EnQuest's Values embody the ethos of the Company and the Board carefully monitors and promotes a positive culture. The Board believes that engaged and committed employees are integral to the delivery of the Company's business plan. In line with this there was a consultation process as the Company's new expression of its purpose was developed. To make additional progress in this area of employee engagement and culture, a short employee pulse survey was conducted in October 2020 with a longer, more extensive survey, held in February 2021. The results of the survey are discussed in more detail on page 41. In addition, the Employee Forum met a number of times over the year and has provided valuable feedback to the Board, which receives updates at each Board meeting. More detail on the activities and outputs of the forum can be found on page 42.

EnQuest's Code of Conduct underpins the governance and ethos of the Company. All personnel are required to be familiar with the Code of Conduct, which sets out the behaviours that the organisation expects of those who work at and with the Company. The Group's Values complement the behaviours contained within the Code and are a key part of the Group's identity. They guide the workforce as they pursue EnQuest's strategy and delivery of SAFE Results.

Stakeholder engagement

In line with the COVID-19-related restrictions in place from March on face-to-face meetings, engagement activities were primarily conducted virtually through the use of video and telephone conference calls. EnQuest continued to have an active and constructive dialogue with its shareholders throughout the year. This was conducted through a planned programme of investor relations activities, including meetings with significant shareholders with regard to the Group's evolving purpose statement, its Environmental, Social and Governance progress and philosophy, growth and debt management strategies and Remuneration Chair introductions, along with consultation with institutional shareholders as to Remuneration Policy updates.

Throughout 2020, a number of equity and debt investor and research analyst engagements were undertaken. The Company also delivered presentations alongside its half-year and full-year results, copies of which are available on the dedicated section of the Company's website, which can be found under 'Investors' at www.enquest.com, as well as ad hoc presentations at investor conferences. The Group's results meetings are followed by investor roadshows with existing and potential new investors, supplemented in 2020 by a dedicated in-house targeting exercise to identify such potential new investors. These meetings, which take place throughout the year, other than during closed periods, are organised directly by the Company, via brokers and in response to direct investor requests.

EnQuest's Investor Relations team and Company Secretarial department respond to queries from shareholders, debt holders, analysts and other stakeholders, all of whom can register on the website to receive email alerts of relevant Company news. EnQuest's registrar, Link Group, also has a team available to answer shareholder queries in relation to technical and administrative aspects of their holdings, such as shareholding balances. The Board is routinely kept informed of investor feedback, broker and analyst views and industry news in a paper submitted at each Board meeting by the Company's Investor Relations team and as required on an ad hoc basis.

The Group's employee forum was chaired in 2020 by Board members Laurie Fitch and Philip Holland. Over the year it discussed flexible working arrangements, employee communications and recognition and diversity. The output from these meetings and other culture activities, such as the employee survey, is reported on pages 41 to 42 of this Annual Report.

The Board is also kept informed of relevant developments relating to other stakeholder groups such as suppliers, regulators, partners and governments, as required by the Executive Directors and/or the appropriate functional management, and considers potential impacts on these groups of principal decisions made during the course of the year (see pages 02 to 03 for more details).

Workforce concerns

Through tone at the top, open discussions as to the Company's purpose, regular briefings which include an opportunity for the workforce to ask questions of management, the promotion of its Code of Conduct and Values and the adoption of communication media, such as Yammer, the Company seeks to set positive, appropriate standards of conduct for its people within an open, dynamic and inclusive culture. The Company encourages all employees to escalate any concerns and, as part of its whistleblowing procedure, provides an external 'speak-up' reporting line which is available to all employees in the UK, Malaysia and the UAE, and allows for anonymous reporting through an independent third party. Where concerns are raised, these are investigated by the Company's General Counsel and reported to the Chairman of the Audit Committee with follow-up action taken as soon as practicable thereafter. Furthermore, the Company is committed to behaving fairly and ethically in all of its endeavours and has policies which cover anti-bribery, anti-corruption and tax evasion. The overall anti-bribery and corruption programme is reviewed annually by the Board and a corruption risk awareness email is sent out annually by the Chief Executive reminding employees of their obligations and also to prompt them to complete a compulsory online anti-corruption training course. Additional information can be found on page 60 of the Strategic report and in the Code of Conduct which is available on the Company's website (www.enquest.com).

Conflicts of interest

The Company has established procedures in place through the Articles of Association and the Company's Code of Conduct which identify and, where appropriate, manage conflicts or potential conflicts of interest with the Company's interests. In accordance with the provisions relating to Directors' interests in the Companies Act 2006, all Directors are required to submit details to the Company Secretary of any situations which may give rise to a conflict, or potential conflict, of interest. A register of relevant interests of Board members is maintained and the Board is satisfied that formal procedures are in place to ensure that authorisation for potential and actual conflicts of interest are operated efficiently and considers the issue of conflicts at the start of every Board meeting. In addition, the Directors are required to obtain Board approval before accepting any further external appointments. Demands on a Director's time are also taken into account before approval is given.

Board education

All Directors receive an induction pack and meet with management on joining the Company. They are also offered director training and memberships of organisations which deliver knowledge and training to non-executive directors, should they wish it. Education is also provided from time to time by the Company Secretary; for example, most recently a session was held with external counsel to discuss with the Board a range of legal and regulatory matters pertinent to the discharge of their duties.

Division of responsibilities

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of EnQuest. The roles of the Chairman and Chief Executive are not exercised by the same individual.

Chairman
The Chairman is responsible for the leadership of the Board, setting the Board agenda and ensuring the overall effective working of the Board. The Chairman holds regular one-to-one and group meetings with the Non-Executive Directors, without the Executive Directors present.

Chief Executive
The Chief Executive is accountable and reports to the Board. His role is to develop strategy in consultation with the Board, to execute that strategy following presentation to, and consideration and approval by, the Board and to oversee the operational management of the business.

Senior Independent Director
The Senior Independent Director ('SID') is available to shareholders if they have concerns where contact through the normal channels of the Chairman or the Executive Directors has failed to resolve an issue, or where such contact is inappropriate. The SID acts as a sounding board for the Chairman and also conducts the Chairman's evaluation on an annual basis.

Non-Executive Directors
The Non-Executive Directors combine broad business and commercial experience from oil and gas and other industry sectors. They bring independence, external skills and objective judgement, and constructively challenge the actions of executive and senior management. This is critical for providing assurance that the Executive Directors are exercising good judgement in delivery of strategy, risk management and decision making. They receive a monthly report on Company performance and updates on major projects, irrespective of a meeting taking place, which allows them to monitor performance regularly. In addition, they hold to account the performance of management and individual Directors against agreed objectives and assess and monitor the culture of the Company. All Directors of EnQuest have been determined to have sufficient time to meet their responsibilities and this is monitored on a regular basis. At the date of this report there are nine Directors, consisting of two Executive Directors and seven Non-Executive Directors (including the Chairman).

Independence
The Chairman was independent on appointment and the Board considers that all the Non-Executive Directors continue to remain independent and free from any relationship that could affect, or appear to affect, their independent judgement. Information on the skills and experience of the Non-Executive Directors can be found in the Board biographies on pages 64 to 65.

Company Secretary
The Company Secretary is responsible for advising the Board, through the Chairman, on all Board procedures and governance matters. In addition, each Director has access to the advice and services of the Company Secretary. The Company Secretary assists with the ongoing training and development of the Board and is instrumental in facilitating the induction of new Directors. The appointment and removal of the Company Secretary is a Board matter. The Company Secretary supports the Chairman in the provision of accurate and timely information. Board agendas are drawn up by the Company Secretary in conjunction with the Chairman and with agreement from the Chief Executive. All Board papers are published via an online Board portal system which offers a fast, secure and reliable method of distribution.

Directors' attendance at Board and Board Committee meetings
The table below sets out the attendance record of each Director at scheduled Board and Board Committee meetings during 2020.

	Board meetings	Audit Committee	Remuneration and Social Responsibility Committee	Safety, Climate and Risk Committee	Governance and Nomination Committee	Technical and Reserves Committee
Meetings considered by the Board	6	3	4	4	10	7
Executive Directors						
Amjad Bseisu	6	–	–	–	10	–
Jonathan Swinney	6	–	–	–	–	–
Non-Executive Directors						
Martin Houston	6	–	4	–	10	7
Farina Khan[1]	1/1	1/1	–	1/1	–	–
Helmut Langanger[2]	2/2	1/1	2/2	–	2/2	–
Howard Paver	6	3	4	–	10	7
Laurie Fitch[3]	6	–	4	4	–	–
Philip Holland	6	–	–	4	–	7
Carl Hughes	6	3	–	4	–	–
John Winterman	6	3	–	–	–	7

Notes:
1 Farina Khan joined the Board on 1 November 2020
2 Helmut Langanger stepped down from the Board on 31 March 2020
3 Laurie Fitch stepped down from the Board on 8 January 2021 at the end of her tenure in accordance with her letter of appointment

Board Committees

The Governance and Nomination Committee

The Governance and Nomination Committee leads the process for appointments and regularly reviews the structure, size and composition of the Board. It also considers succession planning for the Executive Committee and has now expanded its scope to cover all aspects of the Governance Code. The work of the Governance and Nomination Committee, including information regarding Boardroom diversity, recruitment and the Board annual evaluation process, is on pages 102 to 104.

The Audit Committee

The work of the Audit Committee is on pages 75 to 81.

The Audit Committee is responsible for the following internal control and risk management related tasks:

- Reviewing the effectiveness of the Company's internal controls and risk management systems;
- Reviewing and approving the statements to be included in the Annual Report concerning internal controls and risk management; and
- Monitoring and reviewing the effectiveness of the Company's internal audit capability in the context of the Company's overall risk management system.

The Safety, Climate and Risk Committee

The Safety, Climate and Risk Committee continues to progress its comprehensive Risk Management Framework and has conducted a robust assessment of the principal risks facing the Group; see pages 45 to 59 of the Strategic report for further information. The work of the Committee, which includes monitoring HSEA issues and oversight of decarbonisation matters, is on pages 105 to 106.

The Technical and Reserves Committee

The Technical Committee was established in October 2019 and provides the Board with additional technical insight when making Board decisions. The work of the Committee can be found on pages 107 to 108.

The Remuneration and Social Responsibility Committee

The Remuneration and Social Responsibility Committee has assessed the Group's performance for 2020 in determining the appropriate performance-related compensation. It has continued its programme of open and transparent shareholder dialogue and assessment of institutional shareholder guidelines as it developed its updated Remuneration Policy, ahead of the scheduled update for the Annual General Meeting ('AGM') in 2021. In addition, its scope was recently expanded to review matters relating to social responsibility, including human rights, working conditions, workforce relations and engagement with local communities and other stakeholders. The work of the Remuneration and Social Responsibility Committee is set out on pages 109 to 113.

2020 Annual Report and Accounts

The Directors are responsible for preparing the Annual Report and Accounts and consider that, taken as a whole, the Annual Report and Accounts are fair, balanced and understandable, and provide the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Annual General Meeting

The Company's AGM is ordinarily attended by the Directors and executive and senior management and would normally be open to all EnQuest shareholders to attend. It is, however, anticipated that the 2021 AGM will be held virtually, subject to COVID-19 regulations. Please see the AGM's Notice of Meeting for the latest participation instructions.

Audit committee report

> The Committee has continued to provide robust review and challenge of the Group's financial reporting processes, while monitoring the effectiveness of EnQuest's controls and risk management framework.
>
> **Carl Hughes**
> Chairman of the Audit Committee

Dear fellow shareholder

The agenda of the Audit Committee continues to evolve in the context of the regulatory requirements from the UK Corporate Governance Code (the 'Code'), the Financial Reporting Council's ('FRC') Guidance on Audit Committees, the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, Ethical Standards and the Competition and Markets Authority.

During 2020, the Committee has undertaken a self-assessment of its effectiveness in line with the requirements of the Code and to enable its members to:

- Assess that the establishment, memberships and appointment of the Committee are in line with good practice;
- Confirm that the scope/responsibilities of the Committee are appropriate;
- Establish that the Committee is operating as it should, including meetings, resources and its relationship with Board; and
- Ensure that the Committee is appropriately communicating information to shareholders and has considered wider stakeholders in its decision-making activities, reflecting the Committee members' attention to Section 172 of the Companies Act 2006.

This assessment confirms that the Committee is functioning as expected, which the Board also endorsed. The Committee proposed that an additional (fourth) meeting should be held when appropriate to ensure that adequate time is dedicated to the key issues.

The Committee has focused on the liquidity and financial performance of the Group in a challenging environment. Issues considered included the impact on oil and gas accounting judgements and asset carrying values from volatile commodity prices, given changes in supply and demand as a result of COVID-19 and other factors such as the energy transition to a lower-carbon economy. The Committee also continued to monitor the Group's system of internal control as well as reviewing and challenging disclosures and key judgements made by management. The Committee's work and the Company's audit, assurance and compliance frameworks have enabled EnQuest to maintain the integrity of the Group's financial and internal controls.

Other key activities of the Committee during:

- Overseeing the establishment of an internal audit function within EnQuest, focusing on the effectiveness of a number of Group functions including financial reporting, tax, decommissioning, production and reserves reporting;
- Reviewing the internal audit assurance map against principal risks;
- Assessing the Group's additional control enhancements and evaluation of internal controls to enable the external auditor to place increased reliance on the Group's internal control environment;
- Reviewing financial liquidity risk and key assumptions in cash flow forecasts with respect to the going concern and viability assessments, particularly in light of the impact of COVID-19 on the global economy and the Group's upcoming debt maturities. This included an internal audit review of the underlying corporate model;
- Reviewing the Group's cyber security activities, examining key risks, associated mitigations and future plans; and
- Robustly challenging management reports on significant accounting issues and judgements, such as impairment of assets and goodwill and valuation of decommissioning cost estimates, enabling it to determine whether EnQuest's financial reporting is 'fair, balanced and understandable'.

Following the external audit tender exercise in 2019, the transition to Deloitte LLP ('Deloitte') from Ernst & Young LLP ('EY') was completed in 2020. The Committee met with both EY and Deloitte during 2020 as the transition occurred to ensure effective management of change. This included inviting Deloitte to attend the March 2020 Audit Committee meeting. The Committee monitored Deloitte's work as they established their detailed approach, which included their reliance on controls in certain areas, and it met regularly with the Deloitte audit partner.

The Committee's membership changed during the year, with Helmut Langanger retiring from the Board and the Committee in March 2020 and Farina Khan joining the Board and the Committee in November. I would like to thank Helmut for his contribution during his tenure and I welcome Farina, who brings a wealth of experience from her extensive career in the oil and gas industry. In February 2021, we welcomed Liv Monica Stubholt to the Board and Committee, who has significant oil and gas knowledge from an extensive legal career.

As discussed within the Corporate governance statement, the Audit Committee is pleased to confirm that the actions of the Committee were, and continue to be, in compliance with the Code and that it is satisfied with the formal and transparent policies and procedures in place. Furthermore, the Committee ensured that key judgements and estimates made in the financial statements, such as the recoverable value of the Group's assets, were carefully assessed.

The Audit Committee's core responsibilities, which are reviewed annually and can be found on the Company's website (www.enquest.com; under Corporate Governance within the Investors section), are to:
- Review the content and integrity of the annual and interim financial statements and advise the Board on whether they are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's performance, business model and strategy;
- Review the appropriateness of the significant accounting policies, judgements and estimates;
- Monitor and review the effectiveness of the system of internal control and the Risk Management Framework;
- Review the adequacy of the Company's arrangements for whistleblowing and procedures for detecting fraud;
- Monitor and review the effectiveness of the external and internal audit;
- Monitor and review the summary findings from joint venture audits;
- Oversee the relationship with the external auditor, including fees for audit and non-audit services and assessing annually their independence and objectivity;
- Identify any matters in respect of which it considers that action or improvement is needed and making recommendations to the Board as to the steps to be taken;
- Monitor and review the process of the assessment of the Group's proven and probable reserves by a recognised Competent Person; and
- Self-assessment of its effectiveness.

There will continue to be much for the Committee do in 2021. After considering the priorities for 2021, the Committee has directed internal audit to focus on, amongst other areas, the review of trading activities, GDPR compliance, UK anti-bribery and corruption compliance and the Thistle field's readiness for decommissioning in addition to the ongoing rotational review of the financial control framework.

We will also be giving careful consideration to the Consultation Document issued by BEIS in March 2021 entitled 'Restoring trust in audit and corporate governance', which addresses many of the recommendations arising from the recent reviews of audit and governance led by Sir John Kingman, Sir Donald Brydon and the Competition and Markets Authority. In particular, the Committee will be giving early consideration to the development of an Audit and Assurance Policy for the Group covering assurance relating to risk and internal control, assurance over external reporting and the budget and resources committed to assurance.

Carl Hughes
Chairman of the Audit Committee
24 March 2021

Committee composition

As required by the Code published in July 2018, the Committee exclusively comprises Non-Executive Directors, biographies of whom are set out on pages 64 and 65. The Board is satisfied that the Chairman of the Committee, previously an energy and resources audit partner of Deloitte, and a Fellow of the Institute of Chartered Accountants in England and Wales, meets the requirement for recent and relevant financial experience.

Membership of the Committee, appointment dates and attendance at the three scheduled meetings held during 2020 is provided in the table below:

Member	Date appointed Committee member	Attendance at meetings during the year
Carl Hughes	1 January 2017	3
John Winterman[1]	7 September 2017	3
Howard Paver	1 May 2019	3
Farina Khan[2]	1 November 2020	1/1
Liv Monica Stubholt[3]	15 February 2021	–
Helmut Langanger[4]	16 March 2010	1/1

Notes:
1 John Winterman stepped down as a member of the Audit Committee on 9 December 2020
2 Farina Khan was appointed as a Non-Executive Director on 1 November 2020, becoming a member of the Audit Committee
3 Liv Monica Stubholt was appointed as a Non-Executive Director on 15 February 2021, becoming a member of the Audit Committee
4 Helmut Langanger stepped down as a member of the Audit Committee on 31 March 2020 when he retired from the Board

Meetings are also normally attended by the General Counsel and Company Secretary, the Chief Financial Officer, the Vice President-Finance, the external auditor, the internal audit manager and other key finance team members as required. The Chief Executive and the Chairman of the Board also attend the meetings when invited to do so by the Committee. PricewaterhouseCoopers LLP ('PwC'), in its role as internal auditor for certain specialist areas during 2020, attended the meetings as appropriate. The Chairman of the Committee regularly meets with the external audit partner (with such meetings including the independent review of the going concern and viability assessments) and internal audit (both the internal audit manager and the PwC partner) to discuss matters relevant to the Company.

The Committee continues to monitor its own effectiveness and that of the functions it supports on a regular basis. Through the review of the terms of reference of the Audit Committee, regular meetings with the internal and external auditors and key management personnel, the Committee has concluded that its core duties in relation to financial reporting, internal controls and risk management systems, whistleblowing and fraud, internal audit, external audit and reporting responsibilities are being performed well.

Audit Committee meetings

In line with the Committee's annual schedule, since the Committee last reported to shareholders, three meetings have been held. All meetings were held by video conference given COVID-19 restrictions. A summary of the main items discussed in each meeting is set out in the table below:

Agenda item	August 2020	December 2020	March 2021
Audit Committee self-evaluation assessment of its effectiveness	✓		
Audit Committee terms of reference	✓		
Internal audit progress against 2020/2021 plan, including findings since last meeting	✓	✓	✓
Internal audit and assurance plan for 2021		✓	
Joint venture audit plan for 2021, including summary findings since last meeting			✓
Cyber security update		✓	✓
Review and approve the external (Deloitte) audit plan, including key risks and planned approach	✓	✓	
Approve external (Deloitte) audit fees subject to the audit plan	✓		
Review the level of non-audit service fees for Deloitte	✓	✓	✓
Evaluate quality, independence and objectivity of Deloitte	✓	✓	
Review the effectiveness of external 2019 audit (EY)	✓		
Formalise appointment of external auditors		✓	
Evaluate the viability assessment			✓
Appropriateness of going concern assumption	✓	✓	✓
Review of half-year or full-year regulatory press release and results statements	✓		✓
Corporate governance update		✓	
UK audit and governance environment update in context of CMA, BEIS, Kingman and Brydon reviews	✓		
Key risks, judgements and uncertainties impacting the half-year or year-end financial statements (reports from both management and external auditor)	✓	✓	✓
Presentation on the reserves audit and evaluation of the Competent Person's independence and objectivity	✓		✓
Finance strategy and organisation update	✓	✓	
Consideration of tax strategy, policy and compliance		✓	
Review of process and controls relating to the development of the Group's internal control framework	✓	✓	✓

Audit committee report continued

Fair, balanced and understandable

A key requirement of the Group's Annual Report and Accounts is for the report to be fair, balanced and understandable. In addition, the Annual Report should contain sufficient information to enable the position, performance, strategy and business model of the Company to be clearly understood, details of measurable key performance indicators and explanations of how the Company has engaged with all of its stakeholders (the Section 172 Statement). The Audit Committee and the Board are satisfied that the Annual Report and Accounts meet these requirements, with appropriate weight being given to both positive and negative developments in the year.

With regard to these requirements, the Audit Committee has considered the robust process which operates when compiling the Annual Report and Accounts, including:
- Clear guidance and instructions are provided to all contributors;
- Revisions to regulatory requirements, including the Code, are communicated and monitored;
- A thorough process of review, evaluation and verification of the content of the Annual Report and Accounts is undertaken to ensure accuracy and consistency;
- External advisers, including the external auditors, provide advice to management and the Audit Committee on best practice with regard to the creation of the Annual Report and Accounts; and
- A meeting of the Audit Committee was held in March 2021 to review and approve the draft 2020 Annual Report and Accounts in advance of the final sign-off by the Board.

Financial reporting and significant financial statement reporting issues

The primary role of the Committee in relation to financial reporting is to assess, amongst other things:
- The appropriateness of the accounting policies selected and disclosures made, including whether they comply with International Financial Reporting Standards; and
- Those judgements, estimates and key assumptions that could have a significant impact on the Group's financial performance and position, or on the remuneration of executive and senior management.

These items are considered by the Audit Committee, together with reports from both management and our external auditor at each Committee meeting. The main areas considered during 2020 are set out below:

Significant financial statement reporting issue	Consideration
Going concern and viability The Group's assessments of the going concern assumption and viability are based on detailed cash flow and covenant forecasts. These are, in turn, underpinned by forecasts and assumptions in respect of: • Production for the next three years, based on the Group's approved 2021 business plan and forecasts; • The oil price assumption, based on a forward curve of \$60.0/bbl (2021), \$58.0/bbl (2022) and \$60.0/bbl thereafter; and • Refinancing of the existing Revolving Credit Facility prior to maturity in October 2021 with a new facility and refinancing of both the High Yield and Retail Bonds in October 2023.	The Board regularly reviews the liquidity projections of the Group. The detailed going concern and longer-term viability analysis, including sensitivity analysis and stress testing, along with explanations and justifications for the key assumptions made, were presented at the March 2021 Audit Committee meeting. This analysis was considered and challenged by the Committee, including, but not limited to, the appropriateness of the period covered, planning scenarios and macroeconomic assumptions were realistic, stress tests were appropriate and mitigations achievable to ensure that the Group has sufficient headroom to continue as a going concern. Whilst securing lenders' commitment to the new facility remains on track, the new facility has not been signed at the time of publication of the Group's results. Although the Directors are confident that the new facility will be executed, the facility has not yet been signed; in these circumstances they have to conclude that this represents a material uncertainty. The Directors have a reasonable expectation that both the Group and the Company, will be able to continue in operation and meet their commitments as they fall due over the going concern period. The external auditors presented their findings on the conclusions drawn. The disclosures in the Annual Report concerning the viability statement and going concern assumption (see pages 30 to 31) were reviewed and approved for recommendation to the Board.
Potential misstatement of oil and gas reserves The Group has total proved and probable reserves as at 31 December 2020 of 189 MMboe. The estimation of these reserves is essential to: • The valuation of the Company; • Assessment of going concern and viability; • Impairment testing; • Decommissioning liability estimates; and • Calculation of depreciation.	During the March 2021 meeting, management presented the Group's 2P reserves, together with the report from Gaffney, Cline & Associates, the Group's reserves reviewer. The Committee considered the scope and adequacy of the work performed by Gaffney, Cline & Associates and their independence and objectivity and concurred that the estimation of reserves had been consistently applied to the financial statements.

Significant financial statement reporting issue	Consideration
Impairment of tangible and intangible assets The recoverability of asset carrying values is a significant area of judgement. These impairment tests are underpinned by assumptions regarding: • 2P reserves; • Oil price assumptions (based on an internal view of forward curve prices of $47.0/bbl (2021), $55.0/bbl (2022), $60.0/bbl (2023) and $60.0/bbl real thereafter); • Life of field production profiles and opex, capex and abandonment expenditure; and • A post-tax market discount rate derived using the weighted average cost of capital methodology. Impairment testing has been performed resulting in pre-tax non-cash impairment charges of $422.5 million.	At the March 2021 meeting, management presented the key assumptions made in respect of impairment testing and the result thereof to the Committee. The Committee considered and challenged these assumptions, in line with the challenges performed as part of the going concern and viability review. Sensitivity analysis and disclosures estimating the effect of price reductions were reviewed. Consideration was also given to Deloitte's view of the work performed by management.
Complexity of Magnus contingent consideration The contingent consideration arising on the acquisition of the Magnus field is a complex agreement funded by way of a vendor loan from BP and a future profit share arrangement. Due to the size and unique nature of the arrangement, there is a fair value calculation misstatement risk. The calculations are based on the significant reporting issues of 'potential misstatement of oil and gas reserves' and 'impairment of tangible assets' described above.	At the March meeting, the key assumptions and result of the fair value calculation, along with explanation of movements in the year, were presented to the Committee. Consideration was also given to Deloitte's view of the work performed by management.
Adequacy of the decommissioning provision The Group's decommissioning provision of $778.2 million at 31 December 2020 is based upon a discounted estimate of the future costs and timing of decommissioning of the Group's oil and gas assets. Judgement exists in respect of the estimation of the costs involved, the discount rate assumed, and the timing of decommissioning activities. In 2019, the Group commissioned Wood Group PSN to estimate the costs involved in decommissioning the facilities and infrastructure of each of its UK operated fields. These estimates were reviewed by operations personnel and adjustments were made where necessary in 2020 to reflect management's view of the estimates. The estimates in respect of decommissioning the Group's well stock was determined internally by appropriately qualified personnel. Estimates for all UK operated assets are reviewed annually, with a major review performed every third year. The estimate for PM8/Seligi was reviewed during 2020 and approved by the Malaysia Petroleum Management ('MPM'). Quarterly payments to the decommissioning fund are approved annually by MPM. A detailed review of the decommissioning costs will be performed in 2021. For Alba, the Group's only non-operated asset, the provision is based on estimates provided by the operator, adjusted as necessary by EnQuest's own operations personnel, to ensure consistency in key assumptions with the Group's other North Sea assets.	The Committee reviewed the report by management summarising the key findings and their impact on the provision. Sensitivity analysis and disclosure estimating the effect of a change in discount rates was reviewed. Regard was also given to the observations made by Deloitte as to the appropriateness of the estimates made.

Significant financial statement reporting issue	Consideration
Taxation At 31 December 2020, the Group carried deferred tax balances comprising $503.9 million of tax assets (primarily related to previous years' tax losses) and $6.4 million of tax liabilities. The recoverability of the tax losses has been assessed by reference to future profit estimates derived from the Group's impairment testing. Ring-fence losses totalling $2,064 million ($825.6 million tax-effected) have been recognised. The main drivers of the tax provision are the Deferred Tax Asset impairment and the Ring Fence Expenditure Supplement ('RFES') uplift. The last RFES claim available to the Group will be made for the year 2021. Given the complexity of tax legislation, risk exists in respect of some of the Group's tax positions.	The Committee received a report from the Group's Head of Tax, outlining all uncertain tax positions, and evaluated the technical arguments and future profit estimates supporting the position taken by management. The Committee also took into account the views of Deloitte as to the adequacy of the Group's tax balances. An evaluation of the transparency of the Group's tax exposures was undertaken, reviewing the adequacy and appropriateness of tax disclosures presented by management. Regard was also given to the observations made by Deloitte as to the appropriateness of the disclosures made. The Committee also reviewed and approved the annual update of the Group Tax Strategy (which is available in the Environmental, Social and Governance section of the Group's website at www.enquest.com) in December 2020.

Risk management

The Code requires that the Board monitors the Company's risk management and, at least annually, carries out and reports on the results of a review of their effectiveness. The Board has oversight of risk management within EnQuest for the Company's emerging and principal risks. Page 74 provides more detail on how the Board, and its Safety, Climate and Risk Committee, have discharged their responsibility in this regard. The Audit Committee Chairman is also a member of the Safety, Climate and Risk Committee.

Internal control

Responsibility in respect of financial internal control is delegated by the Board to the Audit Committee. The effectiveness of the Group's internal control framework is reviewed continually throughout the year. Key features include:

- Clear delegations of authority to the Board and its sub-Committees, and to each level of management;
- Setting of HSEA, operational and financial targets and budgets which are subsequently monitored by management and the Board;
- A comprehensive risk management process with clear definition of risk tolerance and appetite. This includes a review by the Safety, Climate and Risk Committee of the effectiveness of management controls and actions which address and mitigate the most significant risks;
- An annual risk-based internal audit programme developed in conjunction with management. Findings are communicated to the Audit Committee and follow-up reviews are conducted where necessary; and
- Further objective feedback provided by the external auditors and other external specialists.

Obtaining assurance on the internal control environment

In early 2020, the Group established an independent and objective internal audit function within EnQuest. Prior to this, the Group outsourced its internal assurance to PwC. The Group will continue to outsource to PwC or other experts specialist areas of the internal audit programme, such as cyber security. The Group appointed an internal audit manager and the Committee monitored and reviewed the effectiveness of internal audit and considered whether it had the appropriate level of independence. The Committee is satisfied that the establishment of an internal audit function and selected outsourcing of work is appropriate for the Group. In order to ensure independence and objectivity, the primary reporting line of all assurance providers, including the Group's internal audit manager, is to the Audit Committee.

The Group's system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of assurance.

In respect of the work performed by internal audit, an internal audit plan is determined each year. When setting the plan, recommendations from management and internal audit are considered, and take into account the particular risks impacting the Company, which are reviewed by the Board and the Safety, Climate and Risk Committee. During 2020, internal audit activities were undertaken for various areas, including reviews of:

- The Financial Control Framework across the UK, Malaysia and Dubai;
- The Heather field's readiness for decommissioning;
- The Group's cyber security;
- Non-financial disclosures, including production and reserves reporting in the Annual Report and Accounts; and
- The Group's modelling for different financial and operational events.

Detailed results from internal audit were presented to management and a summary of the findings were presented to the Audit Committee, together with copies of all internal audit reports. In all cases, the audit conclusions were that the systems and processes were satisfactory and, where potential control enhancements were identified as being required, the Committee ensured that appropriate action was being taken by management to implement the agreed improvements.

Areas for improvement were identified relating to cyber security and readiness for decommissioning and the Committee will be monitoring progress in these aspects of the control environment during 2021.

External audit

One of the Committee's key responsibilities is to monitor the performance, objectivity and independence of the external auditor. Each year, the Committee ensures that the scope of the auditor's work is sufficient and that the auditor is remunerated fairly. The annual process for reviewing the performance of the external audit process involves an interview or questionnaire with key members of the Group who are involved in the audit process to obtain feedback on the quality, efficiency and effectiveness of the audit. Additionally, Committee members take into account their own view of the external auditor's performance when determining whether or not to recommend reappointment.

The 2020 evaluation was the last of EY as the outgoing auditor. The effectiveness of EY was formally evaluated during the Committee's meeting in August 2020, and it was concluded that the Committee continued to be satisfied with EY's performance and the firm's objectivity and independence. The Chairman of the Committee met with the outgoing audit team to discuss key audit issues and the results from this were discussed with Deloitte to consider as part of their 2020 audit approach.

Deloitte was appointed for the statutory audit, with effect from 2020, following the tender process in 2019. The Committee monitored the transition from EY to Deloitte and oversaw and monitored Deloitte's work as they settled into their new role. Taking into account management's review and recommendations and its own experiences with the external auditor as the team undertook its first audit, the Committee were confident that Deloitte would be effective in their role and were providing the required quality in relation to the provision of audit services. The effectiveness of Deloitte will be formally evaluated during the Committee's meeting in May 2021.

In its initial evaluation of Deloitte, the Committee also considered the level of non-audit services provided by the firm during the year, the compliance with EnQuest's policy in respect of the provision of non-audit services by the external auditor (which is set out later in this report), and the safeguards in place to ensure Deloitte's continued independence and objectivity. The services provided by Deloitte in 2020 are services typically provided by a company's auditor, given their knowledge and experience of the Company and in line with the EnQuest non-audit services policy. The ratio of non-audit fees to audit fees in 2020 was 23%. As required under UK auditing standards, Deloitte confirmed their independence to the Committee.

In respect of audit tendering and rotation, the Committee has adopted a policy which complies with the Code and FRC Guidance. This policy requires an annual assessment of whether an audit tender is required on the basis of quality or independence, a mandatory tender after ten years, and rotation of audit firms at least every 20 years. At the AGM in May 2020, the tender process for the appointment of the external auditor for the financial year 2020, which had started in 2019, was concluded by shareholder approval for the appointment of Deloitte as the Company's external auditor for the year ending 31 December 2020.

Use of external auditors for non-audit services

The Audit Committee and Board believe that the external auditor's independence and objectivity can potentially be affected by the level of non-audit services to EnQuest. However, the Committee acknowledges that certain work of a non-audit nature is best undertaken by the external auditor given their working knowledge of the Group. To ensure objectivity and independence, and to reflect best practice in this area, the Company's policy on non-audit services reflects the EU Regulations.

As part of the Committee's process in respect of the provision of non-audit services, the external auditor provides the Committee with information about its policies and processes for maintaining independence and monitoring compliance with current regulatory requirements, including those regarding the rotation of audit partners and employees. Deloitte has reconfirmed its independence and objectivity.

The key features of the non-audit services policy, the full version of which is available on our website (www.enquest.com; under Corporate Governance within the Investors section), are as follows:

- A pre-defined list of prohibited services has been established;
- A schedule of services where the Group may engage the external auditor has been established and agreed by the Committee;
- Any non-audit project work which could impair the objectivity or independence of the external auditor may not be awarded to the external auditor; and
- Fees for permissible non-audit services provided by the external auditor for three consecutive years are to be capped at no more than 70% of the average Group audit fee for the preceding three years. Following a change in external auditor, the 70% cap does not apply for the first three years.

The Committee continues to review non-audit services and, in light of the revised FRC Ethical Standards, reviews the scope of work to ensure its close link to audit services.

Delegated authority by the Audit Committee for the approval of non-audit services by the external auditor is as follows:

Authoriser	Value of services per non-audit project
Chief Financial Officer	Up to £50,000
Chairman of the Audit Committee	Up to £100,000
Audit Committee	Above £100,000

Directors’ remuneration report

> The Committee’s focus remains ensuring reward for Executive Directors, the Executive Committee and senior managers incentivises the delivery of EnQuest’s strategy and performance goals.

Howard Paver
Chair of the Remuneration and Social Responsibility Committee

Dear fellow shareholder

On behalf of the Board and my fellow members of the Remuneration Committee, I am pleased to present EnQuest’s Directors’ Remuneration Report (‘DRR’) for the financial year ended 31 December 2020.

My first year as Committee Chair has been active and challenging. The Committee’s work has included the development of a new three-year Remuneration Policy (the ‘Policy’), which involved the ongoing assessment of the appropriateness of the Company’s total compensation package available for Executive Directors to ensure it remains aligned with our agreed remuneration principles, and continued assessment and implementation of appropriate measures to ensure ongoing compliance with the UK Corporate Governance Code (the ‘Code’). The Committee also devoted significant time and attention to approving a level of reward for 2020 that was commensurate with the Company’s performance, recognising the challenging external environment and the management response to the challenges presented.

The 2021 Policy is presented on pages 84 to 91 and has been produced in consultation with major shareholders and is, in my view, reflective of the culture and Values of the business. The main revisions to the policy relate to the implementation of full alignment between Executive Director pension contribution and those of the workforce, demonstrating fairness and transparency, clarification of malus and clawback provisions applied to Performance Share Plan (‘PSP’) awards, and a limit on the time permitted to achieve shareholding requirements to ensure direct alignment with shareholder interests in a reasonable timeframe.

We continue to undertake benchmarking analysis of all key reward components for Executive Directors and Executive Committee members ahead of the annual pay review. This benchmarking exercise, which was thoroughly debated in the boardroom and independently validated by our remuneration advisers, Mercer Kepler, satisfied the Committee that the shape and level of our remuneration practices are appropriately positioned against those of comparator companies of similar size and scope.

The Committee believes that the current remuneration structure presented in the 2021 Policy is clear, simple, and appropriately aligned with the Company’s strategy, risk appetite and culture, and that incentives are appropriately capped.

The 2019 report included the required reporting of the Chief Executive pay ratio. The chosen calculation was in line with single figure methodology, also known as ‘Option A’; the same methodology has been applied to the year ended 31 December 2020, resulting in a CEO pay ratio of 12:1.

Within the Strategic report, the Company has set out its intent to positively contribute towards the objective under the UK’s current legislation to achieve ‘net-zero’ emissions by 2050. Emissions reduction targets have been included in the 2021 Company Performance Contract (‘CPC’) and in the three-year PSP performance conditions. The 2021 CPC also includes targets relating to the Group’s culture and Values and improving workforce diversity.

The DRR has three sections:

1. This annual summary statement;
2. The Policy which is presented for shareholder approval; and
3. The Annual Report on Remuneration of the Executive Directors and Non-Executive Directors for 2020, which will be subject to an advisory shareholder vote at the 2021 AGM.

Shareholder consultation

Our programme of open and transparent shareholder dialogue continued to provide a valuable contribution to the Committee’s work in developing revisions to our Policy. We are aware of current institutional shareholder guidelines on executive remuneration, and have now aligned Executive Director pension contributions with those of the wider workforce and included greater transparency around the circumstances which will be subject to malus or clawback. We have further sought to simplify performance measures for both the annual bonus and PSP and to include environmental, social and governance (‘ESG’) measures in both.

Response to COVID-19

The Committee considers the response of management and the workforce to the challenges presented by COVID-19 to be highly commendable. Production was not adversely affected and testing protocols were implemented for the offshore workforce in an efficient and timely way. Employees based onshore adjusted to working from home with minimal disruption, and delivered a significant programme of transformation. The Company sought no government support during the crisis and Executive Directors, the Executive Committee and senior leadership teams took a voluntary 20% reduction in salary in April, May and June 2020.

Performance and remuneration outcomes for 2020

The Company performed well across the entire range of financial and operational measures included in the CPC, with all results above target and some exceeding the stretch targets set. A measurable programme of work in relation to ESG was approved and progress on employee engagement initiatives was measured. In addition, the Group's diversity and inclusion policy was revised with an accompanying strategy developed.

However, the Committee fully understands the importance of also reflecting shareholder and employee experience through the year in its reward decisions, and acknowledged the Group's Health, Safety, Environment and Assurance ('HSEA') performance during the year was mixed. Good progress was made with leading metrics and a number of assets had strong occupational safety performance, but there was a significant incident at the PM8/Seligi asset. As a result, the Committee utilised its discretion and applied a downward revision to both the CPC outcome, and the individual performance contract ('IPC') outcomes for the CFO and other members of the Executive Committee. Performance against the CPC and associated bonus awards for the CEO and CFO are set out on pages 92 to 94 of this report and reflect the downward adjustment.

2020 annual bonus – payable in 2021

The Executive Directors' annual bonus awards are based on a combination of financial and operational results and the achievement of key accountability objectives. The bonus attainment for Amjad Bseisu (CEO) was based solely on achievement against the CPC. In the case of Jonathan Swinney (CFO), 50% of his bonus award was based on the CPC and 50% on achievement against performance measures set out in his IPC. The 2020 target and maximum bonus potential for Executive Directors were 75% and 125% of salary, respectively. 2020 bonus awards of 75% of base salary (60% of maximum) have been made for both Amjad Bseisu and Jonathan Swinney. The Committee believes that these levels of award are appropriate given the outcome of the CPC and the positive management and business response to the impact of the COVID-19 crisis and oil price volatility, balanced against the shareholder and employee experience and Group HSEA performance. Taken together, this resulted in a downward adjustment to the CPC formulaic outcome and a cap being applied to the IPC. Full details of how these awards were determined is included on pages 92 to 95 of this report.

Performance Share Plan

The 2018 PSP award made to Executive Directors will vest on 24 April 2021. The three-year performance period ended on 31 December 2020 and the award will vest at 63.9% of the original award. The Committee agreed it was appropriate that the performance calculation included production and reserves growth arising out of the non-equity funded element of the 2018 acquisition of the additional 75.0% interest in Magnus. No benefit was included in relation to the portion of the acquisition funded from the net rights issue proceeds. A further adjustment was made to account for the production lost and costs saved from the strategic decision taken in the second quarter of 2020 to close production on the Heather and Thistle assets early. Taking these adjustments into account, the production growth target vested at 23.0% out of 30.0%, but the reserves growth target, which had a weighting of 10.0%, was not achieved. Total Shareholder Return ('TSR') vested at 10.9% out of 30.0%, while the net debt target, with a weighting of 30.0%, was achieved in full. Full details of actual performance against the four performance conditions of TSR, production growth, reserves growth and net debt targets are on pages 95 and 96 of this report.

A PSP award of 250% of salary for both Amjad Bseisu and Jonathan Swinney was made on 24 April 2019. The performance conditions associated with this award will be measured over the three-year performance period until 31 December 2021, with the award vesting in April 2022.

For 2020, following significant shareholder consultation, a single measure of 100% relative TSR was applied. The Committee had previously indicated its intention to use its discretion to increase the weighting of TSR from 30% to 50% and re-weight production growth and reserves growth downwards to 15% and 5% respectively, with the reduction in net debt intended to stay at 30% weighting. However, engagement with shareholders in relation to the process of making awards to Executive Directors, provided an opportunity to accelerate the evolution of performance conditions. PSP awards to Executive Directors were made in September 2020, following the approval of updated share plans at the 2020 AGM. To reflect the impact of oil price volatility and COVID-19 on the Company share price, and to ensure Executive Directors did not benefit from 'windfall gains' as a result, awards were calculated using the 12-month average share price. This resulted in an effective reduction in award value of c.27%. The Committee retains discretion to make further adjustments at the vesting point, if it is deemed appropriate. Additionally, the Committee applied a discretionary downward adjustment to the value of PSP awards made to senior management (15% reduction) and other employees (10% reduction). These awards were calculated as normal using the three-day average share price.

Executive Director shareholding

Executive Directors are expected to build up and hold a shareholding of 200% of salary. Both Amjad Bseisu and Jonathan Swinney comfortably meet this requirement.

Executive Director remuneration in 2021

2021 base salaries

For 2021, the Committee has held salaries for Executive Directors at 2020 levels; this is in line with the UK workforce.

2021 PSP awards

The Committee has decided to make awards of PSP to Amjad Bseisu and Jonathan Swinney at 250% of salary. These awards will be made in April 2021 and will be subject to two performance targets, relative TSR and emissions reduction.

In 2020, we again saw the clear benefits of transparency and proactive interaction with major shareholders. We welcome your input and are always prepared to listen and take on board suggestions that help EnQuest to continue to develop and improve. The Committee and I wish to thank all our shareholders for their ongoing support over the years. I hope you will all support and vote for this DRR at the forthcoming AGM.

Howard Paver
Chair of the Remuneration and Social Responsibility Committee
24 March 2021

Governance

General governance

The Directors' Remuneration Report has been prepared in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. It also describes the Group's compliance with the 2018 UK Corporate Governance Code (the 'Code') in relation to remuneration. The Committee has taken account of the new requirements for the disclosure of Directors' remuneration and guidelines issued by major shareholder bodies when setting the remuneration strategy for the Company.

Remuneration Policy

The following sections of this report set out our Directors' Remuneration Policy (the 'Policy'), which will be put to shareholders for their approval at the 2021 Annual General Meeting in accordance with section 439A of the Companies Act 2006.

In last years' remuneration report, we indicated that we would undertake a full review of our Executive Director Remuneration Policy in consultation with shareholders.

Remuneration principles

In determining the Policy presented below, and submitted for approval at the 2021 AGM, we have reviewed our overall remuneration principles to ensure that they continue to be aligned with our strategy and stakeholder interests. EnQuest's strategic objective is to be the operator of choice for maturing and underdeveloped hydrocarbon assets, focused on enhancing hydrocarbon recovery and extending the useful lives of these assets in a profitable and responsible manner.

Our principles remain clear and simple: we want to ensure that we operate with the appropriate culture, strengthening the link between reward and performance and emphasising the importance of our purpose and Values.

In summary, the principles underpinning our Policy are that remuneration for Executive Directors should:

- Support alignment of executives with stakeholders;
- Be fair, reflective of best practice, and market competitive;
- Comprise fixed pay set around the median and variable pay capable of delivering remuneration at upper quartile; and
- Reward performance with a balance of short-term and long-term elements, with the emphasis on longer-term reward.

The table below sets out how the principles of the Code relating to the design of remuneration policies and practices have been applied:

Clarity	Simplicity	Risk	Predictability	Proportionality	Alignment to culture
We ensure pay for performance and that our Policy is designed to be logical and transparent. We engage in shareholder consultation when considering material changes to Policy or process. We believe our remuneration arrangements, and the principles underpinning them, are clear and well understood by our stakeholders.	Remuneration for Executive Directors is comprised of distinct elements: • salary; • pension and other benefits aligned with the wider UK workforce; • annual bonus; and • long-term incentive awards to reward sustainable long-term performance.	Remuneration arrangements ensure that the risks from excessive rewards are easily identified and mitigated. Salaries are reviewed annually and consider a variety of factors, including external benchmarking and salary increases across the wider workforce. Variable pay elements are linked directly to Company performance.	Target ranges and potential maximum payments under each element of remuneration are disclosed within the DRR. The Committee operates a high degree of discretion over variable pay elements and can adjust any pay outcomes that the Committee deems are inconsistent with the performance of the Company.	The Committee has ensured that appropriate safeguards are incorporated into the 2021 Policy. Annual bonus is directly aligned to Company objectives, and the Committee retains discretion to adjust outcomes that are considered disproportionate to the experience of other stakeholders	Our business performance metrics and remuneration structure are aligned to our culture and Values, with specific non-financial measures included in performance metrics. The Committee keeps all performance metrics under review and retains the flexibility to introduce further culture and Values measures into our annual bonus plan.

Executive Directors

General approach

The remuneration of the Executive Directors comprises base salary, participation in an annual bonus plan (paid partly in cash and partly in deferred shares), a long-term incentive plan (referred to as the Performance Share Plan ('PSP')), private medical insurance, life assurance, personal accident insurance, and cash in lieu of pension.

When setting remuneration for the Executive Directors, the Committee takes into account the performance and experience of the Director, as well as the Company performance, employment conditions for other employees in the Company, and the external marketplace. Data is obtained from a variety of independent sources.

The following table details EnQuest's Remuneration Policy which will become binding from 12 May 2021, subject to approval at the 2021 AGM, with revisions to the Policy approved in May 2018 identified in the notes below this table:

Purpose	Operation/key features	What is the maximum potential opportunity?	Applicable performance measures
Component: Salary and fees			
To enable the recruitment and retention of Executive Directors who possess the appropriate experience, knowledge, commercial acumen and capabilities required to deliver sustained long-term shareholder value.	• Set at or below median when compared to a comparator group generally of the same size and industry as EnQuest and who have a similar level of enterprise value. • Salaries are typically reviewed by the Remuneration Committee in January each year.	Typically, the conditions and pay of all employees within the Company are factors considered by the Committee in its review. Increases in excess of the general workforce may be made where there is a significant change in duties, contribution to Company performance, personal performance, or external market conditions.	None.
Component: Pension and other benefits			
Provide market-competitive employee benefits that are in line with the marketplace and enable EnQuest to attract and retain high-calibre employees, as well as providing tax-efficient provision for retirement income.	• Delivered as cash in lieu of pension, with remaining benefits provided by the Company. • Executive Directors may participate in the HMRC-approved Sharesave Scheme and benefit from share price growth. • Reviewed periodically by the Remuneration Committee and adjusted to meet typical market conditions. • Where required, we would offer additional benefits in line with local market practice. • Any reasonable business-related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed.	The maximum pension allowance that may be offered is the lesser of 10% of salary or £50,000, plus private medical insurance, life assurance and personal accident insurance, the costs of which are determined by third-party providers.	None.
Component: Annual bonus			
Incentivises and rewards short-term performance (over no more than one financial year) through the achievement of pre-determined annual targets which support Company strategy and shareholder value.	• Up to 100% of salary paid as cash. All bonus above 100% of salary is deferred into EnQuest shares for two years, subject to continued employment. • The Committee has discretion to allow Executive Directors to receive dividends that would otherwise have been paid on deferred shares at the time of vesting. • Both cash and share elements of bonuses awarded from 2017 may be subject to malus or clawback in the event of a material misstatement of the Company's accounts, errors in the calculation of performance, or gross misconduct by an individual for up to three years following the determination of performance.	• Target award – 75% of salary. • Maximum award – 125% of salary.	• Using a scorecard approach, including key performance objectives such as financial, operational, project delivery, HSEA targets and net debt. These are set annually by the Committee, with varying weightings. • Performance against key objectives has threshold, target and stretch components. • Where the threshold level of performance is met for each element, bonuses will begin to accrue on a sliding scale from 0%.

Purpose	Operation/key features	What is the maximum potential opportunity?	Applicable performance measures
Component: Performance Share Plan ('PSP')			
Encourages alignment with shareholders on delivery of the longer-term strategy of the Company. Enhances delivery of shareholder returns by encouraging higher levels of Company performance. Encourages executives to build a shareholding.	• Annual award levels may take account of the performance of the Company and the Executive Director in the prior year. • Awards vest over three years provided corporate performance conditions have been achieved. • Dividend equivalent on unvested awards will accrue in shares only. • Awards vesting from 2022 onwards are subject to an additional two-year holding period which, unless the Committee determines otherwise, will apply up to the fifth anniversary of the date of grant. • The Committee has discretion to allow Executive Directors to receive dividends that would otherwise have been paid on shares at the time of vesting. • Awards may take the form of conditional awards, nil cost options or joint interests in shares. Where joint interests in shares are awarded, the participants and the Employee Benefit Trust ('EBT') acquire separate beneficial interests in shares in the Company. • Awards granted from 2021 onwards are subject to malus or clawback in the event of: – Material misstatement of the Company's accounts; – Errors in the calculation of performance; – Gross misconduct by an individual for up to three years following the determination of performance; – Material error in the information on which the size of awards or the extent of achievement of performance conditions was based; – Material risk management failure; – Material corporate failure; – Fraud and financial impropriety; – Serious reputational damage or material loss caused by the participant's actions; – Material contravention by the participant of the Company's Values and ethics.	• Normal maximum – 250% of salary. • Exceptional maximum – 350% of salary.	• Vesting of awards granted from 2021 will be based on a blend of measures including, but not limited to, relative TSR and ESG measures. • No more than 25% of the maximum award vests at threshold. • Details of the performance conditions applied to awards granted in the year under review and for the awards to be granted in the forthcoming year are set out in the Annual Report on Remuneration. • The number, type and weighting of performance measures may vary for future awards to help drive the strategy of the business provided these are no less challenging than the existing targets. • The Committee will normally consult with major shareholders before introducing any material new metrics.
Component: Shareholding requirement			
To ensure sustained alignment between the interests of Executive Directors and our shareholders.	• Executive Directors are required to maintain a shareholding equivalent to at least 200% of salary. • Executive Directors will have a maximum period of five years from appointment to attain this shareholding level. • Shareholding must be retained for a period of two years post-employment at the lower of the actual shareholding and the in-post requirement, including both vested and unvested shares.	n/a	None.

Purpose	Operation/key features	What is the maximum potential opportunity?	Applicable performance measures
Component: Chairman and Non-Executive Director fees			
To attract Non-Executive Directors of the calibre and experience required for a company of EnQuest's size.	• Fees for the Non-Executive Directors are reviewed annually by the Chairman and Executive Directors and take into account: – typical practice at other companies of a similar size and complexity to EnQuest; – the time commitment required to fulfil the role; and – salary increases awarded to employees throughout the Company. • Non-Executive Directors are paid a base fee, with additional fees being paid to the Senior Independent Director and Committee Chairs, to reflect the additional time commitments and responsibilities these roles entail. • Additional fees may be paid if there is a material increase in time commitment and the Board wishes to recognise this additional workload. • Any reasonable business-related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed. • The Non-Executive Directors are not eligible to participate in any of the Company incentive schemes. • The Chairman's fee is set by the Senior Independent Director and consists of an all-inclusive fee.	• Limited by the Company's Articles of Association. • Reviewed periodically but at least every third year.	None.

Changes to policy

Pension contributions

Executive Director pension contributions will be fully aligned with the workforce at the lesser of 10% of salary and £50,000. This is a significant change and demonstrates the Committee's commitment to fairness across the business. Contributions will continue to be offered as a cash equivalent.

Performance Share Plan

The PSP rules were updated and approved by shareholders in 2020. No changes are proposed to award levels although changes proposed to the operation of the plan include clarification that any dividend equivalent on unvested awards will accrue in shares. Additionally, performance conditions have been simplified and more clearly aligned to shareholder outcomes and the Company purpose, with the malus and clawback triggers expanded to clarify the provisions.

Shareholding requirement

The existing shareholding requirement of 200% of salary is retained. Additionally, a maximum period of five years to attain this shareholding level has been introduced for new Executive Directors with the introduction of the requirement that shares are held for a minimum period of two years post-employment at the lower of the actual shareholding level at the time of leaving or the in-post requirement. The changes proposed will further strengthen the alignment of interest between Executive Directors and shareholders.

Performance measures and targets

Annual bonus

The key performance indicators in the Company scorecard that also determine the annual bonus of Executive Directors include, but are not limited to, the following categories:

- Environmental, Social and Governance ('ESG');
- Financial (including EBITDA, opex, capex and net debt);
- Operational performance/production;
- Project delivery;
- Reserves additions; and
- Objectives linked to key accountabilities.

The measures in each category are selected by the Committee to support the creation of shareholder value. These criteria are also aligned with the longer-term strategy of the Company and the performance conditions of the Company's PSP. In addition to measuring performance against objectives, the Committee will consider the overall quality of the Company's financial performance and other factors, particularly HSEA, when determining annual performance pay awards.

Amjad Bseisu's bonus objectives are normally based solely on the Company Performance Contract ('CPC') of EnQuest. Jonathan Swinney's bonus objectives may also include up to 25% based on additional objectives that cover his own specific area of key accountabilities and responsibilities.

Annual bonus and share deferrals

Executive Directors will normally receive any applicable annual bonus in cash and deferred shares. Any amount up to the equivalent of 100% of salary will be distributed in cash around the time of the announcement of full-year results, with any amount above the equivalent of 100% of salary converted into EnQuest shares (without further performance conditions) and deferred for two years, subject to continued employment. In exceptional circumstances, these awards may be settled in cash, but only with the pre-approval of the Remuneration Committee.

Performance Share Plan

The PSP is typically awarded annually and has a vesting period of three years. Awards granted from 2019 onwards are subject to an additional two-year holding period which, unless the Committee determines otherwise, will apply up to the fifth anniversary of the date of grant. The performance condition attached to the awards granted in 2020 is relative TSR measured against a comparator group of oil and gas companies.

Approach to recruitment remuneration

In the event that the Company appoints a new Executive Director, either internally or externally, when determining appropriate remuneration arrangements, the Committee will take into consideration a number of factors including, but not limited to: quantum relating to prior arrangements; the remuneration of other Executive Directors in the Company; appropriate benchmarks in the industry; and the financial condition of the Company. On the appointment of a new Chair or Non-Executive Director, the fees will be set taking into account the experience and calibre of the individual. This ensures that the arrangements are in the best interests of both the Company and its shareholders without paying more than is necessary to recruit an executive of the required calibre.

Salaries for new hires (including internal promotions) will be set to reflect their skills and experience, the Company's intended pay positioning and the market rate for the role. If it is considered appropriate to appoint a new Director on a below-market salary initially (for example, to allow them to gain experience in the role), their salary may be increased to a median market level over a period by way of increases above the general rate of wage growth in the Group and inflation.

The remuneration package for a new Executive Director would be set in accordance with the terms of the Company's approved Policy at the time. Different performance measures may be set for the year of joining the Board for the annual bonus and PSP, taking into account the individual's role and responsibilities and the point in the year the executive joined.

Benefits and pensions for new appointees to the Board will be provided in line with those offered to other executives and employees taking into account corporate governance requirements and local market practice, with relocation expenses/arrangements provided for, if necessary. Tax equalisation may also be considered if an executive is adversely affected by taxation due to their employment with EnQuest. Legal fees and other relevant costs and expenses incurred by the individual may also be paid by the Company.

In the case of an internal hire, any outstanding variable pay awarded in relation to the previous role will be allowed to pay out according to its terms of grant.

The Committee may make additional awards on appointing an Executive Director to 'buy-out' remuneration arrangements forfeited on leaving a previous employer. Any such payments would be based solely on remuneration lost when leaving the former employer and would reflect (as far as practicable) the delivery mechanism, time horizons and performance requirement attaching to that remuneration. The Group's existing incentive arrangements, including the 2020 Restricted Share Plan ('RSP'), will be used to the extent possible for any buyout (subject to the relevant plan limits), although awards may also be granted outside of these schemes, if necessary, and as permitted under the Listing Rules.

Service contracts

Amjad Bseisu and Jonathan Swinney entered into service agreements with the Company which are terminable by either party giving not less than 12 months' written notice. The Company may terminate their employment without giving notice by making a payment equal to the aggregate of the Executive Director's basic salary and the value of any contractual benefits for the notice period including any accrued but untaken holiday. Such payments may be paid monthly and would be subject to mitigation.

Executive Directors	Date of appointment	Notice period
Amjad Bseisu	22 February 2010	12 months
Jonathan Swinney	29 March 2010	12 months

The Chairman and Non-Executive Directors have letters of appointment, the details of which are provided below.

Non-Executive Directors' letters of appointment[1]	Date of appointment	Notice period	Initial term of appointment
Martin Houston	1 October 2019	3 months	3 years
Carl Hughes	1 January 2017	3 months	3 years
Philip Holland	1 August 2015	3 months	3 years
John Winterman	7 September 2017	3 months	3 years
Howard Paver	1 May 2019	3 months	3 years
Farina Khan	1 November 2020	3 months	3 years
Liv Monica Stubholt	15 February 2021	3 months	3 years

Note:
1 Laurie Fitch decided to step down upon expiry of her service agreement on 8 January 2021

External directorships
The Company recognises that its Executive Directors may be invited to become Non-Executive Directors of companies outside the Company and exposure to such non-executive duties can broaden experience and knowledge, which would be of benefit to the Company. Any external appointments are subject to Board approval (which would not be given if the proposed appointment required a significant time commitment; was with a competing company; would lead to a material conflict of interest; or could otherwise have a detrimental effect on a Director's performance). Executive Directors will be permitted to retain any fees arising from such appointments, details of which will be provided in the respective companies' Annual Report on Remuneration.

Policy on payment for loss of office
The Company's policy is for all Executive Directors to have contracts of service which can be terminated by either the Director concerned or the Company on giving 12 months' notice of termination. In the event of termination by the Company (other than as a result of a change of control), the Executive Directors would be entitled to compensation for loss of basic salary and cash benefit allowance and insured benefits for the notice period up to a maximum period of 12 months. Such payments may be made monthly and would be subject to mitigation. The Company may also enable the provision of outplacement services to a departing Executive Director, where appropriate.

When Executive Directors leave the Company with good leaver status, and they have an entitlement to unvested shares granted under the Deferred Bonus Share Plan ('DBSP') and PSP, any performance conditions associated with each award outstanding would remain in place and be tested as normal at the end of the original performance period. Shares would also normally then vest on their original vesting date in the proportion to the satisfied performance conditions and are normally pro-rated for time. Awards held by Executive Directors who are not good leavers would lapse.

An annual bonus would not typically be paid to Executive Directors when leaving the Company. However, in good leaver circumstances, the Committee has the discretion to pay a pro-rated bonus in cash, in consideration for performance targets achieved in the year. Deferred bonus shares held by good leavers will normally vest at the normal vesting date.

Similar provisions related to the treatment of incentive awards would apply on a change of control, with performance conditions normally tested at the date of the change of control and with pro-rating for time, although the Remuneration Committee has discretion to waive pro-rating (but not the performance conditions) where it feels this is in the best interests of shareholders.

The Non-Executive Directors do not have service contracts but their terms are set out in a letter of appointment. Their terms of appointment may be terminated by either party giving three months' notice in writing. During the notice period, Non-Executive Directors will continue to receive their normal fee.

Committee discretion and determinations
The Committee will operate the annual bonus scheme, DBSP, PSP, RSP and Sharesave Scheme according to their respective rules and in accordance with the Listing Rules and HMRC requirements, where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these arrangements. These include, but are not limited to, the following:
- Who participates in the plans;
- The timing of grant of award and/or payment;
- The size of an award and/or payment;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Applying 'good leaver' status in circumstances such as death, ill health and other categories as the Committee determines appropriate and in accordance with the rules of the relevant plan;
- Discretion to disapply time pro-rating in the event of a change of control or good leaver circumstances;
- Discretion to settle any outstanding share awards in cash in exceptional circumstances;
- Adjustments or variations required in certain circumstances (e.g. rights issues, corporate restructuring, change of control, special dividends and other major corporate events); and
- The ability to adjust existing performance conditions and performance targets for exceptional events so that they can still fulfil their original purpose.

If an event occurs which results in any applicable performance conditions and/or targets being deemed no longer appropriate (e.g. a material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions or targets are not materially less difficult to satisfy.

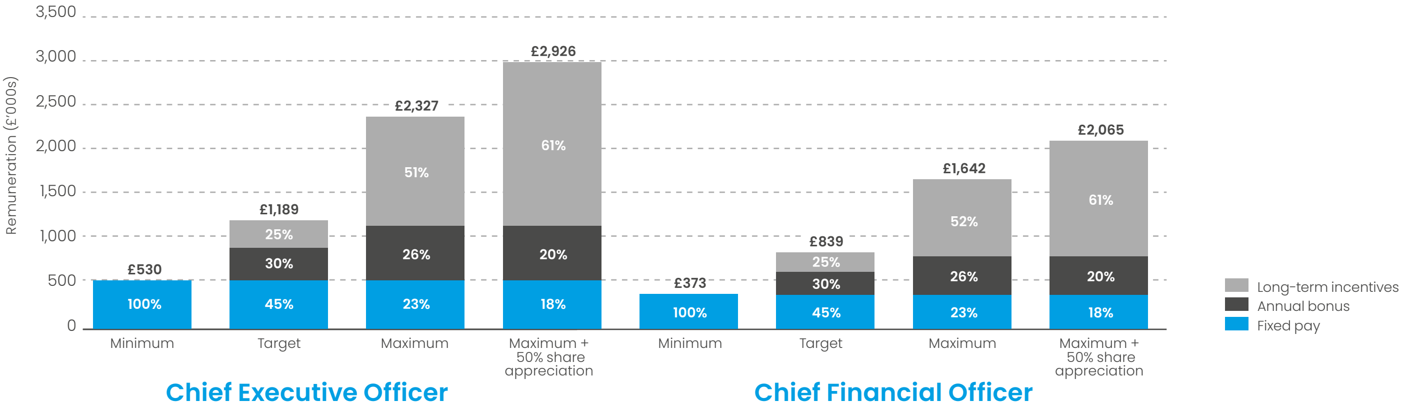
If tax liabilities arise from an error or omission by the Company that is outside of the control of the Executive Directors, the Committee will have the ability to reimburse any such tax liabilities.

Legacy awards
For the avoidance of doubt, authority is given to the Committee to honour any commitments entered into with current or former Directors (such as the payment of a pension or the unwind of legacy share schemes) that have been disclosed to shareholders in this or any previous DRRs or subsequently agreed in line with the approved Policy in force at that time. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Remuneration outcomes in different performance scenarios
The charts on the following page set out an illustration of the remuneration arrangements for 2021 in line with the Policy. These charts provide an illustration of the proportion of total remuneration made up of each component of the Policy and the value of each component.

In accordance with the remuneration reporting requirements, four 2021 scenarios are illustrated for each Executive Director:

Below threshold performance	• Fixed remuneration • Zero annual bonus • No vesting under the PSP
Target performance	• Fixed remuneration • 75% of annual base salary as annual bonus • 25% of maximum vesting under the PSP at threshold performance
Maximum performance	• Fixed remuneration • 125% of annual base salary as annual bonus • Full vesting under the PSP
Maximum performance plus 50% share appreciation	• Fixed remuneration • Maximum payout under the annual bonus • Full vesting under the PSP plus assumed 50% share price appreciation at vesting



Notes:
For Amjad Bseisu (CEO), fixed pay comprises salary from 1 January 2021, a pension allowance of £50,000 plus medical insurance benefit of £1,250
For Jonathan Swinney (CFO), fixed pay comprises salary from 1 January 2021, a pension allowance of £33,829 plus medical insurance benefit of £1,250
Rounding may apply

Statement of consideration of employment conditions elsewhere in the Company
The remuneration arrangements for the Executive Directors are consistent with the remuneration principles that have been established and are similar to those of the other employees of EnQuest.

The key differences are as follows:
- Executive Directors and members of the Executive Committee have their fixed pay set below or at market median for the industry; other employees typically have their salaries positioned at market median. Specific groups of key technical employees may have their salaries set above median for the industry;
- All employees are offered a non-contributory pension scheme. Executive Directors are given cash in lieu of pension. Non-Executive Directors do not participate in pension or benefits arrangements;
- Non-Executive Directors do not participate in the annual bonus scheme;
- If applicable, Executive Directors have an element of the annual bonus automatically converted to shares and deferred; and
- All other employees may be invited to participate in the DBSP where they can elect to defer a defined proportion of their annual bonus and receive a matching amount of shares that vest over the following three years. Executive Directors are not eligible to receive matching share awards under this plan.

During the annual remuneration review, the Committee receives a report which details the remuneration arrangements of other executives and senior management as well as the overall spend versus budget for all employees. This report helps to act as a guide to the Committee as to the levels of reward being achieved across the organisation so that they can ensure the Directors' pay does not fall out of line with the general trends.

Employees have not previously been directly consulted about the setting of Directors' pay, although the Committee will take into consideration any developments in regulations in operating this policy.

Statement of shareholder views
The Remuneration Committee welcomes and values the opinions of EnQuest's shareholders with regard to the levels of remuneration for Directors. The 2019 DRR was voted on at the AGM held in May 2020, where 94.35% of the votes cast were in favour.

Shareholders were consulted in relation to Policy changes and their feedback was incorporated into the final Policy presented in this report at pages 84 to 91. In addition to this, shareholder views were sought and received regarding the appropriate methodology to apply when adjusting the level of Executive Director PSP award in 2020, and the performance condition attached to this award.

Shareholders further expressed a preference for a simplified approach to performance measures applied to Executive Director bonus calculations, and the Committee is confident that the measures set out for 2021 bonus on page 100 will be well received. Both bonus and PSP performance conditions for 2021 also reflect the ongoing focus from shareholders on ESG matters, with quantitative targets included for both short-term and long-term incentives.

Annual Report on Remuneration for 2020

Terms of reference

The Committee's terms of reference are available either on the Company website, www.enquest.com, or by written request from the Company Secretariat team at the Group's London headquarters. The remit of the Committee embraces the remuneration strategy and policy for the Executive Directors, the Executive Committee, senior management and, in certain matters, for the whole Company.

Meetings in 2020

The Committee has four scheduled meetings per year. During 2020, it met on four occasions as scheduled to review and discuss base salary adjustments for 2021, the setting of Company performance conditions and related annual bonus for 2020, PSP performance conditions, UK Corporate Governance Code provisions and the approval of share awards.

Committee members, attendees and advisers

Member	Date appointed Committee member	Attendance at scheduled meetings during the year
Howard Paver[1]	1 May 2019	4
Laurie Fitch[1,2]	8 January 2018	4
Martin Houston	15 October 2019	4

Notes:
1 Howard Paver assumed the role of Chair of the Remuneration Committee on 21 May 2020, replacing Laurie Fitch who stepped down as Chair of the Committee on the same day
2 Laurie Fitch decided to step down from the Board upon expiry of her service agreement on 8 January 2021. Laurie was replaced on the Committee on 2 February 2021 by Farina Khan, who was appointed to the Board on 1 November 2020

Advisers to the Remuneration Committee

The Committee invites individuals to attend meetings to provide advice so as to ensure that the Committee's decisions are informed and take account of pay and conditions in the Company as a whole. These individuals, who are not members but may attend by invitation, include, but are not limited to:

- The Chief Executive (Amjad Bseisu);
- The Chief Financial Officer (Jonathan Swinney);
- The Company Secretary (Stefan Ricketts);
- A representative from the Group's Human Resources department; and
- A representative from Mercer Kepler, appointed as remuneration adviser by the Committee from 1 August 2017.

No Director takes part in any decision directly affecting their own remuneration.

Information subject to audit

Directors' remuneration: the 'single figure'

In this section of the report we have set out the payments made to the Executive and Non-Executive Directors of EnQuest for the year ended 31 December 2020, together with comparative figures for 2019.

Single total figure of remuneration – Executive Directors

		'Single figure' of remuneration – £'000s[1]							
Director	Year	Salaries and fees[2]	All taxable benefits	Pension[3]	Total fixed pay	Annual bonus[4]	LTIP[5]	Total variable	Total fixed and variable
Amjad Bseisu	**2020**	**455**	**1**	**50**	**507**	**359**	**253**	**612**	**1,119**
	2019	470	1	50	521	478	276	754	1,275
Jonathan Swinney	**2020**	**321**	**1**	**43**	**365**	**254**	**165**	**419**	**784**
	2019	329	1	50	381	357	179	536	917
Total	**2020**	**777**	**3**	**93**	**872**	**613**	**418**	**1,031**	**1,903**
	2019	799	3	100	902	835	455	1,290	2,192

Notes:
1 Rounding may apply
2 Salary and fees reflect voluntary 20% salary reduction applied in April, May and June 2020
3 Cash in lieu of pension
4 The annual bonus for 2020 for Amjad Bseisu and Jonathan Swinney was based on base salary levels and payment was made in respect of the full financial year. The amount stated is the full amount (including any portion deferred). Any Executive Director bonus for Amjad Bseisu and Jonathan Swinney that is above 100% of their respective salary is paid in EnQuest PLC shares, deferred for two years, and subject to continued employment
5 **PSP awarded on 24 April 2018 which will vest on 24 April 2021:** the LTIP value shown in the 2020 single figure is calculated by taking the number of performance shares that will vest (63.9%) multiplied by the average value of the EnQuest share price between 1 October 2020 and 31 December 2020, as the share price on 24 April 2021 was not known at the time of this report
PSP awarded on 12 September 2017 which vested on 12 September 2020: the LTIP value shown in the 2019 single figure is calculated by taking the number of performance shares that vested (49.6%) multiplied by the actual share price of 11.50 pence on the next business day following the vesting date of 12 September 2020, as the vesting date was a weekend in the UK. The 2019 value of the vested shares in the remuneration table has been updated from last year's value to represent the actual value received on the date of vesting

Single total figure of remuneration – Non-Executive Directors

The remuneration of the Non-Executive Directors for the year ended 31 December 2020 was as follows, together with comparative figures for 2019:

	'Single figure' of remuneration – £'000s					
Director	**Salary and fees 2020**[1]	Salary and fees 2019	All taxable benefits 2020	All taxable benefits 2019	**Total for 2020**	Total for 2019
Martin Houston[2]	**190**	50	–	–	**190**	50
Howard Paver[3]	**70**	40	–	–	**70**	40
Laurie Fitch[4]	**61**	70	–	–	**61**	70
Carl Hughes	**67**	70	–	–	**67**	70
Philip Holland	**67**	70	–	–	**67**	70
John Winterman[5]	**67**	62	–	–	**67**	62
Farina Khan[6]	**10**	–	–	–	**10**	–
Jock Lennox[7]	**–**	156	–	–	**–**	156
Helmut Langanger[8]	**18**	70	–	–	**18**	70
Total	**548**	588	–	–	**548**	588

Notes:
1 Salary and fees paid in April, May and June 2020 were subject to a voluntary 20% reduction
2 Martin Houston was appointed as Chairman of the Board and Chairman of the Governance and Nomination Committee on 1 October 2019. His fees were pro-rated
3 Howard Paver was appointed as Non-Executive Director on 1 May 2019, Senior Independent Director on 31 March 2020 and Chair of the Remuneration and Social Responsibility Committee on 21 May 2020. His fees were pro-rated
4 Laurie Fitch assumed the role of Chair of the Remuneration and Social Responsibility Committee on 29 January 2019, stepping down on 21 May 2020. Her fees for 2020 were pro-rated
5 John Winterman was appointed as Chairman of the Technical and Reserves Committee on 15 October 2019. His fees were pro-rated
6 Farina Khan was appointed to the Board and became a member of the Audit Committee and Safety, Climate and Risk Committee on 1 November 2020. Her fees for 2020 were pro-rated
7 Jock Lennox retired as Chairman of the Board on 30 September 2019. His fees were pro-rated
8 Helmut Langanger stepped down as Chairman of the Remuneration and Social Responsibility Committee on 29 January 2019 and retired from the Board on 31 March 2020. His fees were pro-rated

Annual bonus 2020 – paid in 2021

The Committee's belief is that any short-term annual bonus should be tied to the overall performance of the Company. An Executive Director's annual bonus may also be tied to additional objectives that cover their own specific area of key accountabilities and responsibilities. The maximum bonus entitlement for the year ended 31 December 2020 as a percentage of base salary was 125% for Amjad Bseisu and Jonathan Swinney.

For Amjad Bseisu, the annual bonus for 2020 was wholly based on the CPC results. For Jonathan Swinney, 50% of the bonus potential was assessed against the CPC and 50% on achievement against personal targets based on key objectives for the year in his area of responsibility.

Company Performance Contract

The details of the CPC for both Amjad Bseisu and Jonathan Swinney and the personal objectives for Jonathan Swinney are set out in the following tables, showing the performance conditions and respective weightings against which the bonus outcome was assessed. The final CPC outcome was revised down by the Committee to reflect the shareholder and employee experience in 2020 and the PM8/Seligi incident (described in the Operating review and Our people and communities sections on pages 18 to 23 and 38 to 45, respectively), balanced against the positive response to the challenges presented by COVID-19 (described in the section 'Protecting our people' on page 08 to 09) and the successful business transformation (described in section 'Transforming our business' on pages 16 to 17.

Performance measure	Weighting	Performance targets and payout		Amjad Bseisu	Jonathan Swinney
Production (Mboepd)	40.00%	Threshold: 55.2 Maximum: 61.1	Maximum bonus % available	50.00%	25.00%
		Actual: 59.1	**Actual % payout**	**36.24%**	**18.12%**
Opex Cash opex ($ million)	30.00%	Threshold: 411 Maximum: 380	Maximum bonus % available	37.50%	18.75%
		Actual: 348	**Actual % payout**	**37.50%**	**18.75%**
Capex Cash capex ($ million)	10.00%	Threshold: 223 Maximum: 196	Maximum bonus % available	12.50%	6.25%
		Actual: 131	**Actual % payout**	**12.50%**	**6.25%**
ESG Board approval of a measurable programme of work and plans anticipated in the 2019 Annual Report for the Company's contribution to UK's net-zero target by 2050	10.00%	Threshold: Achieved by December Board Maximum: Achieved by August Board	Maximum bonus % available	12.50%	6.25%
		Actual: August to October	**Actual % payout**	**10.00%**	**5.00%**
Culture and Values Employee Engagement Survey Score – Diversity and inclusion	5.00%	Threshold: 6.5 Maximum: 7.5	Maximum bonus % available	6.25%	3.13%
		Actual: 7.0	**Actual % payout**	**3.75%**	**1.88%**
Culture and Values Improvement in Employee Engagement Overall Survey Score	5.00%	Threshold: Flat Maximum: 1.0	Maximum bonus % available	6.25%	3.13%
		Actual: 0.5	**Actual % payout**	**3.75%**	**1.88%**
Total bonus outturn (% of salary)				**103.74%**	**51.87%**
Discretionary adjustment (% of salary)				**(28.74)%**	**(14.37)%**
Adjusted final bonus (% of salary)				**75.00%**	**37.50%**

Note: Rounding may apply

Any payout against the CPC may be subject to an additional underpin based on the Committee's assessment of the Company's HSEA performance. The discretionary adjustment shown takes into account HSEA performance reviewed by the Committee in February 2021.

Personal objectives were set individually for Jonathan Swinney based on his key areas of focus for the year within his area of responsibility. Please note that for reasons of commercial sensitivity, full details of the target ranges are not being disclosed. However, the following table highlights the key objectives and achievements as assessed by the Committee for Jonathan Swinney's individual performance targets for 2020.

Jonathan Swinney
Individual Performance Contract

Objective	Weighting	Maximum bonus available	Measures	Key achievements	Performance outcome	Percentage of bonus achieved
Balance sheet responsibility (including liquidity)	25.00%	15.63%	Deliver appropriate funding to maintain liquidity	Assessed refinancing options and secured additional surety bonds	Maximum	15.63%
Financial control and discipline	20.00%	12.50%	Drive control environment and assess effectiveness. Support appropriate cost recovery across the portfolio	Achieved high levels of controls compliance with appropriate financial controls and effective cost recovery and control	Between target and maximum	10.00%
Strategy and business delivery	35.00%	21.88%	Ensure alignment of asset strategies and business plan processes and delivering technology-led finance projects	Aligned strategy and planning processes. Technology programmes designed and delivered on schedule and in accordance with agreed roadmap	Between target and maximum on strategy alignment and projects	20.25%
ESG and organisation development and people	20.00%	12.50%	Board approval of measurable ESG plans	ESG plan approved in good time	Between target and maximum on ESG targets	10.00%
			Employee survey score and diversity commitment	Survey score at target		
			Improvement in Finance survey scores	Improvement for Finance at stretch	Maximum	
Total:	**100.00%**	**62.50%**				**55.88%**
Discretionary adjustment (% of salary)						**(18.38)%**
Adjusted final bonus (% of salary)						**37.50%**

The annual bonus summary for the Executive Directors for 2020 is shown in the table on the following page. The Committee carefully assessed the achievement of the performance conditions against the CPC for Amjad Bseisu and against the CPC and personal objectives for Jonathan Swinney, then applied a discretionary downward adjustment to both to reflect shareholder and employee experience and HSEA performance balanced against COVID-19 response and business transformation delivery to determine the overall level of annual bonus for each Executive Director.

Performance measure[1]	Weighting	Amjad Bseisu Max	Amjad Bseisu Actual outturn % of salary	Jonathan Swinney Max	Jonathan Swinney Actual outturn % of salary
Production (Mboepd)	40.00%	50.00%	36.24%	25.00%	18.12%
Cash opex ($ million)	30.00%	37.50%	37.50%	18.75%	18.75%
Cash capex ($ million)	10.00%	12.50%	12.50%	6.25%	6.25%
ESG	10.00%	12.50%	10.00%	6.25%	5.00%
Culture and Values (diversity)	5.00%	6.25%	3.75%	3.13%	1.88%
Culture and Values (employee engagement)	5.00%	6.25%	3.75%	3.13%	1.88%
Sub-total	**100.00%**	**125.00%**	**103.74%**	**62.50%**	**51.87%**
Personal objectives	n/a	n/a	n/a	62.50%	55.88%
Total outturn (%)	**100.00%**	**125.00%**	**103.74%**	**125.00%**	**107.75%**
Discretionary adjustment (%)			**(28.74)%**		**(32.75)%**
Total payout (%)			**75.00%**		**75.00%**
Total payout (% of maximum)			**60.00%**		**60.00%**
Total 2020 bonus award (£)			**£359,352**		**£253,718**

Notes:
Rounding may apply
1 In relation to the financial measures, threshold, target and stretch performance pays out at 0%, 60% and 100% of maximum respectively and on a straight-line basis in between threshold and target performance and between target and stretch performance

2018 PSP awards that vest in 2021

The LTIP award made to Executive Directors on 24 April 2018 was based on the performance to the year ended 31 December 2020 and will vest on 24 April 2021.

The performance targets for this award and actual performance against those targets over the three-year financial period were as follows:

			Performance conditions and weighting				
Grant date	Vesting date	Performance period	Relative TSR	Production growth	Reduction in net debt	Reserves growth	Total award
24 Apr 2018	24 Apr 2021	1 Jan 2018 – 31 Dec 2020	30.00%	30.00%	30.00%	10.00%	100.00%
Base levels				37,405 Boepd	$1,991.4 million	210.3 MMboe	
Threshold			Median	49,786 Boepd	$1,494 million	221.0 MMboe	
Maximum			Upper quartile	64,636 Boepd	$1,294 million	231.0 MMboe	
Actual performance achieved			**7th position**	**60,029 Boepd[1]**	**$1,280 million**	**216.5 MMboe[1]**	
Percentage meeting performance conditions and total vest			**10.92%**	**23.02%**	**30.00%**	**0.00%**	**63.94%**

Note:
1 Adjusted to include the impact of the non-equity funded element in the acquisition of an additional 75% interest in Magnus, consistent with the treatment of the 2017 PSP, and the impact of the strategic decision taken early in 2020 to close the Heather and Thistle assets earlier than planned. The closures of the two assets were value-enhancing and in shareholder interests and thus the Committee did not want to penalise management for executing the closures in 2020. The production outturn includes the expected 2020 production from Heather and Thistle whilst the reserves outturn includes the expected 2020 reserves from Heather and Thistle. Overall, the PSP vesting increased from 54.2% to 63.9% of maximum

The table below shows the number of nil cost options awarded on 24 April 2018 that will vest on 24 April 2021 and their value as at 31 December 2020. This figure is calculated by taking the average closing share price on each trading day of the period 1 October 2020 to 31 December 2020 and is used as the basis for reporting the 2020 'single figure' of remuneration. The actual value of these shares recorded in the remuneration table will be updated in 2021 to represent the actual value received on the day of vesting.

Name	Total shares	Portion vesting	No. of shares vesting	Average share price £	Value at 31 Dec 2020 £
Amjad Bseisu	3,587,060	63.94%	2,293,566	0.1103	252,980
Jonathan Swinney	2,335,759	63.94%	1,493,484	0.1103	164,731

The 2018 PSP award granted was based on the average middle market quotation of the three dealing days immediately preceding the date of grant of 24 April 2018 of 36.82p. Compared to the average value of the EnQuest share price between 1 October 2020 and 31 December 2020 of 11.03p, this represents a 70% decrease in the share price over the period.

Should the share price be the same at vesting as at grant, with the performance outturn of 63.94%, the value would be 234% higher than currently estimated using the average value of the EnQuest share price between 1 October 2020 and 31 December 2020. The Committee is satisfied that the implied values vesting to Executive Directors and the overall single figures of remuneration for the year are appropriate taking into account the performance of the Company. No discretion has therefore been exercised in relation to this fall in share price.

September 2020 PSP award grant

After due consideration of business performance in 2019 and the impact of the external environment on the business and the transformation activities undertaken in 2020, the Committee awarded the Executive Directors the following performance shares on 10 September 2020:

	Face value (% of 2019 salary)	Face value at date of grant[1] £	No. of shares	Performance period
Amjad Bseisu	250%	1,174,353	7,057,406	1 Jan 2020 – 31 Dec 2022
Jonathan Swinney	250%	823,650	4,949,819	1 Jan 2020 – 31 Dec 2022

Note:
1 Based on the middle market quote for the 12 months preceding the date of grant of 16.64 pence

Summary of performance measures and targets – April 2019 PSP grant

The 2020 PSP share awards granted on 10 September 2020 will be measured solely against a relative total shareholder return ('TSR') performance condition over a three-year financial performance period.

Vesting is determined on a straight-line basis between threshold and maximum for the performance condition.

The performance period for the award will be 1 January 2020 to 31 December 2022, with the awards vesting on 9 September 2023.

2020 PSP – schedule for vesting in 2023

	Relative TSR weighting 100%	
	Performance	Vesting
Below threshold	Below median	0%
Threshold[1]	Median	25%
Maximum[1]	Upper quartile	100%

Note:
1 Linear between threshold and maximum

PSP measure base levels

These are the historical base levels that performance is measured from, for a three-year period for each annual PSP grant, up to and including the PSP award granted in 2020:

Year of grant		Production growth – base level	Reserves growth – base level	Net debt – base level
2018		37,405 Boepd	210.3 MMboe	$1,991.4 million
2019		55,447 Boepd	245.2 MMboe	$1,774.5 million
2020	100% Relative TSR	n/a	n/a	n/a

The comparator group of companies for the TSR performance condition relating to the 2020 PSP award are as follows:

FTSE 350	FTSE All-Share	FTSE AIM – Top 100	NASDAQ OMX Stockholm	Other
Cairn Energy Tullow Oil	Premier Oil Pharos Energy	Hurricane Energy Rockhopper Exploration Bowleven Serica Energy	Africa Oil Lundin Petroleum Aker BP ASA	Genel Energy

The number of PSP awards outstanding as at 31 December 2020 are as follows:

	Total shares awarded	Performance period	Performance conditions (and weighting)	Vesting date
Grant date – April 2018			TSR (30%)	24 Apr 2021
Amjad Bseisu	3,587,060	1 Jan 2018 – 31 Dec 2020	Production growth (30%)	
Jonathan Swinney	2,335,759		Reserves growth (10%)	
			Net debt reduction (30%)	
Grant date – April 2019			TSR (30%)	24 Apr 2022
Amjad Bseisu	5,215,886	1 Jan 2019 – 31 Dec 2021	Production growth (30%)	
Jonathan Swinney	3,658,260		Reserves growth (10%)	
			Net debt reduction (30%)	
Grant date – September 2020			TSR (100%)	9 Sep 2023
Amjad Bseisu	7,057,406	1 Jan 2020 – 31 Dec 2022		
Jonathan Swinney	4,949,819			

Pension allowance
Executive Directors do not participate in the EnQuest pension plan and instead receive cash in lieu. Amjad Bseisu received £50,000 and Jonathan Swinney received £42,500 in 2020. These were equivalent to 10.4% of Amjad Bseisu's 2020 salary and 12.6% of Jonathan Swinney's 2020 salary.

Statement of Directors' shareholding and share interests
The interests of the Directors in the share capital of the Company as at 31 December 2020 are shown below:

In 2020, the following awards were granted, vested and lapsed for the Executive Directors

PSP	31 December 2019	Granted	Lapsed	31 December 2020	Vesting period	Expiry date
Amjad Bseisu	4,837,499		2,440,519	2,396,980	12 Sep 2017 – 12 Sep 2020	12 Sep 2027
	3,587,060			3,587,060	24 Apr 2018 – 24 Apr 2021	24 Apr 2028
	5,215,886			5,215,886	24 Apr 2019 – 24 Apr 2022	24 Apr 2029
		7,057,406		7,057,406	9 Sep 2019 – 9 Sep 2023	9 Sep 2030

PSP	31 December 2019	Granted	Lapsed	31 December 2020	Vesting period	Expiry date
Jonathan Swinney	3,149,999		1,589,175	1,560,824	12 Sep 2017 – 12 Sep 2020	12 Sep 2027
	2,335,759			2,335,759	24 Apr 2018 – 24 Apr 2021	24 Apr 2028
	3,658,260			3,658,260	24 Apr 2019 – 24 Apr 2022	24 Apr 2029
		4,949,819		4,949,819	9 Sep 2019 – 9 Sep 2023	9 Sep 2030

The table above shows the maximum number of shares that could be released if awards were to vest in full. These awards first vest on the third anniversary of the award date, subject to the achievement of performance conditions (as described elsewhere in this report). Awards vesting from 2022 onwards will then be subject to an additional two-year holding period which, unless the Committee determines otherwise, will apply up to the fifth anniversary of the date of grant.

Statement of Directors' shareholdings and share interests
Executive Directors are currently required to build up and hold shares in the Company worth 200% of salary and are expected to retain 50% of shares from vested awards under the PSP (other than sales to settle any tax or social security withholdings due) until they hold at least 200% of salary in shares (this includes shares which are beneficially owned directly or indirectly by family members of an Executive Director).

Directors' remuneration report continued

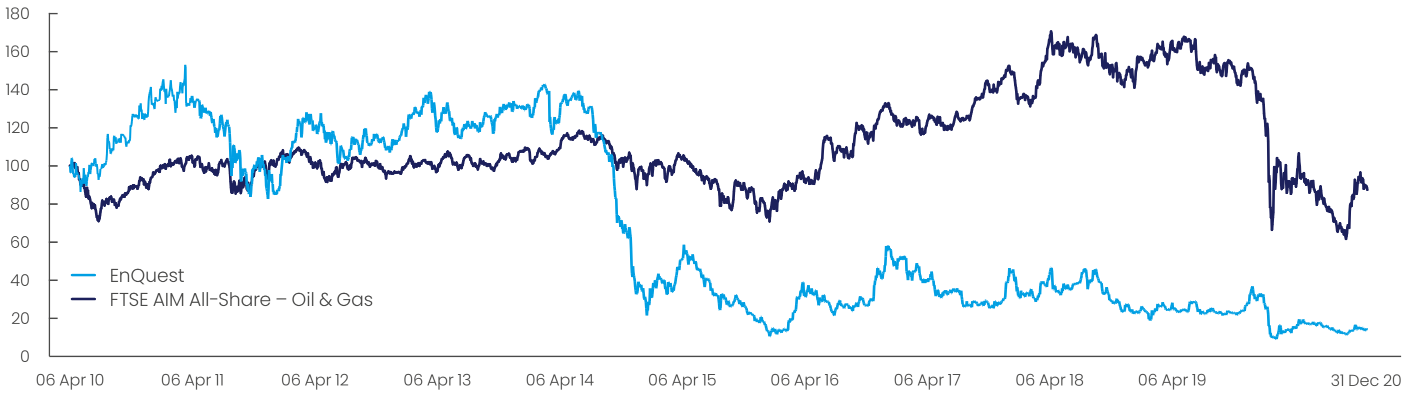
	Legally owned (number of shares)	Value of legally owned shares as % of salary[1]	Unvested and subject to performance conditions under the PSP	Vested but not exercised under the PSP	Vested but not exercised under the RSP	Sharesave	Executive deferrals	Total at 31 December 2020	Value of shareholding as a % of salary[1]
Amjad Bseisu	179,705,454[2]	4,137%	15,860,352	2,396,980	–	–	72,142	198,034,928	4,559%
Jonathan Swinney	762,894	25%	10,943,838	3,728,783	–	–	2,195,174	17,630,689	575%
Philip Holland	279,884	n/a	n/a	n/a	n/a	n/a	n/a	279,884	n/a
Carl Hughes	103,571	n/a	n/a	n/a	n/a	n/a	n/a	103,571	n/a
John Winterman	28,571	n/a	n/a	n/a	n/a	n/a	n/a	28,571	n/a
Laurie Fitch[3]	70,000	n/a	n/a	n/a	n/a	n/a	n/a	70,000	n/a
Martin Houston	500,000	n/a	n/a	n/a	n/a	n/a	n/a	500,000	n/a
Howard Paver	433,276	n/a	n/a	n/a	n/a	n/a	n/a	433,276	n/a
Farina Khan	–	n/a	n/a	n/a	n/a	n/a	n/a	–	n/a

Notes:
1 Shares are valued by taking the average closing share price on each trading day of the period 1 October 2020 to 31 December 2020
2 As at 31 December 2020, 161,380,583 shares were held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest. 18,157,324 shares were also held by The Amjad and Suha Bseisu Foundation and the remaining 167,547 shares were held by Amjad Bseisu directly
3 Laurie Fitch decided to step down upon expiry of her service agreement on 8 January 2021

Information not subject to audit

Total Shareholder Return and Chief Executive total remuneration

The following graph shows the Company's performance, measured by TSR, compared with the performance of the FTSE AIM All-Share Oil & Gas, also measured by TSR. The FTSE AIM All-Share Oil & Gas index has been selected for this comparison as it is the index whose constituents most closely reflect the size and activities of EnQuest.



Historical Chief Executive pay – single figure history

The table below sets out details of the Chief Executive's pay for 2020 and the previous six years and the payout of incentive awards as a proportion of the maximum opportunity for each period. The Chief Executive's pay is calculated as per the 'single figure' of remuneration shown elsewhere in this report. During this time, Amjad Bseisu's total remuneration has been:

	2014	2015	2016	2017	2018	2019	**2020**
'Single figure' of total remuneration (£'000s)	817	884	941	998	1,306	1,275	**1,119**
Annual bonus (as a % of maximum)	24	27	33	57	79	81	**60**
Long-term incentive vesting rate (as a % of maximum PSP)	79	77	56	11	56	50	**64**

CEO pay ratio 2020

The CEO pay ratio has been calculated using the 'Option A' methodology which compares the single total figure of remuneration ('STFR') of the CEO to UK employees for the 12 months ending 31 December 2020 on a full-time equivalent basis. This methodology has been chosen as it offers the most accurate and preferred approach for companies to apply based on institutional investor guidelines.

Financial year	Methodology		CEO pay ratio P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2020	A	STFR	14:1	12:1	10:1
2019	A	STFR	23:1	14:1	11:1

Total remuneration is as defined in the single total figure of remuneration for Executive Directors. EnQuest has determined the P25, P50 and P75 individuals with reference to a ranking of total remuneration and by identifying those employees with the most typical pay structure of a UK-based employee. All employees have been included as at 31 December 2020, with remuneration of part-time employees and those employees on statutory leave included on a full-time equivalent basis.

Data points reflect the 25th, 50th and 75th percentile of all UK employees' total remuneration as follows:

				UK STFR		
Financial year	Methodology		CEO	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2020 2019	A	STFR	£1,118,892 £1,448,480	£78,729 £62,717	£92,508 £104,769	£110,817 £129,558
2020 2019	A	Base salary	£455,179 £469,741	£52,346 £51,952	£75,833 £76,503	£70,874 £87,941

In setting both the CEO remuneration and the remuneration structures for the wider UK workforce, EnQuest has adopted a remuneration structure which includes the same elements for employees at all levels (base pay, benefits, pension, cash bonus and share awards). Whilst all employees receive a base salary that is market competitive for their role and commensurate with our business size, differences exist in the quantum of variable pay that is achievable by the senior executive team and by individuals at more senior management levels in the Company. At these levels, where there is a greater opportunity to influence Company performance, there is a greater emphasis on aligning executives with shareholders. Based on this distinction, the Company believes that the median pay ratio is consistent with the wider pay, reward and progression policies impacting UK employees. The decrease in the pay ratio for 2020 is a result of the incentive outcomes for the CEO being less than 2019 due to Company and share price performance, as well as the voluntary salary reduction taken in the second quarter of 2020.

Relative spend on pay
The table below shows the actual expenditure of the Group on total employee pay, as well as profitability and distributions to shareholders, and the change between the current and previous years:

	2019 $ million	**2020 $ million**
EBITDA	1,007	**551**
Net debt	1,413	**1,280**
Distribution to shareholders	0	**0**
Total employee pay	158	**118**

Note: EBITDA has been chosen as an appropriate measure of return to shareholders and net debt as a measure of EnQuest's commitment to its lenders

Change in Directors' pay relative to the workforce between 2019 and 2020

	Base salary/ fees %	Bonus %	Benefits %
Amjad Bseisu	(3.2)	(24.9)	–
Jonathan Swinney	(2.4)	(28.9)	(14.6)
Martin Houston[1]	(5.0)	–	n/a
Howard Paver[2]	27.0	–	n/a
Laurie Fitch[3]	(13.0)	–	n/a
Philip Holland	(5.0)	–	n/a
Carl Hughes	(5.0)	–	n/a
Farina Khan[4]	n/a	–	n/a
John Winterman	(8.0)	–	n/a
UK employees (average)	2.6	(20.8)	2.6

Notes:
UK employees have been chosen as the most appropriate comparator group as the majority of the EnQuest workforce is UK based and their pay structure is comparable to the Directors' pay based on annualised actual amounts paid in 2019 and 2020
Benefits includes employer pension contribution and/or allowance
1. Martin Houston was appointed as Chairman of the Board and Chairman of the Governance and Nomination Committee on 1 October 2019. His fees have been annualised
2. Howard Paver was appointed as Non-Executive Director on 1 May 2019, Senior Independent Director on 31 March 2020 and Chair of the Remuneration and Social Responsibility Committee on 21 May 2020. His fees for both 2019 and 2020 have been annualised
3. Laurie Fitch assumed the role of Chair of the Remuneration and Social Responsibility Committee on 29 January 2019, stepping down on 21 May 2020. Her fees for 2020 were pro-rated
4. Farina Khan was appointed to the Board and became a member of the Audit Committee and Safety, Climate and Risk Committee on 1 November 2020
5. John Winterman was appointed as Chairman of the Technical and Reserves Committee on 15 October 2019. His fees were pro-rated

Statement of implementation of the Remuneration Policy for the year ending 31 December 2021

Base salary and 2021 pay review

As stated in the annual statement to this report, the remuneration for the Executive Directors is geared towards variable pay linked to long-term performance targets, with base salaries currently set in relation to benchmarks for the oil and gas industry and comparable sized companies. In the view of the Committee it is therefore important to ensure that the base salaries of the Executive Directors are reviewed annually and that any increase reflects the change in scale and complexity of the role as the Company grows, as well as the performance of the Executive Director. The table below shows no change to salaries for 2021:

Name	Salary for 2020[1] £	**Salary for 2021 £**	Increase %
Amjad Bseisu	479,136	**479,136**	0.0
Jonathan Swinney	338,290	**338,290**	0.0

Note:
1 Represents gross salary prior to voluntary 20% reduction to salaries paid in April, May and June 2020

The Company employees are, in general, held at 2020 salary levels.

Pension and other benefits

The Company will continue to pay a cash benefit in lieu of pension of up to £50,000 in respect of the CEO, with the pension benefit for the CFO now aligned with the wider workforce at 10% of salary. The Company will also continue to pay private medical insurance, life assurance and personal accident insurance, the costs of which are determined by third-party providers.

Annual bonus

For the year ended 31 December 2021, the target and maximum annual bonus opportunities for Executive Directors will continue to be 75% of salary at target and 125% of salary at maximum.

The annual bonus scheme for 2021 is structured as follows:
- Awards will be determined based on a balanced combination of financial and operational performance measures;
- Executive Directors (and other executive management) will have threshold, target and stretch performance levels attributed to key performance objectives;
- Executive Director bonus will be determined solely by the performance of the Company;
- Each part of the bonus will represent a discrete element which will be added together to determine the performance award for the year; and
- Stretching targets will continue to apply to achieve maximum payout.

The 2021 metrics and weightings, which will determine the level of short-term incentive awards for the Directors, are set out below.

Company 2021 performance measures scorecard

Metric	Weighting
Production	20%
Expenditure	20%
Asset Integrity	10%
ESG and Culture and Values	10%
Liquidity Management	20%
Reserves Replacement	20%

Notes:
1 Precise targets are commercially sensitive and are not being disclosed in advance at this time
2 Performance in HSEA is central to EnQuest's overall results. This category is used as an overlay on overall Company performance

Maximum bonus will only be payable when performance significantly exceeds expectations. To the extent that the targets are no longer commercially sensitive, they will be disclosed in next year's report.

Any amount of bonus earned above 100% of salary will be deferred into EnQuest shares for two years, subject to continued employment.

Performance share awards

2021 PSP awards

After due consideration of business performance in 2020, the transformation of EnQuest, the performance of the Executive Directors, as well as other factors, the Remuneration Committee decided to award grants equal to 250% of salary for Amjad Bseisu and Jonathan Swinney. These awards will be granted in April 2021.

Summary of 2021 PSP performance measures and targets

The PSP share awards granted in 2021 will have two performance metrics, both measured over a three-year financial period:
- 80% of the award relates to relative TSR against a comparator group of 20 oil and gas companies;
- 20% relates to emissions reduction over three years.

2021 PSP - scheduled for 2024 vesting

	Relative TSR		Emissions reduction	
	Performance	Vesting	Performance	Vesting
Below threshold	Below median	0%	<10%	0%
Threshold	Median	25%	10%	25%
Maximum	Upper quartile (or better)	100%	12% (or better)	100%

2021 PSP award TSR comparator group

Africa Oil	Genel Energy	Okea
Aker BP ASA	Hibiscus	Pharos Energy
BW Energy	Hurricane Energy	Premier Oil
Cairn Energy	Jadestone	Santos
Diversified Oil and Gas	Kosmos	Serica Energy
DNO	Lundin Petroleum	Tullow Oil
Energean	Maurel & Prom	

Non-Executive Directors

The fees for the Non-Executive Directors with effect from 1 January 2021 are:

	Fee
Chairman	£200,000
Director	£60,000
Senior Independent Director	£10,000
Committee Chair	£10,000

External benchmarking of Non-Executive Directors is carried out on an annual basis. Base Director fees were increased from 1 January 2019 and agreed to be held for a period of two years.

Advisers to the Committee

Mercer Kepler provided advice to the Remuneration Committee.

The Committee satisfied itself that the advice given was objective and independent by reviewing it against other companies in EnQuest's comparator group. Mercer Kepler are signatories to the Remuneration Consultants Group Code of Conduct which sets out guidelines for managing conflicts of interest. Mercer Kepler do not provide any other services to the Company.

The fees in respect of 2020 paid to Mercer Kepler totalled £88,590 (excluding VAT). These fees were charged on the basis of the number of hours worked.

Statement of voting at the Annual General Meeting

The table below summarises the voting at the AGM held on 24 May 2018 in respect of the Remuneration Policy and 21 May 2020 in respect of the Directors' Remuneration Report. The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here.

	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Remuneration Policy (2018)	478,601,098	89.67%	55,126,159	10.33%	533,727,257	22,477,048
Remuneration Report (2020)	596,357,342	94.35%	35,674,289	5.64%	632,031,631	106,366

The Directors' Remuneration Report was approved by the Board and signed on its behalf by Howard Paver on 24 March 2021.

Howard Paver
Chair of the Remuneration and Social Responsibility Committee

Governance and nomination committee report

> ESG, diversity and succession planning remain important areas of focus for the Committee.
>
> **Martin Houston**
> Chairman of the Governance and Nomination Committee

Dear fellow shareholder

Welcome to the first report of the newly named Governance and Nomination Committee. Throughout 2020, the Committee has given a great deal of thought as to how ESG matters are addressed within the Company at Board level. After considerable deliberation, we made recommendations, adopted by the Board that, in light of the central place occupied by ESG topics in the strategic dialogue of the Company, and the importance of such matters to our stakeholders, we should enhance the remits of the existing Board Committees to explicitly encompass oversight in respect of a range of ESG matters that are most relevant to our Company and the delivery of our strategy. The composition of the Committees was also reviewed to ensure they remained efficient and effective, with some alterations to certain Committees' memberships. Details of the changes to the remits of the Committees and of their membership can be found in the individual Committee reports.

As mentioned in my Chairman's letter on pages 68 to 69, I have the great pleasure of welcoming two new Directors to the EnQuest Board. Both Farina Khan and Liv Monica Stubholt are very well qualified and provide extensive experience for the benefit of the Board and the Company. More information on their particular skillsets can be found in the pages below.

As reported in last year's Annual Report, one of my first tasks on appointment as Chairman of the Board and also Chairman of this Committee, was to appoint a new Senior Independent Director ('SID') for the Company. As previously reported, Howard Paver was appointed to the position on 31 March 2020. He subsequently, at the recommendation of this Committee, assumed the role as Chairman of the Remuneration Committee in May 2020 (a position historically held by the SID of EnQuest).

Finally, the Committee has continued to review the composition, development of, and succession planning for the Executive Committee and was pleased to welcome Janice Mair to the Executive Team. Janice, previously the Company's Head of HR, is now Director of People, Culture and Diversity and will lead the Company's efforts in its diversity and inclusion activities.

Martin Houston
Chairman of the Governance and Nomination Committee
24 March 2021

Governance and Nomination Committee membership

The Governance and Nomination Committee comprises the Chairman of the Company, the SID and the Chief Executive. Both the Chairman and SID are deemed independent. Appointment dates and attendance at scheduled meetings are set out below:

Member	Date appointed Committee member	Attendance at meetings during the year
Martin Houston	1 October 2019	10
Amjad Bseisu	22 February 2010	10
Helmut Langanger[1]	16 March 2010	2/2
Howard Paver	15 October 2019	10

Note:
1 Helmut Langanger retired from the Board on 31 March 2020

Main responsibilities

The core work of the Governance and Nomination Committee is to ensure that the Board and its Committees have the appropriate balance of skills, expertise and experience in order to support the strategy of the Company. Currently, the Board consists of seven Non-Executive Directors and two Executive Directors, who collectively bring a diverse mix of skills and experience to the Company collaborating with each other to provide strong leadership.

The main responsibilities of the Committee are to:

- Review the size, structure and composition (including the skills, experience, independence, knowledge and diversity) of the Board and its Committees;
- Ensure the orderly succession of Executive Directors, Non-Executive Directors and executive and senior management;
- Identify, evaluate and recommend candidates for appointment or reappointment as Directors or Company Secretary, taking into account diversity, including gender, social and ethnic backgrounds, cognitive and personal strengths and the balance of knowledge, skills and experience required to serve the Board;
- Review the outside directorships/commitments of Non-Executive Directors; and
- Exercise oversight of the compliance of the Company with the Corporate Governance Code (the 'Code').

The Committee's full terms of reference can be found on the Company's website, www.enquest.com, under Corporate Governance.

Appointment of Non-Executive Directors

We apply a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. For the appointments of Farina Khan and Liv Monica Stubholt, the Company used an external search firm, Spencer Stuart, which has no connection with the Company. The Committee actively considers Board diversity in all its forms as part of its thorough review of each candidate, including the balance of skills, knowledge and level of independence they would bring to the Board, and screens for potential conflicts of interest. The Committee also gives careful consideration to other existing commitments a candidate may have and whether they will be able to devote the appropriate amount of time in order to fully meet what is expected of them. Once the Committee has identified a suitable candidate, a recommendation is made to the Board for appointment. Given the COVID-19 restrictions placed on meeting prospective candidates in person, all interviews were conducted by video conference.

Committee activities during the year

The Governance and Nomination Committee met ten times in 2020. Its key activities included:

Structured Board succession planning

Both Helmut Langanger and Laurie Fitch came to the end of their respective terms as Directors over the course of the year and it has therefore been important to consider the overall composition of the Board, whether there were additional skills required and that it remained effective and would continue to be so. As previously highlighted, it was agreed that two new Directors be appointed:

- Farina Khan has over 20 years' experience in the oil and gas industry and was previously CFO of the largest listed entity of PETRONAS. She brings to EnQuest a wealth of industry and financial experience as well as deep insights into Malaysia, which is a key geography for the Company; and
- Liv Monica Stubholt is a highly respected professional in the Norwegian government, energy industry and legal community. She also works with academic communities within her fields. Her extensive experience at the intersection of the energy industry, public policy and governance is highly valued.

Development and employee succession planning

The Board and Governance and Nomination Committee remain satisfied that the individuals currently fulfilling key executive and senior management positions in the Group have the requisite depth and breadth of skills, knowledge and experience, to ensure that orderly succession to the Board and Executive Committee can take place. Over the course of the year, the Committee has considered executive and senior management development and succession planning is regularly discussed. In addition, leadership succession planning reviews have taken place across all EnQuest's locations in order to identify capability strengths and development gaps. In 2021, more structured development activities have been introduced for the Company's top talent and leadership, including the use of psychometric and personality profiling tools. The Board was pleased to welcome Janice Mair, a member of the Aberdeen Leadership Team, to the Executive Committee, where her remit encompasses people, culture and diversity. The Committee continues to develop the process for encouraging and supporting high-potential employees.

ESG development and the strengthening of the Board's Committees

On the recommendation of the Governance and Nomination Committee, the Board strengthened the remit of some of the Company's Board Committees to explicitly include ESG matters. While the Board has always considered such matters, it was considered sensible to include such oversight within the Committee framework. As such, the Safety and Risk Committee is now the Safety, Climate and Risk Committee; the Nomination Committee is now the Governance and Nomination Committee; and the Remuneration Committee is now the Remuneration and Social Responsibility Committee. These changes were introduced in December 2020 and their associated activities will be more fully reflected in the individual Committee reports in the 2021 Annual Report and Accounts.

Annual evaluation

Each year, the Board is required to carry out an evaluation of its own effectiveness as required by the Code. The last external review was held in 2018. For 2020, it was agreed to hold an internal review conducted by the Chairman. The process consisted of an externally facilitated questionnaire which was completed online by Directors and subsequently discussed with them, individually and collectively, by the Chairman. The key themes that had arisen from the 2019 process and which remained relevant for the 2020 review included:

- Succession planning and Board composition;
- Board performance and strategy; and
- Employee culture.

Governance and nomination committee report continued

The results of the evaluation were discussed at the February 2021 Board meeting. Overall the Board scored above benchmark, with particular strengths in areas such as Board dynamics and its Committee structure. Further focus was recommended in areas such as the process for optimising the strategic dialogue; in understanding certain differences in perceptions; and in relation to succession planning. It was agreed that these themes would be addressed over the course of the year and in particular as part of the strategy day and within the agendas for planned site visits, should such visits be able to take place in 2021.

The performance review for the Chairman was conducted by the SID, Howard Paver. The review was conducted via an online questionnaire and a meeting of the Directors, without the Chairman present, was held to discuss the results. It was concluded that the Chairman had made a very good start to his tenure and observations were subsequently provided by the SID to the Chairman.

Re-election to the Board

Following a review of the effectiveness of the Board, the Governance and Nomination Committee confirms that it is satisfied with both the performance and the time commitment of each Director throughout the year. The Committee also remains confident that each of them is in a position to discharge their duties to the Company in the coming year and that together they continue to bring the necessary skills required to the Board. Detailed biographies for each Director, including their skills and external appointments, can be found on pages 64 to 65.

Priorities for the coming year

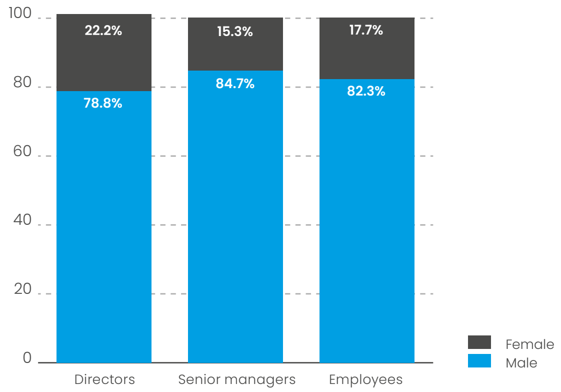
As well as addressing those issues highlighted in the annual evaluation, the main focus of the Committee in 2021 will be to ensure that the composition of the Board continues to complement the requirements of the Company and that succession planning of the Executive Directors, executive and senior management and development planning for high-potential individuals within the Company ensures that the Company's organisation has both the necessary capacity and capabilities in delivering its principal activities. Furthermore, and in line with its newly expanded remit, the Committee will exercise greater oversight in relation to matters concerning the Company's compliance with the Code.

Boardroom diversity

We are committed to recruiting a diverse boardroom and we appoint against the objectives we set ourselves. These are, to have the most effective Board possible and to be able to discharge our duties and responsibilities to the highest standard. We recognise that achieving further diversity within the Board is an imperative.

The Board has prioritised the discussion on diversity issues and the EnQuest-wide Diversity and Inclusion Policy aligns with the Company's Values, which incorporate both respect and openness. We seek diversity in our employee base, recognising that those from different backgrounds, experience and abilities can bring fresh ideas, perspectives and innovation to improve our business and working practices. During 2021, we expect to announce and implement a new Diversity and Inclusion strategy. More information on Company activities can be found on pages 42 to 43.

The chart below illustrates gender breakdown among our Directors and workforce as at 31 December 2020.



Senior management and total employee figures include EnQuest's employees in Dubai, Malaysia and the UK.

Safety, climate and risk committee report

> Our rigorous approach to risk management helped mitigate the potential impact of COVID-19 on our operations and underpins our approach to managing climate change-related risks.
>
> **Philip Holland**
> Chairman of the Safety, Climate and Risk Committee

Dear fellow shareholder

On behalf of the Board and my fellow Committee members, I am pleased to present EnQuest's Safety, Climate and Risk Committee Report, in what has been a productive, yet challenging year for the Committee. As outlined in this report, throughout 2020 we have continued to undertake detailed analysis of specific risk areas and associated controls, with particular attention being paid to enhancing the role of the Committee in safety and climate-related matters.

The rapid onset of the COVID-19 pandemic required an equally prompt organisational response. EnQuest adopted an approach based upon the principles of safety and welfare of people and security of supply and operations. The organisation moved quickly, evolving its existing risk management framework and communicable disease protocols, to implement an effective barrier model for the prevention, detection, control and mitigation of threats. Working in conjunction with a variety of stakeholders, including industry and medical organisations, a series of control arrangements were developed which included pre-mobilisation health screening and testing for all those mobilising to an EnQuest site, alongside onsite response to possible COVID-19 cases. Throughout 2020, a multi-discipline, Group-wide COVID-19 support group continued to coordinate efforts and follow best practice, and government and industry policy/guidelines in the developing crisis, enabling further enhancements to be quickly adopted. This rigorous approach to continuous risk management helped mitigate the potential impact of COVID-19 on our operations.

During the year, an independent safety review was undertaken to analyse the safety culture within EnQuest. The report provided positive feedback on the progress of cultural development, outlining a strong commitment to safety throughout EnQuest, with well-motivated and informed people supported by robust processes. Despite the progress made, isolated high-potential incidents in the UK and Malaysia did occur. Thankfully, there were no injuries from these incidents but this highlights the importance of the Group maintaining its focus on asset integrity, particularly given the age of many of its assets. As such, a Company-wide asset integrity review, supported by independent parties, has commenced with the review's focus being on the integrity management system across the Company and at an asset level. Such actions highlight how EnQuest aims for the highest standards in Health, Safety, Environment and Assurance ('HSEA'), and the Committee will continue to ensure that the Group strives for continuous improvement, such that personal integrity and asset integrity are never compromised and that personnel are not exposed to any danger to life or liberty. Throughout the year the Committee has continued to receive regular HSEA reports. I am pleased that the HSEA key performance indicators evolved in early 2020 have increased detail on the Group's HSEA performance with good progress having been made with aligning the Group's HSEA systems and processes between Malaysia and the UK North Sea.

Throughout 2020, the Committee considered the impact of the energy transition on the Group. After engaging with multiple stakeholders to assess the role of climate change and related financial and transition risks, the, Committee concluded that 'climate change' should be categorised as a standalone risk area within the Group's Risk Management Framework. This change underpins our approach to managing climate change-related risks as we navigate the energy transition. Reflecting the importance the Group places on evolving climate change-related matters, the Committee has been renamed and its terms of reference amended to enable it to support the Board with increased oversight of decarbonisation and climate change-related risk matters. In conjunction with this change, a working group, which will report to this Committee, has been established to identify and implement economically viable emissions savings across the Group's portfolio of assets, to facilitate delivery against the Group's stated aim of reducing absolute Scope 1 and 2 CO_2 equivalent emissions from its existing operations by 10% over the period 2021 to 2023.

The Committee has determined that the Group continues to evolve positively its processes for identifying and managing risks and mitigating their impact, which in turn supports the Group in achieving its strategy. For example, the Committee reviewed management's assessment of risk and related mitigations associated with the UK's planned withdrawal from the European Union through the review of the Group's Risk Register. Further, undertaking in-depth analysis of specific risk areas (as described below) has allowed the Committee to mitigate any potential deficiencies and refine existing controls for reviewed risk areas. The Committee remains confident that these exercises will be critical in achieving excellence and robustness in the Group's risk management processes.

The report also looks ahead to those matters that I expect the Committee will be considering in the forthcoming year, including further detailed analysis of key risk areas, and continuous improvement in the evolution and application of our Risk Management Framework.

Philip Holland
Chairman of the Safety, Climate and Risk Committee
24 March 2021

Safety, Climate and Risk Committee membership

Membership of the Committee and attendance at the four meetings held during 2020 is provided in the table below:

Member	Date appointed Committee member	Attendance at meetings during the year
Philip Holland	25 January 2016	4
Laurie Fitch[1]	8 January 2018	4
Carl Hughes	1 January 2017	4
Farina Khan[2]	1 November 2020	1/1
John Winterman[3]	9 December 2020	–
Liv Monica Stubholt[4]	15 February 2021	–

Notes:
1 Laurie Fitch stepped down from the Board upon expiry of her service agreement on 8 January 2021
2 Farina Khan became a member of the Committee at the same time as her appointment to the Board on 1 November 2020
3 John Winterman joined the Committee on 9 December 2020
4 Liv Monica Stubholt became a member of the Committee at the same time as her appointment to the Board on 15 February 2021

Safety, Climate and Risk Committee responsibilities

The main responsibilities of the Committee are to:

- Undertake in-depth analysis of specific risks, including emerging risks, in relation to the Company and consider existing and potential new controls;
- Support the implementation and progression of the Group's Risk Management Framework;
- Review the Group's HSEA performance and the effectiveness of its policies and guidelines in managing HSEA risks and reporting;
- Conduct detailed reviews of key non-financial risks not reviewed within the Audit Committee;
- Assess the Group's exposure to managing risks from 'climate change' and review actions to mitigate these risks in line with its assessment of other risks;
- Review and monitor the Group's decarbonisation activities, including reviewing the adequacy of the associated framework; and
- Review targets and milestones for the achievement of decarbonisation objectives.

The Committee's full terms of reference can be found on the Company's website, www.enquest.com, under Corporate Governance.

Committee activities during the year

During 2020, the Committee:

- Considered the impact of COVID-19 and the Group's Transformation 2020 plans on HSEA processes and culture and the Group's Risk Management Framework;
- Continued to refine the Group's Risk Management Framework and continuous improvement planning;
- Reviewed the Group Risk Register, assurance map and risk report (focusing on the most critical risks and emerging and changing risk profiles. This included obtaining assurance that the risks associated with climate change are appropriately assessed and incorporated within relevant risk areas);
- Undertook a deep-dive review of 'climate change' risk and concluded that it would be added as a standalone risk within the Group's 'Risk Library' along with associated remedial controls;
- Undertook deep-dive reviews of 'subsurface and reserves replacement' risks and the HSEA major accident hazard barrier model, in each case identifying improvements to certain controls; and
- Received routine updates on HSEA (including reviewing the Group's performance along with ongoing and planned HSEA activities) and cyber-security risk (covering the evolving key risks and the remedial solutions such as disaster recovery plans and technical design standards), both of which continue to be key focus areas for the Committee.

For further information on these risks, please see the Risks and Uncertainties section on pages 47 to 59.

Priorities for the coming year

In 2021, the Committee is continuing its focus on undertaking detailed analysis of key risk areas, including those relating to HSEA and the results of the asset integrity review, 'climate change' and in particular emissions reductions, human resources and project execution and delivery and will closely monitor relevant developments that may arise in relation to the UK's exit from the European Union. Ongoing assessment of existing and emerging risks, and the associated controls in place, will ensure that their potential effects continue to be identified, considered and risk assessed appropriately within the Group's Risk Management Framework.

Technical and reserves committee report

> Our excellent interaction and in-depth reviews with EnQuest technical teams has provided additional assurance to assist in the Board's decisions.
>
> **John Winterman**
> Chairman of the Technical and Reserves Committee

Dear fellow shareholder

On behalf of the Board and my fellow Committee members, I am pleased to present EnQuest's first Technical and Reserves Committee Report. The Committee was established in October 2019 and is comprised of Board members with technical backgrounds and associated knowledge to support management and the wider Board in their decision making. The Committee had a busy inaugural year and despite the restrictions of the pandemic, continued to meet virtually to support the requirements of the Company. The Committee is evolving, but has had excellent interaction with the global EnQuest technical staff even in a virtual world. Once a review has been completed the outcome is communicated to the management and the full Board and is utilised in decision making, thus giving additional assurance.

Over 2020, a large proportion of the Committee's time was spent reviewing technical aspects of various business development opportunities which had been recommended to the Committee for further in-depth discussion. For confidentiality reasons I am unable to report on these in detail; however, they did include the purchase of a 40.81% equity interest in the Bressay oil field in July 2020, which provided the Company with an addition of up to 115 MMbbls of net 2C resources and in January 2021, the agreement to purchase Suncor's entire 26.69% non-operated equity interest in the Golden Eagle area, which will allow the Company to add immediate material production and cash flow to its business.

Reserves replacement is considered a principal risk for the Company (see page 57 for more detail), and as such the Committee reviews the annual reserves report each year to ensure that reserves are booked in compliance with industry standards and that we continue to mature discovered resources into reserves.

The Committee conducted a strategy session in July 2020 which considered: the Company's business development strategy going forward in the context of the changing macroenvironment; ESG considerations on decision making; balance sheet constraints and funding strategies; and reviewed opportunities that provided a competitive advantage, which resulted in the identification of the appropriate type of transactions.

The Committee has recently reviewed and updated its terms of reference, to reflect that it became the Technical and Reserves Committee in December 2020. In updating its terms of reference the Committee also strengthened how it reported back to the Board.

John Winterman
Chairman of the Technical and Reserves Committee
24 March 2021

Technical and Reserves Committee responsibilities

The main responsibility of the Committee is to provide the Board with additional technical insight when making Board decisions. The Committee's full terms of reference can be found on the Company's website, www.enquest.com, under Corporate Governance.

Technical and Reserves Committee membership

Membership of the Committee and attendance at the seven meetings held during 2020 is provided in the table below:

Member	Date appointed Committee member	Attendance at meetings during the year
John Winterman	15 October 2019	7
Philip Holland	15 October 2019	7
Martin Houston	15 October 2019	7
Howard Paver	15 October 2019	7

Committee activities during the year

During 2020, the Committee:

- Reviewed the Company's annual reserves report;
- Provided input into the 2020 Business Plan;
- Considered business development opportunities;
- Held post project reviews;
- Oversaw a deep dive review of the Company's subsurface risk and reserves replacement risk; and
- Refreshed its terms of reference

Priorities for the coming year

In 2021, the Committee is continuing its focus on supporting the business, in particular when assessing new opportunities, reserve and resource maturation and asset integrity management across its assets.

Directors' report

The Directors of EnQuest present their Annual Report together with the Group and Company audited financial statements for the year ended 31 December 2020.

Stefan Ricketts
Company Secretary

Directors

The Directors' biographical details are set out on pages 64 to 65. Farina Khan and Liv Monica Stubholt will offer themselves for election at the Annual General Meeting ('AGM') on 12 May 2021, with the other Directors offering themselves for re-election.

Directors' indemnity provisions

Under the Company's Articles, the Directors of the Company may be indemnified out of the assets of the Company against certain costs, charges, expenses, losses or liabilities which may be sustained or incurred in or about the execution of their duties. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report. Such indemnities are in a form consistent with the limitations imposed by law.

Substantial interests in shares

The table below shows the holdings in the Company's issued share capital, which had been notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules ('DTR'):

Name	Number of Ordinary shares held at 31 December 2020	% of issued share capital held at 31 December 2020[2]	Number of Ordinary shares held as at 12 March 2021	% of issued share capital held as at 12 March 2021[2]
Bseisu consolidated interests[1]	179,705,454	10.60	179,705,454	10.60
Aberforth Partners LLP	136,634,662	8.06	138,456,662	8.16
Schroders Plc	114,451,328	6.75	104,637,990	6.17
Baillie Gifford & Co Ltd	95,755,059	5.65	94,148,483	5.55
Hargreaves Lansdown Asset Management	86,820,899	5.12	83,203,992	4.91
Dimensional Fund Advisors	70,038,562	4.06	63,797,195	3.76

Notes:
1 161,380,583 shares are held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest. 18,157,324 shares are also held by The Amjad & Suha Bseisu Foundation and 167,547 shares are held directly by Amjad Bseisu
2 Rounding applies

Directors' interests

The interests of the Directors in the Ordinary shares of the Company are shown below:

Name	At 31 December 2020	At 24 March 2021
Amjad Bseisu[1]	179,705,454	179,705,454
Martin Houston	500,000	500,000
Carl Hughes	103,571	103,571
Philip Holland	279,882	279,882
Farina Khan	0	200,000
Howard Paver	433,276	433,276
Liv Monica Stubholt	n/a	n/a
Jonathan Swinney	762,894	762,894
John Winterman	28,571	28,571

Note:
1 161,380,583 shares are held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest. 18,157,324 shares are also held by The Amjad & Suha Bseisu Foundation and 167,547 shares are held directly by Amjad Bseisu

Share capital

The Company's share capital during the year consisted of Ordinary shares of £0.05 each ('Ordinary shares'). Each Ordinary share carries one vote. At 31 December 2020 there were 1,695,801,955 Ordinary shares in issue. All of the Company's issued Ordinary shares have been fully paid up. Further information regarding the rights attaching to the Company's Ordinary shares can be found in note 20 to the financial statements on page 153. No person has any special rights with respect to control of the Company.

The Company did not purchase any of its own shares during 2020 or up to and including 24 March 2021, being the date of this Directors' report. At the 2021 AGM, shareholders will be asked to renew authorities relating to the issue and purchase of Company shares. Details of the resolutions are contained in the Notice of AGM, which can be found on the Company's website www.enquest.com/shareholder-information/annual-general-meetings.

Company share schemes

The trustees of the Employee Benefit Trust ('EBT') purchased 9,562,007 Ordinary shares in the Company during 2020, funded by a contribution by EnQuest Britain Limited of £1 million. At year end, the EBT held 2.8% of the issued share capital of the Company (2019: 2.55%) for the benefit of employees and their dependants. The voting rights in relation to these shares are exercised by the trustees.

Employee engagement

EnQuest operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. Employees are informed about significant business issues and other matters of concern via weekly business briefings, regular country-level Town Hall meetings, Global Town Hall meetings (whereby staff in all geographic locations are invited to attend), email and other electronic communications, particularly the Company's intranet and internal 'Yammer' channel, the latter of which was introduced in early 2020. Face-to-face briefing meetings would also normally take place however, during the COVID-19 pandemic, reliance has through necessity been placed on virtual communications. Appropriate consultations take place with employees when business change is undertaken, as was the case during the UK transformation programme that took place between April and August 2020 (see page 16 for more information). An Employee Forum, to allow for direct employee engagement with the Board of Directors, was established in early 2019 and information on its activities can be found on page 42. EnQuest offers employees the opportunity to participate directly in the success of the Company through participation in share schemes, such as the Save As You Earn ('SAYE') Share Scheme. 69% of eligible employees currently participate in SAYE. Eligibility for participation in other share schemes depends on a number of factors, such as seniority.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a General Meeting of shareholders. The Company's Articles, found on the Company's website at www.enquest.com/corporate-governance, contain provisions on the appointment, retirement and removal of Directors, along with their powers and duties. While there are no specific restrictions, the transfer of shares in the Company is also provided for in the Articles.

Annual General Meeting

The Company's AGM will be held at 5th Floor, Cunard House, 15 Regent Street London, SW1Y 4LR on 12 May 2021. Formal notice of the AGM, including details of special business, is set out in the Notice of AGM which accompanies this Annual Report and Accounts and is available on the Company's website at www.enquest.com/shareholder-information/annual-general-meetings.

Registrars

In connection with the Ordinary shares traded on the London Stock Exchange, the Company's share registrar is Link Asset Services. For the Ordinary shares traded on NASDAQ OMX Stockholm, the Company's share registrar is Euroclear Sweden. Full details of both registrars can be found in the Company information section on page 179.

Political donations

At the 2020 AGM, a resolution was passed giving the Company authority to make political donations and/or incur political expenditure as defined in Sections 362 to 379 of the Companies Act 2006. Although the Company does not make and does not intend to make political donations or to incur political expenditure, the legislation is very broadly drafted and may catch such activities as funding seminars or functions to which politicians are invited, or may extend to bodies concerned with policy review, law reform and representation of the business community that the Company and its subsidiaries might wish to support.

No political donations were made in 2020 by the Company or any of its subsidiaries.

Dividends

The Company has not declared or paid any dividends since incorporation and does not plan to pay dividends in the immediate future. However, the Board anticipates reviewing the policy when appropriate, the timing of which will be subject to the earnings and financial condition of the Company meeting the conditions for dividend payments which the Company has agreed with its lenders and such other factors as the Board of Directors of the Company consider appropriate, including the Company's expected future cash flows.

Change of control agreements

The Company (or other members of the Group) are not party to any significant agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid, except in respect of:

(a) the senior facility agreement, which includes provisions that, upon a change of control, permit each lender not to provide certain funding under that facility and to cancel its commitment to provide that facility and to require prepayment of the credit which may already have been advanced to the Company and the other borrowers under the facility;

(b) the working capital facility, originally dated 1 December 2017, in respect of the operation of the Sullom Voe Terminal, which includes provisions that upon a change of control, permit the lender not to provide certain funding under that facility and to cancel its commitment to provide that facility and to require prepayment of the credit which may already have been advanced to the borrower (EnQuest Heather Limited) under the facility;

(c) the security trust and waterfall deed, originally dated 24 January 2017, in respect of the transaction regarding the Magnus assets with BP Exploration Operating Company Limited, which includes provisions that, upon a change of control, the security trustee in favour of BP Exploration Operating Company Limited may take control of the accounts relating to the Magnus assets;

(d) the Company's Euro Medium Term Note Programme (under which the Company has in issue Euro Medium Term Notes originally due 2022 with an aggregate nominal amount of approximately £190.5 million, including capitalised interest, at the date of this report), pursuant to which, if there is a change of control of the Company, a holder of a note has the option to require the Company to redeem such note at its principal amount, together with any accrued interest thereon; and

(e) under the indenture governing the Company's high yield notes originally due 2022, which at the date of this report have an aggregate nominal amount of approximately $799.2 million, including capitalised interest, if the Company undergoes certain events defined as constituting a change of control, each holder of the high yield notes may require the Company to repurchase all or a portion of its notes at 101% of their principal amount, plus any accrued and unpaid interest.

Directors' statement of disclosure of information to auditor

The Directors in office at the date of the approval of this Directors' report have each confirmed that, so far as they are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each of the Directors has taken all the steps he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Responsibility statements under the DTR

The Directors who held office at the date of the approval of the Directors' report confirm that, to the best of their knowledge, the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and the Directors' report, Operating review and Financial review include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Independent auditor

Following a tender process, the Audit Committee recommended to the Board that Deloitte be appointed as auditor of the Company for the financial year ended 2020, and this was duly accepted and approved by ordinary resolution at the Company's 2020 AGM held on 21 May 2020. Deloitte has expressed its willingness to continue in office as auditor. Accordingly, an ordinary resolution to reappoint Deloitte as auditor of the Company and authorising the Directors to set its remuneration will be proposed at the forthcoming AGM. Information on the Company's policy on audit tendering and rotation is found on page 81.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 01 to 63. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial review on pages 26 to 31. The Board's assessment of going concern and viability for the Group is set out on pages 30 to 31. In addition, note 27 to the financial statements on pages 162 to 165 includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Greenhouse gas ('GHG') emissions

EnQuest has reported on all of the emission sources within its operational control required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within the EnQuest consolidated financial statements. EnQuest has used the principles of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), ISO 14064-1 and data gathered to fulfil the requirements under the 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019'. The Streamlined Energy & Carbon Reporting ('SECR') report includes assets which are in the operational control of EnQuest.

		2020		2019		2015[1]
Emissions		SECR (Operational Control) Scope	ISO-14064 Verified Scope	SECR (Operational Control) Scope	ISO-14064 Verified Scope	Baseline
	Total Emissions tCO_2e[2]	1,342,765	921,804	1,511,650	1,134,581	1,149,743
Scope 1	Extraction Emissions tCO_2e[2]	1,232,911	812,750	1,403,340	1,027,071	868,287
Scope 2	Extraction Emissions tCO_2e[2]	1,394	594	1,448	648	1,405
	Extraction Intensity ratio $kgCO_2e$/boe[2]	40.63	31.69	40.55	36.27	45.65
Scope 1	Terminal (SVT) Emissions tCO_2e[2,3]	31,125	31,125	30,230	30,230	152,191
Scope 2	Terminal (SVT) Emissions tCO_2e[2,3]	77,335	77,335	76,632	76,632	127,680
	Terminal (SVT) Intensity ratio $kgCO_2e$/boe[2] throughput[3]	4.31	4.31	3.47	3.47	6.87

		2020[4]	
Energy Consumption[5]		SECR (Operational Control) Scope	ISO-14064 Verified Scope
	Total kWh	5,594,120,915	3,856,964,264
Scope 1	Extraction kWh	5,019,083,379	3,283,035,465
Scope 2	Extraction kWh	3,577,499	2,468,762
	Extraction Intensity ratio kWh/boe[2]	165.34	128.01
Scope 1	Terminal (SVT) kWh[2,3]	151,047,275	151,047,275
Scope 2	Terminal (SVT) kWh[2,3]	420,412,762	420,412,762
	Terminal (SVT) Intensity ratio kWh/boe[2] throughput[3]	22.70	22.70

		2020[4]	
UK & Overseas Breakdown		SECR (Operational Control) Scope	ISO-14064 Verified Scope
Scope 1	UK Onshore tCO_2e[2]	31,146	31,146
	UK OffShore tCO_2e[2]	812,730	812,730
	Non-UK tCO_2e[2]	420,160	0
Scope 2	UK Onshore tCO_2e[2]	77,901	77,901
	UK OffShore tCO_2e[2]	0	0
	Non-UK tCO_2e[2]	828	28
Scope 1	UK Onshore kWh	151,149,442	151,149,442
	UK Offshore kWh	3,282,933,298	3,282,933,298
	Non-UK kWh	1,736,047,914	0
Scope 2	UK Onshore kWh	422,840,180	422,840,180
	UK Offshore kWh	0	0
	Non-UK kWh	1,150,081	41,344

Notes:
1 When it is considered that the portfolio of assets under a Company's operational control has changed significantly, the baseline, which is based on Verified Scope data, is recalculated to an appropriate comparative period for which good data is available. As such, the baseline is currently 2015
2 tCO_2e = tonnes of CO_2 equivalent. $kgCO_2e$ = kilogrammes of CO_2 equivalent. BOE = barrel of oil equivalent. EnQuest is required to report the aggregate gross (100%) emissions for those assets over which it has operational control. As such, the extraction intensity ratio is calculated by taking the aggregate gross (100%) reported Scope 1 and 2 $kgCO_2e$ from those assets divided by the aggregate gross (100%) hydrocarbon production from the same assets. The throughput ratio is calculated by taking the aggregate gross (100%) reported Scope 1 and 2 $kgCO_2e$ from SVT divided by the aggregate total throughput at the terminal
3 Note on Uncertainty: The uncertainty for total emissions within the verified scope is calculated as 3%. SVT emissions in isolation are not within 5% due to the steam and electricity meters for SVT not having supportable uncertainties
4 2020 is the first SECR reporting year requiring energy consumption reporting for EnQuest. In future years, the previous year energy consumption will also be reported for comparison purposes
5 Kilo-watt hour (kWh) data is reported on a net calorific value basis throughout

Energy Efficiency Strategy

A number of emission reduction opportunities have been identified and are underway or are being developed as projects. This includes compressor remapping on Kittiwake, and the commissioning of Waste Heat Recovery Units on Kraken, both completed during 2020, with projects to install generator turbine water wash facilities and the use of high-efficiency particulate air filters on Magnus in progress. It is recognised that improved environmental performance is a continuous process and as such, a working group has been set up dedicated to the identification, maturation and implementation of economically viable emissions savings opportunities across the Group's portfolio of assets.

SECR (Operational Control) Scope

EnQuest has a number of financial interests, e.g. joint ventures and joint investments, as covered in this Annual Report for which it does not have operational control. In line with SECR and ISO 14064-1 guidance, only those assets where EnQuest has operational control greater than 50% are captured within the SECR reporting boundary. Where EnQuest has less than 50% operational control of an asset, it is not included within the SECR reporting boundary. Hence, the SECR operational control boundary is different to EnQuest's financial boundary. In line with SECR guidance, this is fully disclosed.

ISO-14064 Verified Scope

EnQuest has voluntarily opted to have emissions reported within the SECR scope verified to the internationally recognised ISO 14064-1 standard by a UKAS accredited verification body. This increases the robustness of the reported emissions and provides the reader with more confidence in the stated figures. This goes beyond the minimum requirements of the SECR guidance. Some data for the Group's Malaysian assets (Seligi and associated land-based offices), do not currently meet ISO 14064-1 requirements, and so are excluded from the ISO 14064-1 reported figures. Efforts are being made to improve data quality with the objective of including these assets within the ISO 14064-1 verified scope in future years.

Further disclosures

The Company has set out disclosures in the Strategic report in accordance with Section 414C(11) of the Companies Act (2006) information required by Schedule 7 to the Accounting Regulations to be contained in the Directors' report. These disclosures and any further disclosure requirements as required by the Companies Act 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, The Companies (Miscellaneous Reporting) Regulations 2018 and the FCA's Listing Rules and DTR are found on the following pages of the Company's Annual Report and are incorporated into the Directors' report by reference:

Disclosure	Page number
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Fair treatment of disabled employees	43
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Corporate governance statement	70-74
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s.172 statement and stakeholder engagement	2-3
Research and development	n/a
Related party transactions	162

The Directors' report was approved by the Board and signed on its behalf by the Company Secretary on 24 March 2021.

Stefan Ricketts
Company Secretary