Who we are and what we do

An integrated energy company

ENQUEST IS FOCUSED ON DELIVERING ENERGY TO MEET TODAY'S AND TOMORROW'S NEEDS WHILE PURSUING DECARBONISATION OPPORTUNITIES.

1

Our purpose

Our purpose is to provide creative solutions through the energy transition.

2

Our strategic vision

To be the partner of choice for the responsible management of existing energy assets, applying our core capabilities to create value through the transition.

3

Our Values

SAFE Results

Working Collaboratively

Respect & Openness

Growth & Learning

Driving a Focused Business

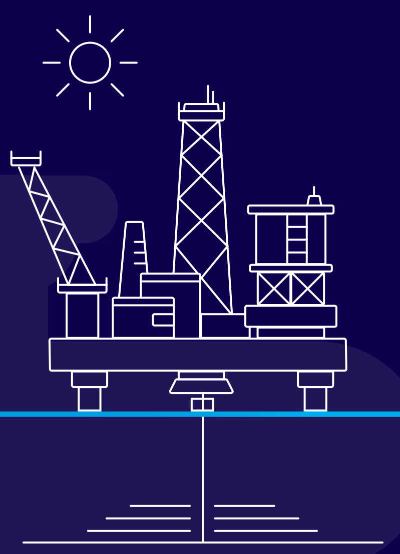
4

What we do

UPSTREAM

We responsibly extract existing oil and gas resources through established infrastructure while minimising emissions.

→ For more, see Page 18



TOP QUARTILE PRODUCTION UPTIME

Group operated production efficiency
%

87
2022: 84

DECOMMISSIONING

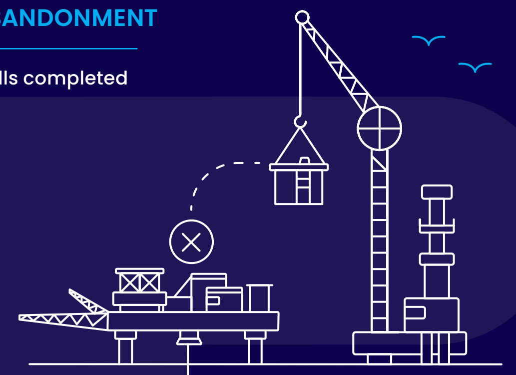
We are committed to delivering decommissioning programmes responsibly, minimising emissions and maximising the reuse of recovered materials.

→ For more, see Page 20

WELL PLUG AND ABANDONMENT

Thistle and Heather wells completed

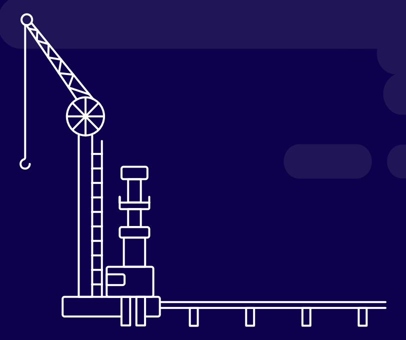
25
2022: 24



MIDSTREAM AND VERI ENERGY

We are focused on safe and reliable operations while repurposing infrastructure to progress renewable energy and decarbonisation opportunities at scale.

→ For more, see Page 22



CARBON STORAGE

Total CO_2 storage potential
In excess of (mtpa)

500

5

Our strategic focus

Managing assets to optimise and grow production while exercising cost control and capital discipline

Repurposing existing infrastructure to deliver new energy and decarbonisation opportunities at scale

Safely and efficiently executing decommissioning activities

Continuing to reduce debt while pursuing selective, capability-led and value-accretive acquisitions.

→ For more, see Our strategy on Page 16

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Strong free cash flow generation driving continued debt reduction.

Strong operational performance and focused cost control and capital discipline underpinned robust free cash flow generation. EnQuest net debt was reduced in the year from $717.1 million to $480.9 million, with $260.0 million of accelerated repayments of the Group's reserve based lending ('RBL') facility made during the year. The Group's debt maturities have also been extended to 2027 following a new $150.0 million term loan facility being agreed in August 2023 and the settlement in full of the 7% Sterling retail bond in October 2023.

Production in the year decreased by 7.3% versus 2022, reflecting natural declines across the portfolio partially offset by strong uptime and well programme activities at Magnus and PM8/Seligi and additional gas production from Seligi.

The Group's adjusted EBITDA decreased 15.8% to $824.7 million, primarily reflecting the impact of lower commodity prices on revenue, partially offset by lower cost. Profit before tax increased by 14.1% to $231.8 million, primarily driven by fair value changes in the Magnus contingent consideration liability, partially offset by a higher non-cash impairment charge. The Group reported a basic loss per share of 1.6 pence (2022: loss per share of 2.2 pence), primarily reflecting the current tax impact of the UK Energy Profits Levy.

The Group's improved balance sheet and liquidity position means EnQuest is well placed to pursue growth opportunities and begin returns to shareholders.

COMMODITY PRICES

Average Brent oil price
$/bbl
82.5
-18.2%
2022: 100.8

Average day-ahead gas price
GBp/therm
98.9
-51.4%
2022: 203.5

ALTERNATIVE PERFORMANCE MEASURES[1]

Operating costs
$ million
347.2
-12.4%
2022: 396.5

Adjusted EBITDA
$ million
824.7
-15.8%
2022: 979.1

Free cash flow
$ million
300.0
-42.2%
2022: 518.9

Read more in the Financial review
See Page 26

STATUTORY PERFORMANCE MEASURES

Revenue and other operating income
$ million
1,487.4
-19.8%
2022: 1,853.6

Profit/(loss) before tax
$ million
231.8
+14.1%
2022: 203.2

Basic earnings/(loss) per share
cents
(1.6)
+27.3%
2022: (2.2)

Net cash flows from operating activities
$ million
754.2
-19.0%
2022: 931.6

Net assets/(liabilities)
$ million
456.7
-5.7%
2022: 484.2

Read more in the Financial review
See Page 26

Note above:
1 See reconciliation of alternative performance measures within the 'Glossary – Non-GAAP measures' starting on page 193

Notes opposite:
1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)
2 See reconciliation of alternative performance measures within the 'Glossary – Non-GAAP measures' starting on page 193

A: HSEA
Group Lost Time Incident frequency rate[1]
-8.8%

2023	0.52
2022	0.57
2021	0.21

2023 performance improved versus 2022 with respect to Lost Time Incident ('LTI') performance but the Group was disappointed to see LTIs during the year. EnQuest remained in the upper quartile for this metric and has engaged in a programme of intervention, working closely with contractors to ensure that all people working on EnQuest installations are aligned with our safety culture.

D: Cash generated from operations
$ million
-16.7%

2023	854.7
2022	1,026.1
2021	756.9

Cash generated from operations reflected lower production and lower commodity prices partially offset by effective cost control.

G: Net 2P reserves
MMboe
-7.9%

2023	175
2022	190
2021	205

During the year, the Group produced c.16 MMboe of its year-end 2022 2P reserves base.

B: Net production
Boepd
-7.3%

2023	43,812
2022	47,259
2021	44,415

The decrease in production was primarily driven by natural declines across the portfolio partially offset by strong uptime and well programme activities at Magnus and additional gas production from Seligi.

E: Cash capital and decommissioning expense[2]
$ million
+20.8%

2023	211.1
2022	174.8
2021	117.6

Increased cash capital and decommissioning expense reflected well programmes at Magnus and Golden Eagle, in addition to well plug and abandonment decommissioning activities at Heather/Broom, and Thistle/Deveron.

H: Scope 1 and 2 emissions
tCO_2e
-1.0%

2023	1,041.9
2022	1,051.9
2021	1,164.1

Total CO_2e emissions were marginally lower, reflecting lower fuel gas and diesel usage.

C: Unit opex[2]
$/Boe
-3.5%

2023	21.9
2022	22.7
2021	20.5

Average unit operating costs were primarily impacted by work programme optimisation across the portfolio, combined with higher lease charter credits and lower diesel costs at Kraken, partially offset by the strengthening of Sterling against the US Dollar.

F: EnQuest net debt[2]
$ million
-32.9%

2023	480.9
2022	717.1
2021	1,222.0

Strong free cash flow generation was utilised to deleverage the Group's balance sheet. During 2023, the Group aligned debt maturities to 2027 following a new term loan being agreed and the settlement in full of the 7.00% Sterling retail bond.

Our strategic focus

- Managing assets to optimise production while exercising cost control and capital discipline
- Repurposing existing infrastructure to deliver new energy and decarbonisation opportunities at scale
- Safely and efficiently executing decommissioning activities
- Continuing to reduce debt while pursuing selective, capability-led and value-accretive acquisitions

Group operations

EnQuest is an independent energy company.
We focus on mature late-life assets, responsibly optimising production to provide energy security. Where we can, we repurpose our infrastructure to deliver renewable energy and decarbonisation projects before executing world-class decommissioning. We are investing in infrastructure and new energy to drive the transition.

TOP QUARTILE OPERATIONS

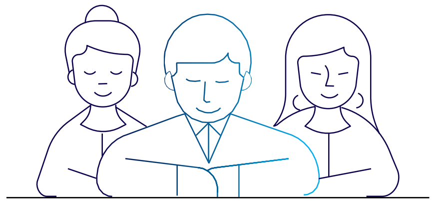
As an operator of mature assets, it is imperative that EnQuest delivers top quartile production efficiency to maintain cash generation and extend asset lives.

In 2023, EnQuest achieved the following production uptime performance at its operated assets:

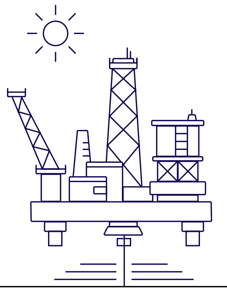
- **Magnus: 88%**
- **Kraken: 86%**
- **Greater Kittiwake Area: 83%**
- **PM8/Seligi: 90%**

Read more in the Operational review
See Page 18

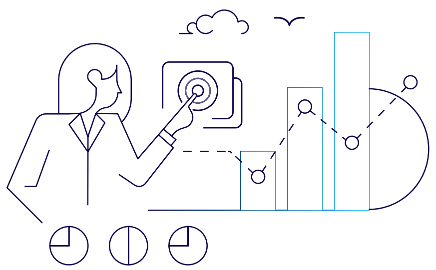
EXISTING OPERATIONS



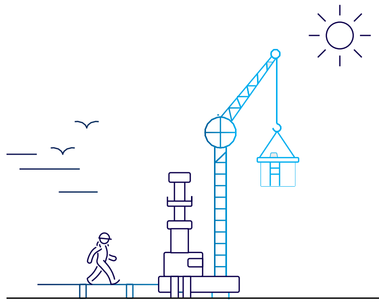
734
Global employees



4
UK production hubs



1
Onshore processing terminal



4
Decommissioning assets

43,812
(Boepd) Production

175
(MMboe) 2P Reserves

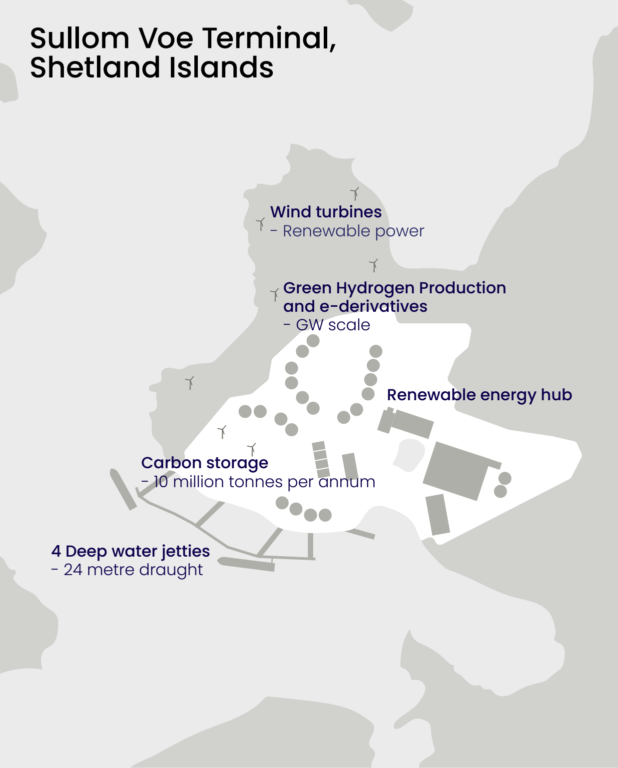
389
(MMboe) 2C Resources

95%
Operated 2P

84%
UK North Sea 2P

1.5x
RRR[1] since IPO

RENEWABLE ENERGY AND DECARBONISATION OPPORTUNITIES



10
mtpa CO_2 storage potential

4
carbon storage licences

Sullom Voe Terminal provides the Group with the infrastructure from which to progress its new energy and decarbonisation ambitions including carbon capture and storage, the production of green hydrogen and derivatives and generation of renewable power

1 Reserves Replacement Ratio calculated as Reserves Additions/Production – as at 31 December 2023

Fuelling the just energy transition

Gareth Penny
Chairman

Overview

The Group continues to achieve operational excellence in a safe, responsible manner, leveraging core capabilities to create value through the transition. By delivering against 2023 operational and financial targets, EnQuest again generated material free cash flow, facilitating further reduction in the Group's net debt and the voluntary acceleration of repayments against our senior secured credit facility, in line with our strategic objective to de-lever the business.

Against the backdrop of the evolving UK fiscal environment, our financial performance remained robust, underscored by disciplined cost management and a prudent approach to capital allocation which has enabled us to strengthen our balance sheet, reduce debt levels, and enhance financial flexibility. With great progress made in recent years against our stated aims to deliver and de-lever, it is now time for the Group to focus on value-accretive growth.

As the reality of the UK Energy Profits Levy has impacted cash generation and investment across the UK energy sector, the Group's significant tax loss position creates a relative advantage versus full tax paying peers and the value of assets in EnQuest's hands far outweighs that which could be generated in the hands of other organisations. As such, I am confident there will be further opportunities for EnQuest to add significant production and cash flow to the portfolio as majors and other operators continue to shift their focus from the UK. We will also continue to assess appropriate M&A opportunities in other geographies and look at balancing the commodity mix within our portfolio with more gas assets.

EnQuest's Just Energy Transition

While the Upstream business remains a core focus given its cash generating capability, the Group has made considerable progress in a short space of time in delivering credible and potentially material new energy and decarbonisation opportunities which are now managed by Veri, a wholly owned subsidiary of EnQuest PLC, primarily through the repurposing of existing infrastructure.

The Group also continues to demonstrate its sector-leading capability in decommissioning, which is becoming an ever more significant component of the competency mix for a North Sea operator.

This enhanced business model is underpinned by several complementary, transferable, proven capabilities, and our drive to support energy security, supply and affordability, jobs and the communities in which we operate means we have the chance to establish EnQuest as a true just energy transition company. We believe in collaborating with local communities, governments, and partners to build a future where energy needs are met sustainably and equitably. The expertise which resides today within traditional oil and gas companies will deliver the energy transition and we recognise that our skilled and dedicated workforce is our strength.

As we navigate the energy transition, we are committed to strategies that prioritise employee and community wellbeing, professional growth, and economic security. We have set ambitious, time-bound targets to reduce our emissions, consistently updating internal and external stakeholders on progress, and I was delighted to see our efforts recognised through a 'B' rating in the 2023 CDP Climate Change Survey, which places EnQuest among the sector leaders.

The Board added its support to the Group's sustainability plan during 2023 by approving a commitment to reach net zero Scope 1 and Scope 2 emissions by 2040 and will work closely with management to ensure that appropriate and credible milestones are set for the journey to net zero.

Board composition

As the Group's strategy has evolved, we have taken steps to align the competencies of the Board more closely with its delivery, culminating in a process to reshape the composition of our Board during 2023. As part of that process, our three longest serving Non-Executive Directors, Carl Hughes, Howard Paver, and John Winterman, stepped down from the Board at the 2023 Annual General Meeting and, following an extensive recruitment process, Michael Borrell and Karina Litvack were appointed as Non-Executive Directors. Unfortunately, Karina had to step down from the Board due to an unexpected conflict arising. The recruitment process for an additional Non-Executive Director commenced in January 2024 and I am delighted to welcome Rosalind Kainyah to the Board ahead of the AGM.

The restructure also involved reviewing the roles and responsibilities of the Executive Directors and it was agreed that Salman Malik, Chief Financial Officer ('CFO') and Managing Director, Infrastructure and New Energy, would assume the role of Chief Executive Officer ('CEO') of Veri Energy ('Veri'), a wholly owned subsidiary of EnQuest. This was the logical next step for the Group's new energy and decarbonisation ambitions and provides the dedicated Veri team the opportunity to leverage support from financial and strategic partnerships. We recruited Jonathan Copus as CFO Designate in December 2023 and, after a formal transition process, he became CFO on 1 February 2024 and will be proposed for election to the Board at the Annual General Meeting ('AGM'). Jonathan was previously CFO at Salamander Energy PLC, a production and development business focused in South East Asia and also served as CEO at Getech Group PLC. Jonathan has a strong technical background in geoscience and geology, as well as extensive capital markets experience.

"We recognise the evolving energy landscape and are committed to leading a Just Energy Transition, ensuring that our workers, the communities we serve, and our stakeholders benefit in the process."

As we look forward, I am pleased to report that the Group is led by a strong and experienced management team, supported by a diverse and knowledgeable Board, and has excellent people who, collectively, are focused on delivering on EnQuest's energy transition strategy.

Looking ahead

The Group remains firmly committed to delivering long-term value for our shareholders while embracing the opportunities and challenges of the evolving energy landscape. We recognise the imperative to adapt to changing market dynamics and embrace innovation and sustainability as catalysts for future growth.

As we embark on the next growth phase of our journey, we are confident in the resilience of our business model, the capability and dedication of our people, and collective support at all levels of the organisation to cement EnQuest as a key player in a just energy transition. Together, we will continue to build on our successes, drive operational excellence, and pursue sustainable growth, guided by our strategic vision to apply our core capabilities to create value though the transition.

The Group's strong track record of delivering accretive acquisitions through innovative transaction structures places EnQuest in a good position as other industry participants reconsider their appetite for continued investment in the UK North Sea following changes to the prevailing fiscal regime. EnQuest's business model is proven to capture additional value through effective late-life asset management across Upstream and Decommissioning and the utilisation of the Group's significant UK tax loss position. Coupled with the potential for many of the Group's distinct capabilities that drive its Upstream and Decommissioning businesses to be effectively applied to renewable energy and decarbonisation workstreams, I am confident that EnQuest enjoys a differentiated position that will underpin success in the future.

Gareth Penny
Chairman

Global trends impacting our business

In shaping our strategy we consider a wide range of issues, assessing the potential opportunities and threats they pose to our business.

Macroeconomic uncertainty

Global markets impacted by volatility of the geopolitical environment, with continued conflict in Europe and escalating tensions in the Middle East due to Israel-Hamas war.

What does it mean for our industry?

Commodity prices remained supportive during 2023, with increased demand for hydrocarbons as global economies continued on the path of industrial recovery post-pandemic. An increase in US shale production, as well as the emergence of additional incremental non-OPEC supply led OPEC to institute production cuts. Supply concerns have escalated and dissipated at various junctures during the fourth quarter of 2023 and continued into 2024 with an escalation of tensions in the Middle East.

How are we responding?

EnQuest hedges a significant amount of its production, predominantly through put options, in order to protect against downside risk, while retaining the upside during periods of increased commodity prices.

UK oil and gas fiscal regime

The EPL has driven some operators to shift focus away from the UK North Sea and has impacted access to capital across the sector.

What does it mean for our industry?

Fiscal regime volatility undermines confidence and imposes significant challenges on the sector, negatively impacting the investment environment. The extension of the UK Energy Profits Levy ('EPL') to 2029, which was announced in the Spring Budget, represented the fourth amendment to UK sector taxation in the last two years. The EPL has resulted in a number of industry participants accelerating their shift in focus away from the UK North Sea, with some reducing investment and others looking to depart the UK entirely.

How are we responding?

EnQuest remains committed to the UK and the Group's historic tax loss position in the UK creates a significant 2.6x relative tax advantage versus full tax paying operators. This provides the Group with a strong foundation from which to pursue value-accretive growth through acquisition.

Read more in the Financial review See Page 26

Responsible and sustainable operation

Key stakeholders are increasingly demanding responsible and ethical working practices that drive positive impacts for society and manage risk.

What does it mean for our industry?

The Environmental, Social and Governance ('ESG') landscape is evolving and oil and gas companies are expected to adopt principles of environmental stewardship, resource efficiency, social responsibility and community engagement, and safety and risk management. Above all, transparency and accountability are vital.

How are we responding?

EnQuest maintains collaborative relationships with major shareholders, lenders and other key stakeholders, regularly seeking feedback on the Group's operational plans and ESG performance. Demonstrating its commitment to responsible and sustainable operations, the Group was awarded a 'B' rating in the 2023 CDP Climate Change Survey.

Climate change and carbon targets

Governments, regulators and consumers are calling for the reduction of carbon-related emissions and net zero targets are coming under scrutiny.

What does it mean for our industry?

Within the oil and gas sector, a credible transition plan is effectively the licence to operate. Companies will increasingly be asked to explain how targets will be met and emphasis will be applied to reporting against interim milestone targets.

Scope 1 and 2 emissions
tCO_2e

−23%

How are we responding?

EnQuest has a Board-approved target to reach net zero in terms of Scope 1 and Scope 2 emissions by 2040. The Group is progressing its transition plans and aims to institute a net zero roadmap during 2024. The decarbonisation and new energy opportunities at the Sullom Voe Terminal add significant credibility to the Group's net zero ambitions.

The just energy transition ('JET')

The JET has risen to prominence, underscoring the shift from fossil fuels to renewables, prioritising equity and support for impacted people and communities.

What does it mean for our industry?

The transition to just energy introduces both challenges and opportunities for the sector. Companies that adapt to changing market dynamics, diversify their portfolios, and embrace sustainable practices will be better positioned to thrive in a low-carbon future. Investors are increasingly considering ESG factors in their investment decisions and companies will face issues in attracting investment if they are perceived as being incompatible with sustainability goals.

How are we responding?

The Group recognises the evolving energy landscape and is committed to leading a Just Energy Transition, ensuring that our workers, the communities we serve, and our stakeholders benefit in the process.

Primed for growth

Amjad Bseisu
Chief Executive

All figures quoted are in US Dollars and relate to Business performance unless otherwise stated.

Overview

Since we set our strategic priorities of 'deliver, de-lever and grow' at the end of 2018, we have made significant progress; consistently delivering against production, operational and cost targets, which in turn has enabled us to generate material free cash flows, even during periods of reduced commodity prices. Against the backdrop of a challenging fiscal environment in the UK, we have reduced EnQuest net debt by more than $1.5 billion since its peak and have aligned outstanding debt maturities in 2027. Now is the time for EnQuest to build on that strong foundation as we pivot to growth during 2024 and initiate our first ever return of capital to shareholders.

During 2023, the Group once again delivered a strong operational and financial performance. Production uptimes were high across the portfolio while maintaining discipline in our cost management and investment decisions drove expenditure lower than 2023 guidance, generating free cash flow of $300.0 million and enabling the reduction of EnQuest net debt to $480.9 million.

From a growth perspective, we have positioned ourselves well to transact by ending 2023 with $498.8 million of liquidity, representing a combination of cash and headroom within our borrowing facilities. The Group has an established track record of executing value-accretive, quick payback acquisitions and, having extended the economic lives of all nine of the assets we have operated by a minimum of ten years, we will look to utilise our differentiated capabilities and advantaged tax position to grow the business through M&A.

We also realised value within the existing portfolio by selling a 15.0% share of both the Bressay licence and the EnQuest Producer Floating, Production, Storage and Offloading ('FPSO'); a transaction which represents an important step in moving the Bressay project forward.

Since 2018, we have materially reduced our absolute Scope 1 and 2 emissions and in 2023, we launched Veri Energy ('Veri'), a wholly owned subsidiary of EnQuest, as the logical next step in the strategic evolution of EnQuest's new energy and decarbonisation ambitions, which are initially focused on the strategically advantaged Sullom Voe Terminal site.

> "Our business model embodies the energy transition and provides a platform for us to display our top quartile capabilities across the asset life cycle. We are value-led and committed to playing our part in a just and sustainable transition, with our people at its heart."

Throughout the year, we reinforced our position as a leading exponent of decommissioning activities, delivering another record year as the most productive well plug and abandonment ('P&A') campaign in the northern North Sea, demonstrating our differentiated capability through an average well plug and abandonment cost which leads our peer group.

Our enhanced business model spans the energy transition, ensuring that through time the transition is managed in a just and sustainable manner. By responsibly managing existing assets, we will continue to contribute to energy security today while advancing our new energy and decarbonisation opportunities through Veri Energy to support a future lower-carbon energy system, before safely decommissioning those assets. Our business model is underpinned by several complementary, transferable, proven capabilities and provides long-term opportunities for our people.

Market conditions

Commodity prices

During 2023, global markets predominantly operated within a price range of $70/bbl to $90/bbl, except for a short period of escalated prices during September. This range reflected softer pricing than that seen during 2022, with a number of macroeconomic and geopolitical impacts offsetting each other. 2023 saw an increase in demand for hydrocarbons as global economies continued the path of industrial recovery post-pandemic but the impact on commodity prices was offset by an increase in US shale production of around 1.5 million barrels of oil per day, as well as the emergence of additional incremental non-OPEC supply, predominantly from Brazil, Guyana and Canada. These supply impacts led OPEC to institute production cuts, which drove the September 2023 price spike but which ultimately resulted in a stabilisation of prices towards the end of the year. The geopolitical environment has also caused uncertainty within global markets amid a continuation of the Russia-Ukraine conflict in Europe and escalating tensions in the Middle East as war broke out between Israel and Hamas in October. Supply concerns have escalated and dissipated at various junctures during the fourth quarter of 2023 and continued into 2024 with US-UK missile strikes to protect the safe passage of maritime trade in the Red Sea.

Fiscal uncertainty

Following the introduction, and subsequent amendment, of the UK Energy Profits Levy ('EPL') during 2022, 2023 represented the first full year of the windfall tax on oil and gas producers, at an increased headline rate of 35%, impacting the Group's profitability. As expected, the EPL has impacted access to capital across the sector, with the most significant on EnQuest being the reduced borrowing base within the Group's reserve based lending ('RBL') facility. Our robust financial performance has enabled EnQuest to accelerate repayments against the RBL, with the 2023 year-end drawn balance of $140.0 million being further fully repaid in the first quarter of 2024, while the October 2023 7.00% Sterling retail bond was settled and funds fully drawn under a new $150.0 million term loan facility. Going forward, with a strong balance sheet, we have a fairway of opportunity to grow the business, ahead of debt maturities which are aligned in 2027.

Clearly, a volatile fiscal regime imposes significant challenges on any business and the extension of the EPL to 2029 announced in the Spring Budget represented the fourth amendment to UK sector taxation in the last two years. However, EnQuest has a track record of demonstrating resilience, creativity and adaptability and can generate opportunities in such circumstances. The EPL has resulted in a number of industry participants accelerating their shift in focus away from the UK North Sea. Our significant tax loss position and the impact of the EPL on marginal tax rates means that the transfer of assets to EnQuest ownership would increase their relative value to a multiple of that in the hands of existing owners. As such, I am confident we will grow the business through M&A, initially in the UK and then internationally.

Operational performance

EnQuest's average production was in line with the mid-point of guidance at 43,812 Boepd, underpinned by strong production uptime across the portfolio, including at Kraken where an efficient return to service of the FPSO following the anomalous failure of transformer units limited the impact on production. I was very proud of the EnQuest team which, working alongside the vessel owner, Bumi Armada, reinstated production on a single train basis within 30 days and then full production capacity in around two months.

The well programme at Magnus included the successful completion of the North West Magnus injector well, which came online in May to support the 2022 producer well, alongside two further infill wells which produced first oil in August and December, respectively. Demonstrating EnQuest's differentiated operating capability, Magnus production efficiency in 2023 was 88%, representing a 22% improvement versus 2022.

"Our differentiated operating capability and strong balance sheet make EnQuest the right operator for mature assets in the North Sea and beyond."

EnQuest operates the Sullom Voe Terminal on Shetland, which will be the focus of the Company's decarbonisation and new energy projects

Production
Boepd

43,812

Free cash flow
$ million

300.0

EnQuest net debt
$ million

480.9

In Malaysia, average production for the year was 7,437 Boepd, representing a 15% increase over 2022 volumes. This increase includes c.600 Boepd associated with Seligi 1a gas, to which Petronas holds the entitlement, and which is produced and handled by EnQuest in exchange for a gas handling and delivery fee, as well as strong operational performance and production uptime of 90%.

During 2023, we produced c.16 MMboe of our year-end 2022 2P reserves base. This reduction in 2P reserves was partially offset by transfers from 2C resources at Magnus, net of other technical revisions. As such, 2P reserves at the end of the year were around 175 MMboe, down from c.190 MMboe reported at the end of 2022. We continue to have material 2C resources of around 389 MMboe, with Bressay and Bentley each holding more than 100 MMboe of net 2C resources, while Magnus and Kraken in the UK and PM8/Seligi offshore Malaysia also hold material 2C resources.

The launch of Veri in December 2023 recognises that our position at SVT provides a strategically advantaged, sustainable and tangible basis upon which to expand the Group's role in the energy transition; a position which is predicated on a capital-light approach to investment and which was further enhanced by the award of four carbon storage licences in the North Sea Transition Authority's ('NSTA') first UK licensing round.

Our UK decommissioning team continued to demonstrate excellence in the execution of well P&A activities at an average cost of c.£2.5 million per well, significantly below the NSTA industry benchmark of c.£4.3 million. This programme saw the successful execution of 25 well P&As across the Heather and Thistle fields, exceeding the record for the most prolific multi-asset P&A campaign in the northern North Sea, previously set by EnQuest in 2022.

Financial performance

The Group's adjusted EBITDA and statutory gross profit decreased by 15.8% to $824.7 million and 17.2% to $540.7 million, respectively, reflecting lower realised oil prices and production. Operating costs for the year of $347.2 million were 12.4% lower than 2022, primarily due to lower diesel costs and higher lease charter credits associated with the unplanned downtime at Kraken. Unit operating costs decreased 3.5% to $21.9/Boe, reflecting the impacts on costs noted above. Cash generated from operations decreased to $854.7 million, down by 16.7% compared to 2022, although free cash flow generation remained robust, delivering $300.0 million.

The Group's continued solid financial and operating performance during the year drove further strengthening of the balance sheet and enabled the focus of the business to pivot to growth in 2024. We are also delighted to announce our first shareholder return programme and will deploy $15.0 million of capital in a share buyback programme during 2024.

Environmental, Social and Governance

The health, safety and wellbeing of our employees remains our top priority. In 2023, we delivered another upper quartile Lost Time Incident ('LTI') frequency[1] rate but were disappointed to see three LTIs during the year. We remain laser focused on SAFE Results with no harm to our staff and contractors and have engaged in a programme of intervention, assessing root causes of incidents and working closely with the contractors involved to ensure that everyone is aligned with our safety culture, trained on equipment and procedures and empowered to stop a task should a safer method be identified.

As outlined earlier, we have made excellent progress in reducing absolute Scope 1 and 2 emissions in recent years, with the Group's CO_2 equivalent emissions reduced by 23% since 2020 and the UK's emissions down by c.41% since 2018. This progress is significantly ahead of the Group's targeted reductions and those set by the UK Government's North Sea Transition Deal, providing a strong foundation for our commitment to reach net zero by 2040. Looking ahead, the Group has approved investments designed to reduce future carbon emissions and operating costs across the portfolio, including the new stabilisation facility and power generation projects at SVT and the potential gas tie-back solution from Bressay to Kraken. At the same time, we continue to optimise sales of Kraken cargoes directly to the shipping fuel market, avoiding emissions related to refining and helping reduce sulphur emissions.

This year saw a number of changes to our Board, with Non-Executive Directors Howard Paver, Carl Hughes and John Winterman stepping down, to be succeeded by Mike Borrell and Karina Litvack, although Karina unfortunately had to resign her position due to a conflict. I would like to thank Howard, Carl, John and Karina for their contributions, and I look forward to working with the refreshed Board as we execute on our growth strategy.

2024 performance and outlook

Production performance to the end of February was 44,498 Boepd. Our full-year net production guidance of between 41,000 and 45,000 Boepd includes the impacts from drilling campaigns at Magnus, PM8/Seligi and Golden Eagle and required maintenance activities across the portfolio.

Operating costs are expected to be approximately $415.0 million, while capital expenditure is expected to be around $200.0 million, with decommissioning expenditure expected to total approximately $70.0 million.

Longer-term development

Our strategy and business model have evolved to align to our aims of delivering value-driven growth and establishing EnQuest as a key player in a just energy transition. We have established a track record of executing acquisitions and optimising asset lives, underpinned by our operating capabilities and the transactional flexibility which is derived from our improved liquidity.

Our position as a top quartile operator, alongside our advantaged tax position in the UK, enhances our M&A credentials as a responsible owner and operator of existing assets and infrastructure as we transition to a lower-carbon energy system, offering our people long-term opportunities. We also believe that our core capabilities and top quartile operating performance can be replicated across other geographies as we seek to grow and diversify internationally.

2023 was a year of continued strong performance for the Group which was achieved with the support of all our stakeholders; our people, shareholders, investors, lenders, partners and suppliers. I thank all for their contributions throughout 2023 and I am excited about delivering EnQuest's next growth phase during this pivotal year.

2024 production guidance
Boepd

41,000–45,000

1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)

How we are differentiated

Differentiated capability – case study

At Magnus, which celebrated its 40th anniversary during 2023, EnQuest's differentiated operating capability has delivered transformed performance

Following reduced investment and offshore resource restrictions during the low commodity price environment and COVID-19 pandemic in 2020, EnQuest has applied focused management of asset equipment to systematically eliminate vulnerabilities, primarily related to power generation and gas compression. 2023 production efficiency at Magnus was 88%, 22% higher than the 2022 equivalent. With significant drilling planned in 2024 and 2025, Magnus production is expected to grow year-on-year from 2022 to 2025.

EnQuest is a top quartile operator through the life cycle of maturing hydrocarbon assets and its compelling decarbonisation and new energy strategy is anchored in its unique infrastructure position and strong engineering and subsurface capability.

Read more in the Financial review See Page 26

1 Distinct skills and capabilities

- Top quartile performance across developments, wells, operations, decommissioning and technical support functions
- Transferable capabilities that can be applied across all aspects of the portfolio, different geographies and decarbonisation and new energy opportunities
- Highly skilled, dedicated teams with strong technical credentials

87%

Average asset production uptime during 2023

2 Industry leading sustainability credentials, with focus on safety

- Board-supported commitment to reach net zero with regard to Scope 1 and Scope 2 emissions by 2040; ten years ahead of UK target
- UK Scope 1 and Scope 2 emissions reduction of 41% versus 2018 baseline. EnQuest performance tracking significantly ahead of North Sea Transition Deal targets
- Lost time incident frequency of 0.52 in 2023. UK average is 1.31

41%

Reduction in UK Scope 1 and Scope 2 emissions versus 2018 baseline

3 Uniquely positioned to capitalise on transition projects

- EnQuest has exclusive right to develop new energy and decarbonisation projects at Sullom Voe Terminal
- Launched Veri Energy, a wholly owned EnQuest subsidiary, during 2023 to provide dedicated management of projects
- EnQuest will provide support in a capital-light manner, while enabling Veri Energy to leverage support from financial and strategic partnerships

10mtpa

Total anticipated annual carbon storage potential from CCS project

4 Differentiated UK tax positioning

- EnQuest holds significant UK tax loss position of $2.0 billion as at 31 December 2023
- Inclusion of the UK Energy Profits Levy enhances EnQuest's relative tax advantage versus full tax-paying peers
- EnQuest plans to accelerate tax loss benefit through acquisition of value-accretive assets, with immediate M&A focus in the UK

2.6x

Comparative cash flow due to tax advantage[1]

1 Based on a full UK tax payer retaining 25% post-tax income vs EnQuest retaining 65% post-tax income given CT/SCT tax loss position

5 Track record of delivering accretive acquisitions

- Since inception, EnQuest has extended the economic lives of all nine operated assets
- Asset acquisitions have typically achieved payback within 12-18 months
- Entrepreneurial, innovative approach taken to structure past deals with limited upfront consideration and focus on value

10+ years

Life extension achieved at Magnus, PM8/Seligi and Dons following acquisition

Key updates for 2023

Upstream

Managing assets to optimise production while exercising cost control and capital discipline

Read more in the Operational review
See Page 18

PROGRESS IN 2023

- Production of 43,812 Boepd in line with mid-point of 2023 guidance
- Top quartile production efficiency delivered across operated portfolio
- Exemplary reinstatement of Kraken production following anomalous failure of HSP transformers

OBJECTIVES FOR 2024

- Production guidance of 41,000 to 45,000 Boepd
- Multi-well drilling and wellwork programmes at Magnus, PM8/Seligi and Golden Eagle
- Planning work ahead of expected return to drilling at Kraken during 2025, as well as progress of gas well tie-back from Bressay to Kraken

Decommissioning

Demonstrating leadership in decommissioning - safely and efficiently executing abandonment activities

Read more in the Operational review
See Page 18

PROGRESS IN 2023

- Record-breaking well plug and abandonment ('P&A') performance, executing 25 wells across Heather and Thistle projects
- Per North Sea Transition Authority review data, EnQuest probabilistic average cost per well P&A is £2.5 million versus industry benchmark of £4.3 million
- All heavy lift contracts awarded for major removals projects
- Continued planning ahead of 33-well subsea decommissioning activities

OBJECTIVES FOR 2024

- Progress well P&A activity at Heather and Thistle ahead of planned completion by end of 1Q 2025
- Well P&A represents the critical path for these projects, but work will continue to plan for execution of heavy lifts during 2025 and 2026

Midstream and Veri Energy

Repurposing existing infrastructure to deliver new energy and decarbonisation opportunities at scale

Read more in the Operational review
See Page 18

PROGRESS IN 2023

- Launched Veri Energy, a wholly owned subsidiary of EnQuest, in December 2023
- Veri Energy will be responsible for the dedicated management of new energy and decarbonisation ambitions at Sullom Voe Terminal ('SVT')
- Awarded four carbon storage licences in NSTA's inaugural UK licensing round, as well as grant of £1.74 million in funding from UK Government to progress 50 MW green hydrogen project at SVT
- Midstream team progressing two major right-sizing projects at SVT. Together, these projects are expected to reduce terminal emissions by 90%

OBJECTIVES FOR 2024

- Progress phased decommissioning of SVT terminal facilities and major transformation projects, including completion of new stabilisation facility
- Active pursuit of financial and strategic partnerships within Veri Energy
- Continue to prioritise capital-light approach

Financial

Continuing to reduce debt while pursuing selective, capability-led and value-accretive acquisitions

Read more in the Financial review
See Page 26

PROGRESS IN 2023

- Free cash flow generation of $300.0 million, driving year-end net debt of $480.9 million
- Full repayment of reserve based lending facility ('RBL'), with year-end drawn balance of $140.0 million repaid during February 2024
- $150.0 million term loan facility replaced RBL borrowing base and aligned 2027 debt maturities
- Full-year expenditures delivered lower than guidance, driven by lower operating costs

OBJECTIVES FOR 2024

- Group entered 2024 with c.$500 million liquidity and clear target to deliver transformational growth
- Continue to de-leverage the Group's balance sheet through disciplined capital allocation
- Execute shareholder return programme, with $15.0 million share buyback programme approved to commence in 2024

Upstream operations

Steve Bowyer
General Manager, North Sea

UK Upstream operations[1]

Daily average net production (Boepd)

36,375

−11%
(2022: 40,801)

1 Includes Magnus, Kraken, Golden Eagle, the Greater Kittiwake Area including Scolty/Crathes and Alba

Malaysia operations

Daily average net production (Boepd)

7,437

+15%
(2022: 6,458)

Daily average net entitlement (Boepd)

4,552

(2022: 4,237)

2023 Group performance summary
Production of 43,812 Boepd reflected improved performances at Magnus and at PM8/Seligi, strong production uptimes across the operated portfolio and the Group's investment in low-cost, quick-payback drilling and wellwork campaigns, partially offsetting the impact of natural field declines.

Magnus

2023 performance summary
2023 production of 15,933 Boepd was 26% higher than the 2022 figure of 12,641 Boepd, driven by significantly improved production efficiency of 88% (2022: 66%) following improvements to rotating equipment performance, including gas compressors and power generation units. The Group executed an extensive wellwork programme, with three wells returned to service following P seal repair/replacement works, execution of a perforation scope and the completion of an infill drilling programme which included the North West Magnus injector in May and two further infill wells which came online in August and December, respectively. In addition, slot recovery activity continued to enable the delivery of future infill drilling opportunities, with the completion of the B6 well plug and abandonment ('P&A') during July 2023.

The planned annual maintenance shutdown was completed in 20 days, versus the original planned duration of 24 days, with all major scopes executed. The shutdown involved 10,000 manhours of work being completed with zero lost time incidents.

2024 outlook
The five-yearly rig recertification of the Magnus platform rig commenced in early January and is expected to run until the second quarter of 2024, with infill drilling activity to recommence thereafter. A shutdown of around three weeks is planned in the third quarter to complete scheduled safety-critical activities, while further asset integrity maintenance and plant improvement opportunities will continue to be assessed and implemented throughout the year in order to minimise platform vulnerability. It is anticipated that two wells will be drilled in the second half of 2024, with the expectation that Magnus production will be higher than 2023. With 2C resources of c.28 MMboe, Magnus offers the Group significant low-cost, quick payback drilling opportunities in the medium term.

Kraken

2023 performance summary
Average net production in 2023 was 13,580 Boepd (2022: 18,394 Boepd), which is reflective of high uptime before and after the anomalous failure of HSP transformer units during May. Working alongside the vessel owner, Bumi Armada, the EnQuest asset team exemplified differentiated operational capability by limiting the impact of this outage, resuming production on a phased basis within 30 days of the outage and then, through the refurbishment/rebuild and reinstatement of transformer units, returned Kraken to full production in early-August. Subsequently, the Group oversaw a return to top quartile performance, with the Floating, Production, Storage and Offloading ('FPSO') delivering production efficiency and water injection efficiency of 98% and 99%, respectively, for the final four months of the year. For the full year 2023, production efficiency was 86% (2022: 93%) and water injection efficiency was 85% (2022: 93%).

Production in the second half of the year benefited from the removal of two planned periods of single train operations, with the Group having executed maintenance work while production at the FPSO was shut-in. In addition, delivery and deployment of new HSP transformer units has provided increased resilience to production capacity, with further HSP and water injector transformer replacements planned during 2024.

The Group continues to optimise Kraken cargo sales into the shipping fuel market, with Kraken oil a key component of International Maritime Organization ('IMO') 2020 compliant low-sulphur fuel oil while avoiding refining-related emissions.

2024 outlook
No shutdown is planned during 2024 but it is expected that a ten-day period of single processing train operations will be undertaken in order to execute safety-critical maintenance work.

The Group has procured a mobile offshore drilling unit ahead of a planned return to drilling at Kraken during 2025. EnQuest will purchase selected long lead equipment during 2024 required to facilitate the two-well sidetrack programme. With c.33 MMboe of 2C resources, there remains significant opportunity in terms of main field side-track drilling opportunities, along with further drilling within the Pembroke and Maureen sands, while Kraken production will be subject to natural decline in 2024.

CASE STUDY

Kraken FPSO reinstatement

Differentiated operational capability

The production reinstatement project undertaken at Kraken, following the anomalous failure of HSP transformer units, illustrates the differentiated operational capability which exists at the heart of everything we do.

Working alongside the vessel owner, Bumi Armada, the EnQuest asset team mitigated a potentially significant impact on production, initially on a single train basis and then quickly ramping up to full production, through the efficient and effective refurbishment and reinstatement of damaged transformer units.

New transformer units were proactively procured as critical spares, providing further resilience to production capacity. The Group reacted quickly to further mitigate production losses by executing maintenance work, originally planned for the Q3 shutdown, during the outage period.

Following the reinstatement of full production at Kraken, the asset has delivered near-perfect uptime.

Golden Eagle

2023 performance summary
2023 net production was below the Group's expectations at 4,199 Boepd (2022: 6,323 Boepd), with asset production efficiency in excess of 90% (2022: 95%).

Following the arrival of the drilling rig in August 2023, drilling of the first well in the 2023-24 platform drilling programme commenced in October 2023 and the well was brought online in January 2024. This is the first well of an anticipated four-well programme, which is due to be completed in mid-2024.

2024 outlook
The operator has scheduled a shutdown of around one week in the summer of 2024, with subsequent major shutdowns expected to be required every two to three years.

Other North Sea assets

2023 performance summary
Production in 2023 averaged 2,663 Boepd (2022: 3,442 Boepd), largely in line with expectations and reflecting strong uptime of 83% (2022: 87%) at the Greater Kittiwake Area.

At Alba, performance continued largely in line with the Group's expectations.

Work continued towards the development of the wider Kraken area, including a Bressay gas tie-back solution and an early production solution project at Bressay, with RockRose Energy now a joint venture partner on the Bressay project with regulatory approval granted in March 2024.

2024 outlook
At GKA, a one-week shutdown is planned during the second quarter, as well as a short shutdown of related infrastructure.

At Bressay, EnQuest continues to actively explore further farm-down opportunities and development planning of the asset, with the aim to utilise its expertise in heavy oil developments to access the c.115 MMboe of 2C resources. In 2024, the Group aims to progress the tie-back of the Bressay field's gas cap to Kraken, displacing diesel that currently powers Kraken operations.

PM8/Seligi

2023 performance summary
Average production of 7,437 Boepd was 15% higher than 2022. This increase includes 604 Boepd associated with Seligi 1a gas, to which Petronas holds the entitlement, and which is produced and handled by EnQuest in exchange for a gas handling and delivery fee, as well as strong operational performance and production uptime of 90% (2022: 86%).

Following the drilling of the commitment well at Block PM409, the well was plugged and abandoned dry. Following confirmation from Petronas that all well requirements had been met by EnQuest, no further drilling is planned for PM409.

2024 outlook
A two-week shutdown at PM8/Seligi to undertake asset integrity and maintenance activities is planned for the summer, which will help to improve reliability and efficiency at the field. To further improve compressor reliability, turbine control panel upgrade is planned for the second train at the end of the third quarter.

The Group plans to drill three infill wells and deliver three well workovers, with six wells to be plugged and abandoned. These well programmes will mobilise at the end of the first quarter of the year.

EnQuest has significant 2P reserves and 2C resources of c.28 MMboe and c.80 MMboe, respectively, with future multi-well annual drilling programmes planned. The Group continues to work with the regulator to assess the opportunity to develop the additional gas resource at PM8/Seligi to meet forecast Malaysian demand.

Decommissioning

John Allan
Decommissioning Director

Decommissioning operations

Thistle: successfully abandoned

13

wells while Heather executed

12

wells, with partial completion of a further two wells by year end

Performance summary

Within EnQuest's decommissioning team, 2023 represented another year of record-breaking delivery, enhancing the Group's strong track record of executing multi-asset abandonment campaigns. As the Thistle and Heather project teams look ahead to the culmination of the respective well plug and abandonment ('P&A') campaigns, preparation is underway for the 2025 removals programmes at these two major platforms in the North Sea.

Well decommissioning

At both the Heather and Thistle fields, the extensive programme of well P&A continued apace throughout the year. Thistle successfully abandoned 13 wells whilst Heather completed 12 wells by year end, while a further well at each asset was partially completed as at 31 December 2023. In addition to the completion of 25 well abandonments across the two platform rigs, the Thistle project team implemented a third activity string, in the form of a hydraulic workover unit, to accelerate the recovery of conductors on available wells. This resulted in seven wells being abandoned to the final stage of the well P&A process, which focuses on removing the surface infrastructure and ensuring the well poses no future environmental or safety risks, reducing the critical path of the main rig activity and resulting running costs of the asset.

Both the Thistle and Heather project teams are targeting completion of their well P&A campaigns by the end of the first quarter of 2025 and remain on target to permanently disembark the respective platforms later that year.

Throughout 2023, EnQuest has also progressed the detailed engineering work on the subsea wells at Alma Galia, Dons and Broom, while continuing to discuss the future work programmes with the North Sea Transition Authority.

Preparation for removal

Beyond well P&A activity, the Heather project team plans to execute multiple work scopes in 2024, including the flushing of pipelines, preparing the Broom riser for decommissioning and other engineering and cleaning scopes.

In the second half of the year, the contract award for the disposal of the Heather topsides was awarded, while the removal of the platform topsides will be completed in a single lift in 2025 utilising the Pioneering Spirit heavy lift vessel ('HLV').

At Thistle, the project team demonstrated its capability by delivering multiple key scopes. Subsea campaigns covering essential IRM activities, preparatory work for conductor removal and the flushing and final disconnection of pipeline PL166 were all completed successfully. The team also engaged a conductor pulling unit, which enabled simultaneous P&A operations alongside the main rig.

Following an extensive commercial exercise, EnQuest awarded the contract for the Thistle topsides and jacket Engineering, Preparation, Removal and Disposal ('EPRD') works to Saipem. The removal operations are due to take place from 2026 onwards and will see all 32 modules of the Thistle platform lifted onto the semi-submersible heavy lift vessel S7000 and returned to shore in four separate voyages.

Throughout 2024, the project teams across Heather and Thistle will be focused on the engineering required to prepare for the heavy lift operations as well as exploring opportunities to further optimise schedule, cost and delivery targets where possible.

Given increased competition in the heavy lift vessel market, with the evolution of several large-scale renewable projects being sanctioned by the governments of European countries, EnQuest will manage the execution of the heavy lift scopes within multi-year windows so as to retain flexibility and mitigate availability concern.

CASE STUDY

Excellence in decommissioning

Thistle simultaneous operations

In early 2023, the Thistle decommissioning team identified an opportunity to accelerate plans to utilise a hydraulic workover unit ('HWU') at Thistle to work alongside the main platform rig. The idea was that the HWU could commence phase 3 abandonment activities (primarily conductor pulling) in parallel to critical path well plug and abandonment tasks being undertaken on the main rig. This plan removed activity from the main rig programme, reducing time on the project critical path and reducing risk to the schedule.

Commitment to execution

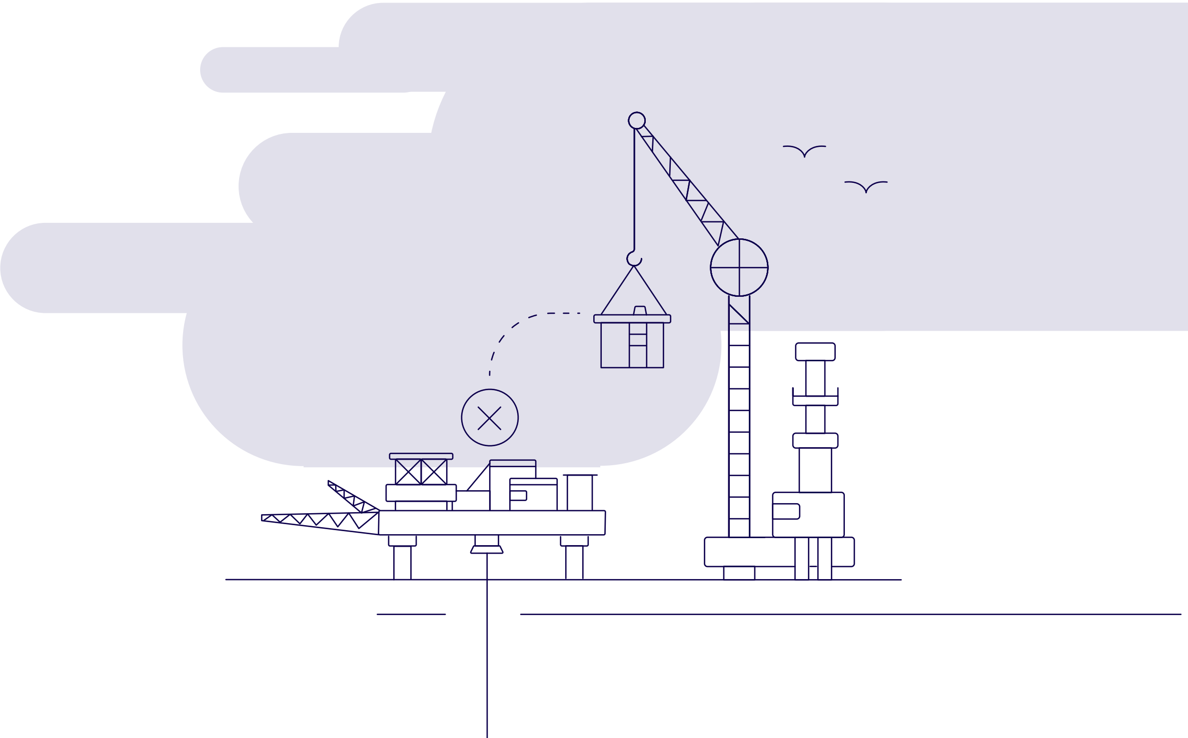
The project team worked diligently to assess HWU options and market offers, agree funding approvals with decommissioning partners, and then execute mobilisation and construction of the 300 tonne HWU. The unit was mobilised in July and was operational on Thistle activity in August. In all, seven conductors were removed during 2023 and significant learnings were taken from the campaign, which sets us up well for the 2024 programme.

"2023 was a year of record-breaking performance as EnQuest demonstrated its capability as a North Sea decommissioning leader."

John Allan
Decommissioning Director

Collaborative approach

This project enhancement was delivered against a tight timeline and required a collaborative effort from colleagues across operations, wells, logistics, supply chain and, of course, the core Thistle project team, alongside the contractor, WellGear.



Infrastructure – Midstream

Salman Malik
CEO, Veri Energy

Within its Midstream directorate, EnQuest operates the Sullom Voe Terminal ('SVT') on Shetland and around 1,000km of pipelines.

Safe, stable operations

Throughout 2023, the Group continued to deliver safe, stable and effective operations for both East of Shetland and West of Shetland oil and gas, delivering 100% uptime for both oil streams, and 99% uptime for West of Shetland gas. In addition, the SVT power station achieved 100% power delivery throughout the period. The terminal, which celebrated its 45th anniversary of oil production in November 2023, also achieved four million man hours Lost Time Incident ('LTI') free during the third quarter of 2023.

Decarbonisation

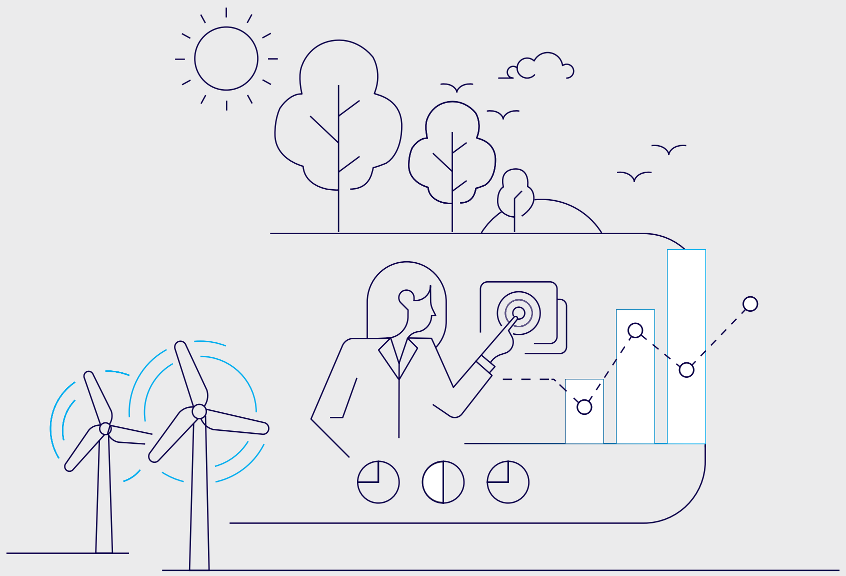
The Group is focused on right-sizing SVT for future operations. During 2023, EnQuest successfully matured and gained support for two strategic projects: to connect the terminal to the UK's electricity grid and the construction of new stabilisation facilities ('NSF'). Completion of the NSF is expected to enable the Group to meet the North Sea Transition Authority ('NSTA') target of zero routine flaring obligations by 2030 while, taken together, delivery of these two projects is expected to result in a 90% reduction in overall emissions from SVT and the Engie-operated Sullom Voe power station. The anticipated reduction in future emissions set out within these projects led to EnQuest's SVT operation being shortlisted for a 2023 Offshore Energies UK Decarbonisation Award.

EnQuest has awarded a strategic contract for the phased partial decommissioning of the existing oil stabilisation and processing facilities. This will create space onsite for future new energy projects such as carbon storage, the production of green hydrogen and offshore electrification.

People and community

The Group has an established apprentice programme at SVT, with three apprentices successfully graduating in 2023. Further, EnQuest renewed a four-year programme which enables apprentices to be sponsored at the terminal, with the adoption of one apprentice into the programme due to his site-based experience. Separately, the Group launched a new graduate programme in 2023, with two graduates recruited into SVT, one of whom is a resident of Shetland. Also in 2023, the programme's most recent graduate attained Chartered Engineer status with the Institution of Chemical Engineers.

> "A credible transition plan is the new licence to operate and Veri Energy will be fundamental to the Group's decarbonisation ambitions."
>
> Salman Malik
> CEO, Veri Energy



CASE STUDY

Veri Energy

Under the stewardship of EnQuest's former CFO, Salman Malik, the Group's wholly owned subsidiary Veri Energy ('Veri') was launched in December 2023. The company is responsible for the Group's infrastructure and new energy business with a focused management structure.

Veri Energy Projects

Carbon storage licences awarded by NSTA in 2023

4

This is a logical next step in the strategic evolution of EnQuest's ambitions to progress world scale decarbonisation and new energy projects, including carbon capture and storage, green hydrogen, and electrification at the Sullom Voe Terminal in a capital-light manner, while providing Veri the opportunity to leverage support from financial and strategic partnerships.

Key projects

Carbon capture and storage ('CCS')

Veri Energy is seeking to develop a flexible carbon storage solution that can transport and permanently store up to 10mtpa of CO_2 from isolated emitters in the UK and Europe. CO_2 captured by emitters will be transported via ship to SVT from where it will be transported, via repurposed pipeline infrastructure, for permanent geological storage in depleted oil and gas reservoirs.

In August 2023, EnQuest successfully secured carbon storage licences as part of the first round of UK carbon sequestration licences issued by the North Sea Transition Authority ('NSTA'). The licence areas CS013, CS014, CS015 and CS016 are some 99 miles northeast of Shetland and include fields currently operated by EnQuest, the Magnus and Thistle fields, as well as the non-operated Tern, Otter and Eider fields. These sites are large, well-characterised deep storage formations connected by significant existing infrastructure to the Sullom Voe Terminal on Shetland.

Green hydrogen

Veri Energy is progressing evaluation of a 50 megawatt green hydrogen project at Sullom Voe. In February 2024, Veri received an award of £1.74 million in grant funding from the UK government's Net Zero Hydrogen Fund ('NZHF') to support a front-end engineering and design study for the project.

Renewable power

Veri Energy is also exploring the potential to develop renewable power to provide electrification for existing and prospective oil and gas facilities.

CCS project storage
Up to (mtpa)

10

Total storage potential
In excess of (mtpa)

500

Oil and gas reserves and resources

ENQUEST OIL AND GAS RESERVES AND RESOURCES

	UKCS		Other regions		Total
	MMboe	MMboe	MMboe	MMboe	MMboe
Proven and probable reserves[1, 2, 3]					
At 31 December 2022		160		30	190
Revisions of previous estimates	(4)		(0)		
Transfers from contingent resources[4]	4		0		
		0		0	0
Production:					
Export meter	(13)		(3)		
Volume adjustments[5]	0		–		
		(13)		(3)	(16)
Total proven and probable reserves at 31 December 2023[6, 7]		147		28	175
Contingent resources[1, 2, 8, 10]					
At 31 December 2022		312		81	393
Promoted to reserves[9]		(4)		0	(4)
Total contingent resources at 31 December 2023[10]		308		81	389

Notes:
1 Reserves and resources are quoted on a working interest basis
2 Proven and probable reserves and contingent resources have been assessed by the Group's internal reservoir engineers, utilising geological, geophysical, engineering and financial data
3 The Group's proven and probable reserves have been audited by a recognised Competent Person in accordance with the definitions set out under the 2018 Petroleum Resources Management System and supporting guidelines issued by the Society of Petroleum Engineers
4 Transfers from 2C resources at Magnus
5 Correction of export to sales volumes
6 The above proven and probable reserves include volumes that will be consumed as fuel gas, including c.6.9 MMboe at Magnus, c.0.8 MMboe at Kraken, c.0.3 MMboe at Golden Eagle and c.0.1 MMboe at Scolty Crathes
7 The above proven and probable reserves on an entitlement basis is 165 MMboe (UKCS 147 MMboe and other regions 18 MMboe)
8 Contingent resources are quoted on a working interest basis and relate to technically recoverable hydrocarbons for which commerciality has not yet been determined and are stated on a best technical case or 2C basis
9 Magnus COP extension
10 2C contingent resources at 31 December 2023 do not reflect the transfer of a 15.0% share in the Bressay licence to RockRose that completed in March 2023
11 Rounding may apply

Hydrocarbon assets

ENQUEST'S ASSET BASE AS AT 31 DECEMBER 2023

Licence	Block(s)	Working interest (%)	Name	Decommissioning obligation (%)
UK North Sea Upstream production and development				
P193	211/7a & 211/12a	100.0[1]	Magnus	30.0[2]
P1077	9/2b	70.5	Kraken & Kraken North	As per working interests
P1107/P1617	21/8a, 21/12c & 21/13a	50.0	Scolty/Crathes	As per working interests
P238	21/18a, 21/19a & 21/19b	50.0	Kittiwake	25.0
		50.0	Mallard	30.9
		50.0	Grouse & Gadwall	As per working interests
P073	21/12a	50.0	Goosander	As per working interests
P213[3]	16/26a	8.0	Alba	As per working interests
P234/P493/P920/P977	3/28a, 3/28b, 3/27b, 9/2a, 9/3a	85[4]	Bressay	
P1078	9/3b	100	Bentley	
P300/P928[3]	14/26a, 20/1a	26.69	Golden Eagle	
UK North Sea Decommissioning				
P242	2/5a	n/a	Heather	37.5
P242/P902	2/5a & 2/4a	n/a	Broom	63.0
P475	211/19s	n/a	Thistle	6.1[5]
P236	211/18a	n/a	Thistle/Deveron	6.1[5]
P236	211/18c	n/a	Don SW & Conrie	60.0
P236/P1200	211/18b & 211/13b	n/a	West Don	78.6
P2137	211/18e & 211/19c	n/a	Ythan	60.0
P1765/P1825	30/24c & 30/25c, 30/24b	n/a	Alma/Galia	65.0
Other UK North Sea licences				
P90[3]	9/15a	33.3		n/a
Malaysia production and development				
PM8/Seligi[6]	PM8 Extension	50.0	Seligi, North & South Raya, Lawang, Langat, Yong & Serudon	50.0
PM409 PSC	PM409	85.0	Kecubung, Tinggi Timur, Payung, NW Pinang, Tg. Pulai, Ophir	n/a

Notes:
1 bp has a security over the Magnus asset (and related infrastructure assets) and is entitled to 37.5% of free cash flow from the assets subject to the terms of the transaction documents between bp and EnQuest
2 bp has retained the decommissioning liability in respect of the existing Magnus wells and infrastructure. EnQuest will pay bp additional deferred consideration by reference to 30% of bp's actual decommissioning costs on an after-tax basis, which EnQuest estimates will result in a payment equivalent to approximately 9% of the gross estimated decommissioning costs. The additional consideration payable is capped at the amount of cumulative positive cash flows received by EnQuest from Magnus, SVT and the associated infrastructure assets
3 Non-operated
4 In December 2023, EnQuest completed a transaction to sell 15% of the working interest in the Bressay licences to RockRose UKCS 10 Ltd, a subsidiary of Viaro Energy
5 EnQuest is liable for the decommissioning costs associated with investment since it assumed operatorship, with the balance remaining with the former owners. Following the exercise of the Thistle decommissioning options in January and October 2018, EnQuest will undertake the management of the physical decommissioning of Thistle and Deveron and is liable to make payments to bp by reference to 7.5% of bp's decommissioning costs of Thistle and Deveron, which equates to 6.1% of the gross decommissioning costs
6 The official reference is PM-8 Extension PSC, commonly referred to elsewhere as PM8/Seligi

Improved liquidity position

Jonathan Copus
Chief Financial Officer

Free cash flow $ million[1]	EnQuest net debt $ million[1]
300	481

Introduction

Strong free cash flow generation in the period of $300.0 million (2022: $518.9 million) drove a reduction in EnQuest net debt of 32.9%, to $480.9 million (31 December 2022: $717.1 million). At 31 December 2023, the Group's leverage ratio was 0.6x, close to its target of 0.5x, while cash and available facilities had increased to $498.8 million (2022: $348.9 million) with all debt now maturing in 2027.

During December, EnQuest announced the sale of a 15.0% equity share in the Bressay licence and the EnQuest Producer Floating, Production, Storage and Offloading ('FPSO') for a total consideration of £46.0 million (c.$57.0 million). Subsequently, the Group received $85.6 million for a 15.0% farm-down of capital items identified as suitable for use on the Bressay development. Through these transactions the Group has realised near-term value, expecting to yield c.$58.0 million post-tax cash flow in 2024, and delivered an important step in moving the project forward.

The Group's improved balance sheet, liquidity position and significantly advantaged tax position means EnQuest is well placed to pursue growth opportunities and deliver its first programme of shareholder returns, committing to a $15.0 million buy back that will be completed during 2024.

Income statement

Revenue

Group production averaged 43,812 Boepd, with strong uptimes across the portfolio and investment in low-cost, quick-payback drilling and wellwork campaigns partially offsetting the impact of natural field declines (2022: 47,259 Boepd).

Brent prices in the period averaged $82.5/bbl (18.2% below 2022: $100.8/bbl) and the average day ahead gas price decreased to 98.9p/Therm (51.4% below 2022: 203.5p/Therm). Pre-hedging, the average oil price realised by EnQuest was $82.2/bbl (19.9% below 2022: $102.6/bbl). Post-hedging, realised oil prices averaged $81.4/bbl, narrowing the discount year-on-year to 8.4% (2022: $88.9/bbl).

Reflecting these drivers, reported revenue totalled $1,487.4 million, a 19.8% decline on 2022 ($1,853.6 million). Within this figure, oil sales accounted for $1,127.4 million, 25.7% below 2022 ($1,517.7 million).

Realised losses on commodity hedges totalled $11.3 million (2022: losses of $203.7 million). Unrealised gains on these contracts (from mark-to-market movements) totalled $28.5 million (2022: unrealised gains of $14.5 million).

Revenue from the sale of condensate and gas, totalling $339.0 million (2022: $514.2 million), primarily relates to the onward sale of third-party gas that was not required for injection activities at Magnus. The contribution from these third-party gas volumes is offset in Cost of sales. Tariffs and other income generated a further $3.8 million (2022: $11.0 million), including income from the transportation of Seligi associated gas.

Cost of sales

	2023 $ million	2022 $ million
Production costs	**308.3**	347.8
Tariff and transportation expenses	**41.7**	43.3
Realised (gain)/loss on derivatives related to operating costs	**(2.8)**	5.4
Operating expenditures[1]	**347.2**	396.5
Charge/(credit) relating to the Group's lifting position and inventory	**(4.2)**	(15.6)
Other cost of operations	**305.9**	487.9
Depletion of oil and gas assets	**292.2**	327.0
Other cost of sales	**5.7**	4.9
Cost of sales	**946.8**	1,200.7
Unit operating cost[2,3]	**$/Boe**	$/Boe
– Production costs	**19.3**	20.2
– Tariff and transportation expenses	**2.6**	2.5
Average unit operating cost	**21.9**	22.7

The Group demonstrated effective cost control to mitigate the effects of underlying inflationary pressures, through extensive supplier engagement and agreeing fixed rate contracts for certain services, and the strengthening Sterling to US Dollar exchange rate with the Group's foreign exchange hedging delivering gains of $5.2 million in the period, noting c.83% of Group operating costs are denominated in Sterling.

Group operating costs of $347.2 million were 12.4% lower than in 2022 ($396.5 million), with unit operating costs (excluding foreign exchange hedging) decreasing to $21.9/ Boe (2022: $22.7/Boe). The reduction in operating costs was driven by work programme optimisation across the portfolio, higher lease charter credits and lower diesel costs at Kraken.

Other costs of operations of $305.9 million were significantly lower than in 2022 ($487.8 million), driven predominantly by lower gas prices impacting the cost of Magnus-related third-party gas purchases which are sold on, of $294.0 million (2022: $452.8 million).

Depletion expense of $292.2 million was 10.6% lower than in 2022 ($327.0 million), mainly reflecting the impact of lower production.

Impairment

In the period, the Group recognised a non-cash net impairment charge of $117.4 million (2022: $81.0 million charge). This charge primarily reflected production and cost profile updates on non-operated assets, partially offset by higher forecast long-term oil prices.

Other income and expenses

The Group has recognised net income in the period of $39.3 million (2022: net expense of $152.4 million).

The periodic review of the net fair value of the contingent consideration owed to bp relating to the Magnus acquisition led to $69.7 million of non-cash income (2022: $232.5 non-cash expense), driven by adjustments to the discount rate (2023: 11.3%, 2022: 10.0%) and forward cost assumptions, partially offset by higher forecast oil prices.

Against a backdrop of inflationary pressures and Sterling strengthening against the US Dollar, a non-cash charge of $32.8 million has been recognised to reflect a net increase in the decommissioning provision of fully impaired non-producing assets (including the Thistle decommissioning linked liability) (2022: non-cash income of $42.8 million, driven by an increase in the discount rate applied and Sterling weakening against the US Dollar).

Also included within other expenses are costs associated with EnQuest's Veri Energy business of $1.6 million (2022: $1.2 million).

Adjusted EBITDA[1]

	2023 $ million	2022 $ million
Profit from operations before tax and finance income/(costs)	**456.2**	411.9
Unrealised hedge gain	**(28.5)**	(14.5)
Depletion and depreciation	**298.3**	333.2
Impairment	**117.4**	81.0
Net other (income)/expense	**(33.7)**	183.1
UKA forward purchase losses	**3.8**	4.9
Change in well inventories	**(0.6)**	0.8
Net foreign exchange loss/(gain)	**11.8**	(21.3)
Adjusted EBITDA[1]	**824.7**	979.1

Adjusted EBITDA was $824.7 million, down 15.8% compared to 2022 ($979.1 million).

Finance costs

The Group's overall finance costs of $230.9 million were 8.6% higher than in 2022 ($212.6 million).

The net effect from the reduction in the Group's outstanding loans and borrowings and higher prevailing interest rates, resulted in a higher overall interest charge for 2023 of $89.7 million (2022: $77.2 million) - although this was partially offset by lower fees associated with the Group's refinancing activities (2023: $7.9 million; 2022: $35.3 million).

Finance charges were also higher due to the unwinding of discounting on contingent consideration related to the acquisition of Magnus (2023: $58.9 million; 2022: $36.4 million) and decommissioning and other provisions (2023: $25.4 million; 2022: $17.8 million).

Other charges included in finance costs are lease liability interest of $43.8 million (2022: $39.2 million) and other financial expenses of $5.3 million (2022: $6.8 million), primarily being the cost for surety bonds to provide security for decommissioning liabilities.

Notes:
1 See reconciliation of alternative performance measures within the 'Glossary – Non-GAAP Measures' starting on page 193
2 Calculated on a working interest basis
3 Excludes realised (gain)/loss on derivatives related to operating costs

Profit/loss before tax
Reflecting the movements above, the Group's profit before tax of $231.8 million was $28.6 million higher than 2022 ($203.2 million).

Taxation
The 2023 tax charge was impacted by the first full year of the UK Energy Profits Levy ('EPL') at the higher rate of 35% (2022 reflected seven months of UK EPL at 25%).

The $262.6 million total tax charge includes a $77.2 million EPL charge, which is calculated on a higher profit before tax, and the impact of limited corporation and supplementary corporation tax relief on impairments related to assets where historical initial recognition exemptions for deferred tax have already been applied (2022: $244.4 million tax charge, which included the initial recognition of a $178.8 million non-cash deferred tax liability associated with the EPL partially offset by a credit for the non-cash recognition of undiscounted deferred tax assets of $127.0 million).

The Group's effective tax rate for the period was a charge of 113.3% (2022: charge of 120.3%).

EnQuest has recognised UK North Sea corporate tax losses of $2,007.9 million at 31 December 2023 - the reduction in the period reflecting utilisation of ring-fence corporation tax losses against the Group's profits before tax. Unrecognised tax losses are disclosed in note 7(d) on page 157.

Due to this recognised tax loss position, no significant corporation tax or supplementary charge is expected to be paid on UK operational activities for the foreseeable future.

The Group paid its 2022 EPL charge in October 2023 and is expected to make further EPL payments in October each year for the duration of the levy. The Group also paid cash corporate income tax on the Malaysian assets, which will continue throughout the life of the Production Sharing Contract.

Profit/loss for the year
The Group's total loss after tax was $30.8 million (2022: loss of $41.2 million). The high effective tax rate was primarily driven by the current tax impact of the EPL, reflecting its high level of non-deductible expenditures related to financing and decommissioning costs, and limited corporation and supplementary corporation tax relief on impairments related to assets where historical initial recognition exemptions have been applied.

Earnings per share
The Group's reported basic loss per share was 1.6 cents (2022: loss of 2.2 cents) and reported diluted loss per share was 1.6 cents (2022: loss of 2.2 cents).

Cash flow, EnQuest net debt and liquidity
Reflecting strong free cash flow generation in 2023 of $300.0 million (2022: $518.9 million), EnQuest net debt at 31 December 2023 amounted to $480.9 million, a $236.2 million year-on-year reduction (31 December 2022: $717.1 million). The movement in EnQuest net debt was as follows:

	$ million
EnQuest net debt 1 January 2023	**(717.1)**
Net cash flows from operating activities	754.2
Cash capital expenditure	(152.2)
Magnus profit share payments	(65.5)
Golden Eagle contingent consideration payment	(50.0)
Finance lease payments	(135.7)
Proceeds from farm-down	141.4
Vendor financing facility	(141.4)
Net interest and finance costs paid	(100.0)
Other movements, including net foreign exchange on cash and debt	(14.6)
EnQuest net debt 31 December 2023[1]	**(480.9)**

Note:
1 See reconciliation of alternative performance measures within the 'Glossary – Non-GAAP Measures' starting on page 193

The Group's reported net cash flows from operating activities were $754.2 million, down 19.0% compared to 2022 ($931.6 million). The overall reduction was primarily driven by lower revenue, partially offset by lower cash opex.

In line with guidance, the Group's reported net cash flows used in investing activities increased $101.5 million to $262.7 million (2022: $161.2 million). This increase principally reflects: higher capital expenditures of $152.2 million (2022: $115.8 million), which primarily related to the Magnus, Golden Eagle and Malaysia well campaigns and Sullom Voe Terminal projects; the final Golden Eagle Contingent consideration payment ($50.0 million) and an additional $19.5 million of Magnus profit share payments (2023: $65.5 million; 2022: $46.0 million).

Cash outflow on capital expenditure is set out in the table below:

	Year ended 31 December 2023 $ million	Year ended 31 December 2022 $ million
North Sea	**124.2**	85.5
Malaysia	**21.0**	26.5
Exploration and evaluation	**7.0**	3.8
	152.2	115.8

With the Bressay-related farm-down proceeds offset by a vendor financing facility of $141.4 million (from EnQuest to RockRose, arranged to manage the companies' respective working capital positions), the Bressay transactions were net debt neutral at 31 December 2023. In the first quarter of 2024, EnQuest received $108.8 million repayment of the vendor financing facility. The remaining amount ($36.3 million) is repayable through net cash flows from the Bressay field in accordance with the agreed payment schedule. In the event, however, that the project does not achieve regulatory approval, there remains an option to deploy the assets on alternative projects. As such, proceeds from the transaction are reported within deferred income on the balance sheet.

The Group utilised $478.6 million of cash in financing activities (2022: $731.2 million) - including further net repayments of the Group's loans and borrowings totalling $237.1 million (2022: $479.8 million). In this figure, $260.0 million of the Group's RBL facility was repaid, the October 2023 7.00% Sterling retail bond was settled (£111.3 million) and funds were fully drawn under a new $150.0 million term loan facility.

Associated with these borrowings, interest costs totalled $105.9 million (2022: $103.4 million). In the year, $135.7 million was also paid on finance leases (2022: $148.0 million).

	EnQuest net debt[1] 31 December 2023 $ million	31 December 2022 $ million
Bonds	**474.7**	600.7
RBL	**140.0**	400.0
Term loan	**150.0**	0.0
SVT working capital facility	**29.8**	12.3
Vendor loan facility	**-**	5.7
Cash and cash equivalents	**(313.6)**	(301.6)
EnQuest net debt	**480.9**	717.1

Note:
1 See reconciliation of alternative performance measures within the 'Glossary – Non-GAAP Measures' starting on page 193

The Group ended the year with $313.6 million of cash and cash equivalents (2022: $301.6 million), and cash and available facilities totalling $498.8 million (2022: $348.9 million), with the Group's refinancing activities extending the Group's debt maturities to 2027.

In the first quarter of 2024, EnQuest repaid the outstanding $140.0 million principal on its RBL facility. The facility remains available to EnQuest for future drawdown.

Balance sheet
The Group's strong cash generation, improved liquidity position, including extended maturities of its available debt facilities, and UK tax advantage, means EnQuest is well positioned to continue delivering its foundation programmes of capital investment – whilst also pursuing transformational North Sea and international production acquisitions, and delivering its first programme of shareholder returns.

Assets
Total assets at 31 December 2023 reduced by 6.4% to $3,765.8 million (2022: $4,024.3 million). This movement is primarily driven by: a reduction of $165.7 million in the Group's deferred tax asset (largely reflecting the impact of utilising ring-fence corporation tax losses in the period (see note 7)); lower net PP&E of $180.2 million, including a non-cash net impairment charge of $117.4 million (see note 10); and a partial offset from recognition of the Bressay vendor financing facility receivable of $145.1 million (see note 19).

Liabilities
Total liabilities reduced by 6.5% to $3,309.0 million (2022: $3,540.0 million) - the Group continued to make material repayments of its debt, resulting in a materially lower carrying value of $775.2 million (2022: $1,000.3 million) (see note 18).

Contingent consideration payments related to the acquisitions of Magnus and Golden Eagle totalled $115.5 million (2022: $46.0 million for Magnus, nil for Golden Eagle), and a net change in the fair value estimate for Magnus resulted in a lower outstanding contingent consideration estimate of $507.8 million (2022: $636.9 million) (see note 22).

Offsetting these reductions are a $57.7 million net increase in the Group's current and deferred tax liabilities - UK EPL driving a higher income tax payable provision of $185.5 million (2022: $39.2 million payable) offset by a $88.7 million lower deferred tax liability of $77.6 million (2022: $166.3 million).

Financial risk management
The Group's activities expose it to various financial risks particularly associated with fluctuations in oil price, foreign currency risk, liquidity risk and credit risk. The disclosures in relation to financial risk management objectives and policies, including the policy for hedging, and the disclosures in relation to exposure to oil price, foreign currency and credit and liquidity risk, are included in note 28 of the financial statements.

Going concern disclosure
In recent years, given the prevailing macroeconomic and fiscal environment, the Group has prioritised deleverage - reducing gross debt (excluding leases) by c.$1.4 billion since 2017 to $794.5 million at 31 December 2023. During 2023, EnQuest net debt was reduced by $236.2 million (to $480.9 million) and the Group strengthened its net debt to adjusted EBITDA ratio to 0.6x, close to EnQuest's target of 0.5x. In this 12-month period, cash and available facilities increased by $149.9 million, to $498.8 million at 31 December 2023, and medium-term liquidity is secured, with all the Group's debt maturities now in 2027.

Against this robust backdrop, EnQuest continues to closely monitor and manage its funding position and liquidity risk throughout the year, including monitoring forecast covenant results, to ensure that it has access to sufficient funds to meet forecast cash requirements. Cash forecasts are regularly produced and sensitivities considered for, but not limited to, changes in crude oil prices (adjusted for hedging undertaken by the Group), production rates and costs. These forecasts and sensitivity analyses allow management to mitigate liquidity or covenant compliance risks in a timely manner.

The Group's latest approved business plan underpins management's base case ('Base Case') and is in line with the Group's production guidance using oil price assumptions of $80.0/bbl for 2024 and $75.0/bbl for 2025.

A reverse stress test has been performed on the Base Case indicating that an average oil price of c.$63.0/bbl over the going concern period maintains covenant compliance, reflecting the Group's strong liquidity position.

The Base Case has also been subjected to further testing through a scenario reflecting the impact of the following plausible downside risks (the 'Downside Case'):
- 10% discount to Base Case prices resulting in Downside Case prices of $72.0/bbl for 2024 and $67.5/bbl for 2025;
- Production risking of 5.0%; and
- 2.5% increase in operating, capital and decommissioning expenditure

The Base Case and Downside Case indicates that the Group is able to operate as a going concern and remain covenant compliant for 12 months from the date of publication of its full-year results.

Financial review continued

After making appropriate enquiries and assessing the progress against the forecast and projections, the Directors have a reasonable expectation that the Group will continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Viability statement

The Directors have assessed the viability of the Group over a three-year period to March 2027. The viability assumptions are consistent with the going concern assessment, with the additional inclusion of an oil price of $75.0/bbl for 2026 and 2027 in the Base Case and consistent plausible downside risks applied in a Downside Case. This assessment has taken into account the Group's financial position as at 27 March 2024, its future projections and the Group's principal risks and uncertainties.

The Directors' approach to risk management, their assessment of the Group's principal risks and uncertainties, which includes potential impacts from climate change concerns and related regulatory developments, and the actions management is taking to mitigate these risks are outlined on pages 46 to 64. The period of three years is deemed appropriate as it is the time horizon across which management constructs a detailed plan against which business performance is measured. Under the Group's Base Case projections, the Directors have a reasonable expectation that the Group can continue in operation and meet its liabilities as they fall due over the period to March 2027.

For the current assessment, the Directors also draw attention to the specific principal risks and uncertainties (and mitigants) identified below, which, individually or collectively, could have a material impact on the Group's viability during the period of review. It is recognised that such future assessments are subject to a level of uncertainty that increases with time and, therefore, future outcomes cannot be guaranteed or predicted with certainty. The impact of these risks and uncertainties has been reviewed on both an individual and combined basis by the Directors, while considering the effectiveness and achievability of potential mitigating actions.

Oil price volatility

A decline in oil prices would adversely affect the Group's operations and financial condition. To mitigate oil price volatility, from 1 April 2024 the Directors have hedged a total of 5.0 MMbbls for the remainder of 2024, with 4.1 MMbbls through the use of put options with an average floor price of c. $60/bbl and 0.9 MMbbls through swaps at an average price of $86/bbl, and 1.6 MMbbls in 2025 using puts, with an average floor price of c.$60.0/bbl. The Directors, in line with Group policy and the terms of its RBL facility, will continue to pursue hedging at the appropriate time and price.

Fiscal risk and government take

Unanticipated changes in the regulatory or fiscal environment can affect the Group's ability to access funding and liquidity. The change to the EPL introduced in the Autumn Statement 2022 materially impacted the RBL borrowing base and associated amortisation schedule. In the 2023 Autumn Statement on 22 November, the UK Government confirmed that it will bring in legislation for the Energy Security Investment Mechanism and have agreed to index link the trigger floor price to CPI from April 2024. The Government also announced that once the decarbonisation allowance of 80% against EPL is withdrawn (currently in March 2028), that it will replace this with a new allowance at the same effective rate against the industry tax regime. In March 2024, the UK Government announced that the sunset clause for EPL would be extended by a year to 31 March 2029, although no date has yet been set for when this will be legislated. Further fiscal changes could be enacted should there be a change in UK Government at the next general election. The Group will continue to monitor developments and any potential related impacts.

Access to funding

Prolonged low oil prices, cost increases, production delays or outages and changes to the fiscal environment could threaten the Group's liquidity and access to funding.

The Directors recognise the importance of ensuring medium-term liquidity. The maturity dates of July 2027 for the $150.0 million term loan and November 2027 for the $305.0 million high yield bond and the £133.3 million retail bond provide a material level of funding throughout the assessed viability period ending March 2027. The Group has continued to prioritise debt reduction from free cash flows as evidenced with the RBL being fully repaid in the first quarter of 2024, materially ahead of schedule.

In assessing viability, the Directors recognise that in a Downside Case limited additional liquidity would be required, which may necessitate limited mitigations, such as working capital management, amendments to capital work programmes, asset farm-downs or other financing options. Given the extended duration of the viability period, the Directors believe such measures can be executed successfully in the necessary timeframe to maintain liquidity.

Notwithstanding the principal risks and uncertainties described above, after making enquiries and assessing the progress against the forecast, projections and status of the mitigating actions referred to above, the Directors have a reasonable expectation that the Group can continue in operation and meet its commitments as they fall due over the viability period ending March 2027. Accordingly, the Directors therefore support this viability statement.

Group non-financial and sustainability information statement

The following information is prepared in accordance with Section 414CB(1) of the Companies Act 2006. Further information on each of the areas set out below, including the Group's policies where relevant, can be found in the following pages of this section of the report. The Group's business model can be found on page 01, while its key performance indicators can be found on page 03.

Environmental (see pages 36 to 39, and 66 to 75)

- At the core of EnQuest's Values is SAFE Results with no harm to people and respect for the environment
- EnQuest's Environmental Management System ('EMS') ensures the Group's activities are undertaken in such a way that it manages and mitigates its impact on the environment. The EMS meets both the requirements of OSPAR and the International Organization for Standardization's environmental management system standard – ISO 14001
- Having progressed three significant new energy and decarbonisation opportunities at Sullom Voe Terminal, the Group launched Veri, with responsibility for delivering the Group's short- and medium-term emission reduction objectives and advancing longer-term renewable energy and decarbonisation opportunities
- In 2023, the Group was awarded four CCS licences for East of Shetland reservoirs
- During 2023, EnQuest's Board approved a commitment to reach net zero in respect of Scope 1 and Scope 2 emissions by 2040
- The Group continues to make good progress in reducing its absolute Scope 1 and 2 emissions during the year. Since 2018, UK emissions have reduced by c.41%, which is significantly ahead of the UK Government's North Sea Transition Deal target of achieving a 10% reduction in Scope 1 and 2 CO_2 equivalent emissions by 2025
- For 2023, a baseline of 'Waste generated in operations' (Category 5) has formed part of the Group's SECR in the UK
- EnQuest has reported on all the emission sources within its operational control required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013
- The Group continues to evolve its disclosures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures
- EnQuest was awarded an improved score of 'B' for its 2023 CDP Climate Change submission

Our people (see pages 43 to 44)

- EnQuest is committed to providing an inclusive culture that recognises and celebrates difference and sees a diverse culture as an enabler of creativity and performance improvement
- The Group-wide diversity and inclusion ('D&I') strategy is firmly embedded in the overall strategy of the business
- The mental and physical welfare of all employees continues to be a major focus across the business. During 2023 a Mental Health and Wellbeing policy was developed and launched
- A broad programme of job-specific training was undertaken to ensure high levels of skill, competence and safety are maintained across our operations

Community (see pages 42 to 43)

- EnQuest is fully committed to active community engagement programmes, encouraging and supporting charitable donations in the areas of improving health, education and welfare within the communities in which it works
- Throughout 2023, the Group continued to provide support to a wide range of local organisations and communities in the UK and Malaysia
- In Aberdeen, EnQuest was able to donate to a range of charities including its two core charities in the North Sea, CLAN Cancer Support and the Archie Foundation
- There was continued support for a range of cultural events, charitable donations and educational awards in Shetland throughout the year
- In Malaysia, EnQuest maintained its support of the Sungai Pergam Orang Asli Primary School in Terengganu, by contributing to student bursaries for 48 students through the MyKasih 'Love My School' programme, alongside a university scholarship programme

Business conduct (see page 65)

- The Group has a Code of Conduct that sets out the behaviour which the organisation expects of its Directors, managers and employees, and of our suppliers, contractors, agents and partners
- This code addresses the Group's requirements in various areas, including the importance of health and safety and environmental protection, compliance with applicable law, anti-corruption, anti-facilitation of tax evasion, anti-slavery, addressing conflicts of interest, ensuring equal opportunities, combatting bullying and harassment and the protection of privacy
- The Group is committed to ensuring that it respects (and never participates in the violation of) international human rights. It does this through strict adherence to the Code of Conduct, its Modern Slavery Statement and the EnQuest Values
- The highest potential risk of modern slavery would be in the supply chain. As such, risk based due diligence may be conducted on suppliers before allowing them to become a preferred/pre-qualified supplier, with on-site audits undertaken where appropriate. EnQuest also conducts training for its procurement teams so that they understand the signs of modern slavery and how to raise any concerns they may have.
- EnQuest is not aware of any slavery or human trafficking within its business or supply chains and no issue in relation to modern slavery has been raised

A view across Sullom Voe to the port of Sella Ness showing the four deep-water jetties at SVT

A forward-thinking approach

At EnQuest, we have monitored the evolving ESG landscape and identified those factors that are applicable to our purpose and business model and relevant for our stakeholders.

Environmental, Social and Governance ('ESG') factors continue to grow in importance for companies, reflecting the focus on company purpose, widespread concerns about climate change, the importance of stakeholder considerations and the emphasis on long-term value enhancement.

Our sustainability highlights for 2023

Reduction in Group Scope 1 and Scope 2 emissions vs 2020 baseline	**Reduction** in UK Scope 1 and 2 emissions vs 2018 NSTD baseline	Top quartile LTIF[1] performance	Female representation at Board level
23%	41%	0.52	43%

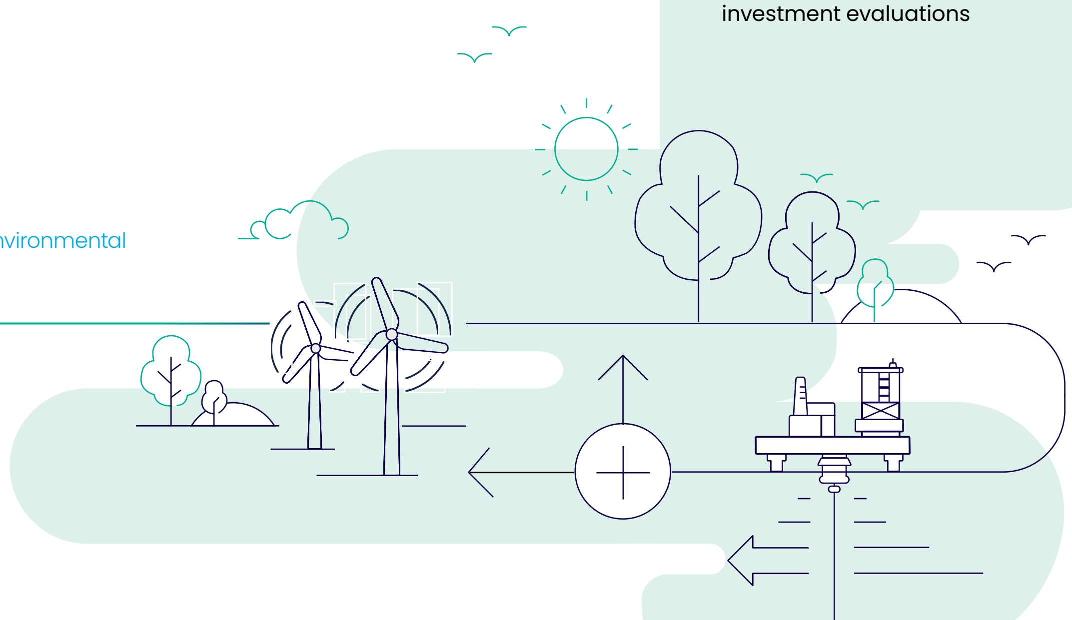
Note:
1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)

Environmental

Managing emissions from existing operations and advancing new energy opportunities

Read more in Environmental
See Page 36

- Committed to contributing positively towards the drive to net zero
- Focused on absolute Scope 1 and 2 emission reductions in existing and acquired assets; three-year Group targets linked to reward
- Incorporate carbon costs into investment evaluations



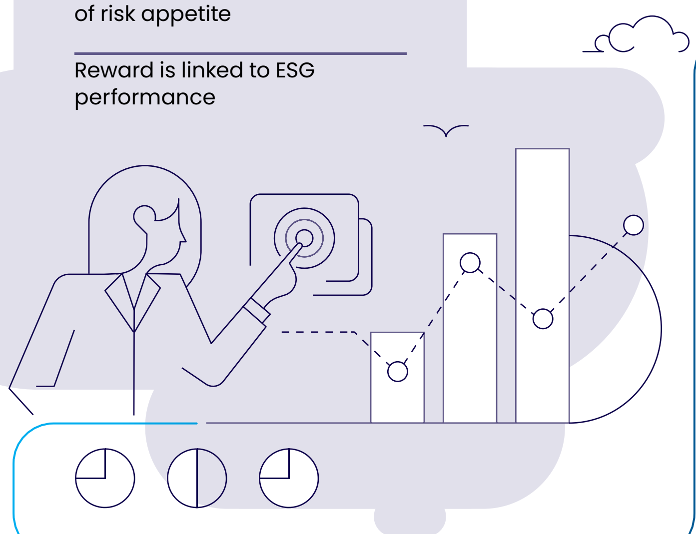
Social

Our culture defines how we approach safety and ensures that our people, EnQuest's most important asset, return home from work safe and well

Read more in Social
See Page 40

- Committed to operating with a strong culture and Values, in line with the Group's purpose, alongside delivering SAFE Results with no harm to our people
- Committed to improving workforce diversity and inclusion
- Aim to impact positively the communities in which we operate, and prioritising respect for the environment

- Committed to operating with high standards of integrity in line with the Group's Code of Conduct
- Apply the Group's established Risk Management Framework and operate within the Board-approved statement of risk appetite
- Reward is linked to ESG performance



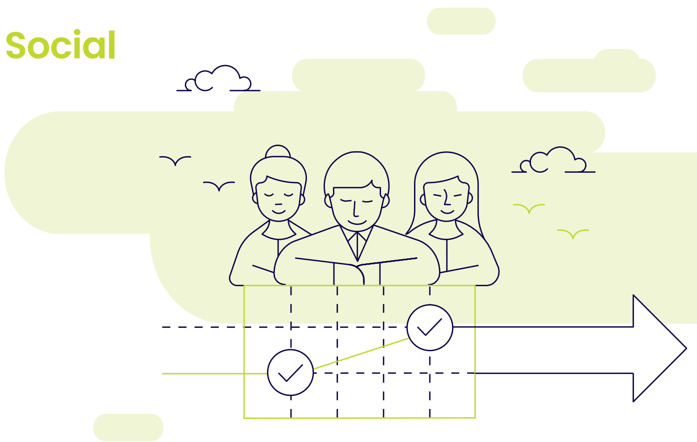
Governance

We are committed to operating within a robust Risk Management Framework

Read more in Governance
See Page 46

Taking a long-term view

Our ESG strategy focuses on factors that are applicable to our purpose and business model and relevant for our stakeholders.



	Objectives	How we performed in the year	Ambitions for 2024	Long-term goals
Environmental	• Contribute positively towards the drive to net zero • Reduce absolute Group Scope 1 and Scope 2 emissions reductions by 10% across three-year period • Improve CDP Climate Change survey rating	• Board-approved 2040 net zero commitment • 24% reduction in Group Scope 1 and Scope 2 emissions versus 2020 baseline • Scope 3 reporting commenced against category 5, 'Waste generated in operations' • Achieved B rating for the 2023 CDP Climate Change survey (2022: C). This rating places EnQuest among oil and gas sector leaders	**10%** Three-year emission reduction target vs 2023 baseline **5%** Reduction in production asset flare performance versus 2023	**2040** Deliver net zero in terms of Scope 1 and Scope 2 emissions Target 12.2 – By 2030, achieve the sustainable management and efficient use of natural resources
Social	• Committed to operating with a strong culture and Values, in line with the Group's purpose, alongside delivering SAFE Results with no harm to our people • Committed to improving workforce diversity and inclusion • Aim to impact positively the communities in which we operate, and prioritising respect for the environment	• Group loss time incident frequency was 0.52 (2022: 0.57). UK average was 1.31 • Launched EnQuest apprentice programme in the UK • Group Mental Health Policy published in 2023	**0.52** Maintain LTIF performance below industry benchmarks	Our skilled and dedicated workforce is our strength. As we navigate the energy transition, we are committed to strategies that prioritise their wellbeing, professional growth and economic security
Governance	• Committed to operating with high standards of integrity in line with the Group's Code of Conduct • Apply the Group's established Risk Management Framework and operate within the Board-approved statement of risk appetite • Reward is linked to ESG performance	• Board composition compliant with FTSE Women Leaders Review and Listing Rule 9.8.6 (9) which targets at least 40% of Board members to be women • Farina Khan appointed Senior Independent Director • Board remains ahead of the Parker Review requirement with respect to ethnic minority representation	**>40%** Female Board level representation	Committed to operating with high ethical standards, overseen by a diverse and knowledgeable Board

Environmental

Managing emissions from existing operations and advancing new energy opportunities.

A responsible operator with a strong culture and management framework
At the core of EnQuest's Values is SAFE Results with no harm to people and respect for the environment. As an energy transition company, safely improving the operating, financial and environmental performance of mature and late-life assets remains a key focus. EnQuest recognises the importance of good governance and transparency in relation to climate change, and the Group's reporting against the Task Force on Climate-related Financial Disclosure recommendations can be found on pages 66 to 75. In addition, the Group outlines its assessment of associated potential risks to the execution of its strategy within the Risks and uncertainties section of this report (see page 46).

EnQuest's Environmental Management System ('EMS') ensures the Group's activities are undertaken in such a way that it manages and mitigates its impact on the environment. The EMS meets the requirements of the OSPAR Recommendation 2003/5 and is aligned with the requirements of the International Organization for Standardization's environmental management system standard – ISO 14001. In the UK, the Group publishes its annual Environmental Statement in line with the regulatory environmental management system requirement under the OSPAR Recommendation 2003/5 (see the Environmental, Social and Governance section on the Group's website, www.enquest.com).

These statements, which include information on emissions, waste, discharges and spills, are an open and transparent representation of EnQuest's environmental performance across all its UK offshore operations. In Malaysia, environmental management and reporting are undertaken through PETRONAS Malaysia Petroleum Management ('MPM') and addressed as part of the EnQuest Malaysia Management System and in line with ISO 14001.

The Group has been a member of Oil Spill Response Limited and the Petroleum Industry of Malaysia Mutual Aid Group for several years and remains a supporter of Shetland Oil Terminal Environmental Advisory Group.

Reduction in Group
Scope 1 and 2 emissions

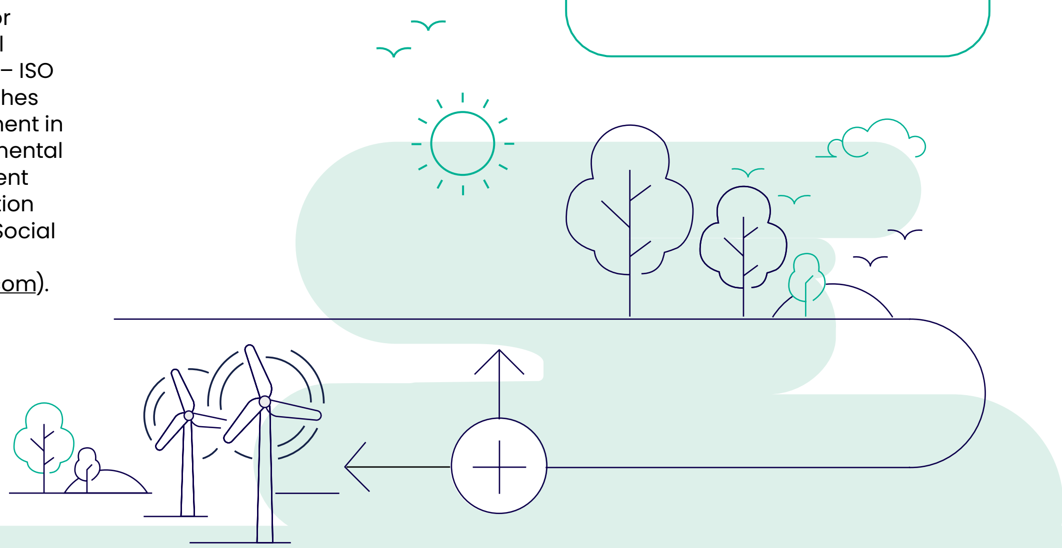
23%
vs 2020 baseline

Reduction in UK
Scope 1 and 2 emissions

41%
vs 2018 NSTD[1] baseline

Note above:
1 North Sea Transition Deal

Notes opposite:
1 $kgCO_2e/bbl$ = kilograms of CO_2 equivalent per produced barrel
2 Based on the University of Calgary Petroleum Refinery Life Cycle Model ('PRELIM') recognised by California Air Resources Board, US Energy Technologies Laboratory, US DOE Office of Energy Efficiency and Renewable Energy, Carnegie Endowment for International Peace and the US Environmental Protection Agency



"We have a credible plan to progress our business towards net zero, transforming the carbon footprint of our existing portfolio and developing decarbonisation projects at scale at SVT."

Amjad Bseisu
Chief Executive Officer

Lowering CO_2e emissions through the energy transition
EnQuest recognises that industry, alongside other key stakeholders such as governments, regulators and consumers, must contribute to reducing the impact on climate change of carbon-related emissions. The Group is committed to playing its part in the achievement of national emission reduction targets having committed to net zero Scope 1 and 2 emissions by 2040, with the Veri Energy business having overall responsibility for delivering the Group's decarbonisation ambitions and specific emission reduction objectives.

Within EnQuest's core Upstream and Decommissioning businesses, the Board is focused on a strategy that recognises that hydrocarbons will remain a key element of the global energy mix for many years, and through which the Group can pursue a business model which helps to fulfil energy demand as part of the transition to a sustainable lower-carbon world, while reducing Scope 1 and Scope 2 emissions from its own business operations where practicable. EnQuest recognises the complexity and scope of EnQuest's value chain and has carefully considered how reporting of Scope 3 emissions can be introduced. For 2023, a baseline of 'Waste generated in operations' (Category 5) has formed part of the Group's Streamlined Energy & Carbon Reporting ('SECR') in the UK. The expansion of Scope 3 emissions reporting to other categories such as 'Use of sold production' (Category 11) is included in the Group's Continuous Improvement Plan ('CIP') with alignment to the United Nations-adopted Sustainable Development Goal ('SDG') 12, Responsible Consumption & Production. For the longer term, the Veri Energy subsidiary is evaluating and progressing opportunities to utilise existing infrastructure, including the Sullom Voe Terminal ('SVT'), pipelines, and underground reservoirs, to facilitate potential wind-powered electrification of offshore oil and gas infrastructure, green hydrogen and derivative production, and carbon capture and storage ('CCS') initiatives. Its CCS ambitions, which aim to permanently store CO_2 shipped to site from isolated emitters in the UK, Europe and further afield, provide the potential to remove CO_2 in multiples of the Group's own emissions footprint. The Group's electrification plans could lower emissions associated with offshore production in the West of Shetland at assets that could produce into the 2050s. The production of green hydrogen and derivatives through harnessing the advantaged natural wind resource around Shetland could provide a low-carbon alternative fuel which would help decarbonise a number of industries (see page 53 for more information).

A clear target for the existing portfolio linked to reward
In 2021, the Group set a target of reducing its absolute Scope 1 and 2 CO_2 equivalent emissions by 10% by 2023 against a 2020 baseline (see pages 109 and 110 of the Directors' Remuneration Report). These targets are key performance metrics in the Group's long-term incentive scheme for Executive Directors and applicable employees and are linked to appropriate targets within the Group's short-term incentive plan. Improving the Group's environmental performance is an ongoing process and, as such, workforce engagement and development of technological improvements will continue to ensure economically viable emission reduction initiatives across the Group are identified and implemented. EnQuest's Climate Change oversight is stewarded through the Energy (Emission) Management System – Structure & Governance procedure. The purpose of this is to outline the structure and governance in relation to the Energy Management System within EnQuest, including how it approaches the measurement and reporting of emissions and how the Group will assess and select emission reduction opportunities. The procedure itself is structured to align with the internationally recognised structure for an energy management system in relation to ISO 50001.

Significant reductions achieved
The Group continued to make good progress in reducing its absolute Scope 1 and 2 emissions during the year, with CO_2 equivalent emissions now reduced by 23% versus the 2020 baseline, reflecting operational and facilities improvements and lower flaring and diesel usage. Since 2018, UK emissions have reduced by 41%, driven by the decisions to cease production at a number of the Group's assets and the further reductions achieved in 2023, which is significantly ahead of the UK Government's North Sea Transition Deal target of achieving a 10% reduction in Scope 1 and 2 CO_2 equivalent emissions by 2025.

In addition to reducing upstream-related emissions, the Group has continued to optimise sales of Kraken cargoes directly to the shipping fuel market, thereby avoiding the significant emissions related to refining – estimated to be c.32–36 $kgCO_2e/bbl$[1,2] for typical North Sea crude and helping to reduce sulphur emissions in accordance with the International Maritime Organization ('IMO') 2020 regulations.

Looking to the future
As majors and other operators continue to shift their focus from mature basins within various geographies, particularly the UK given the introduction of the UK Energy Profits Levy in 2022, it is expected there will be further opportunities for the Group to access additional oil and gas resources. However, time and careful consideration will be taken to find the right opportunities where EnQuest can deliver incremental emission reductions relative to the carbon footprint in the hands of the seller. The Group can make a positive contribution towards the future of

"EnQuest is committed to a Just Energy Transition, working to meet the UK's oil and gas demand while delivering the cleanest energy available."

Steve Bowyer
General Manager, North Sea

View of Central Avenue Sullom Voe Terminal

North Sea oil and gas through doing its part in ensuring that each asset is in the right hands. In Malaysia, the Group continues to limit voluntarily emissions below the regulatory limit.

Emissions management is an important feature during the decommissioning phase of an asset's life cycle which can take a number of years and requires careful project management. During this phase, wells will be plugged and abandoned, while the production and processing facilities and any relevant infrastructure will be flushed and cleaned prior to being removed. EnQuest's UK Decommissioning directorate oversees the safe and efficient execution of these work programmes and is committed to delivering them in a responsible manner. This includes minimising emissions and maximising the recycle and reuse of recovered materials. A specific example would be implementing a fit for purpose and innovative power generation solution on the Thistle and Heather assets to reduce emission levels to a level below the regulatory limits to remain within UK ETS. The UK Decommissioning directorate continues to welcome creative ways with respect to emission reduction from all stakeholders appropriate to our timeline of decommissioning.

EnQuest continues to mature renewable energy and decarbonisation opportunities at SVT, including those involving the repurposing of existing site infrastructure through the subsidiary Veri Energy. In particular, the initiative focused on CCS could see the Group's carbon footprint move to a position of negative net emissions. In 2023, the Group was awarded four CCS licences for East of Shetland reservoirs by the North Sea Transition Authority ('NSTA'). Initial studies suggest that these available reservoirs have a minimum 500 million tonnes CO_2 storage capacity. With EnQuest estimating that c.10 million tonnes per annum could be processed through SVT infrastructure, this amounts to a multi-decade project.

EnQuest continues to engage with entities such as Offshore Energies UK, the Net Zero Technology Centre ('NZTC') and the NSTA, to better understand how it can contribute further to the industry approach to achieving net zero, while remaining aligned with EnQuest's strategy and Values.

Atmospheric emissions

The Group seeks to use energy efficiently within its facilities for extracting, processing and exporting oil and gas, continually looking to identify opportunities that may reduce emissions from its operations. EnQuest's Emissions Management Team continues to develop and drive a continuous improvement process focusing on Scope 1 and 2 emission reduction opportunities in line with the Group's overall target.

The primary responsibilities of the Emissions Management Team are:

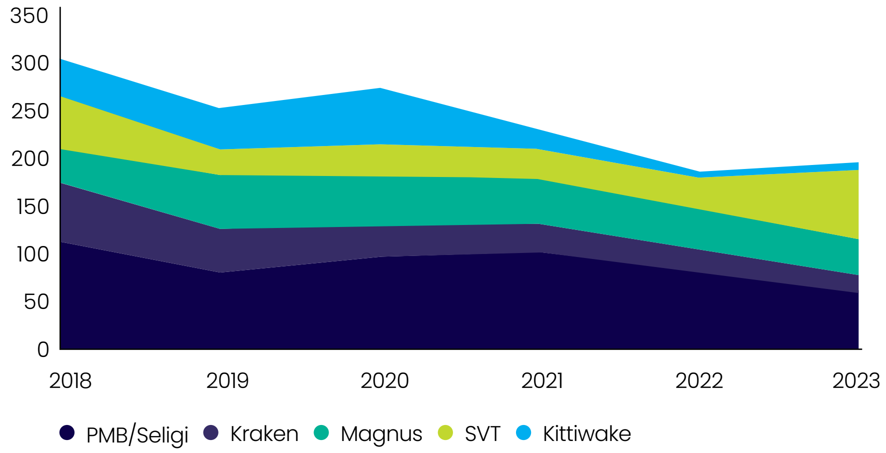
- Delivering a workable, low-bureaucracy process for capturing ideas and monitoring progress;
- Assessing emission reduction opportunities arising from the Group's Energy Savings Opportunity Scheme ('ESOS') audits and other opportunities identified by EnQuest's staff and contractors in both the UK and Malaysia; and
- Maintaining an 'Emissions Monitoring Framework' that allows regular emissions monitoring and reporting to Company leadership and the Board.

Since 2020, there has been an improvement in EnQuest's flare performance as demonstrated in the graph below.

This improved performance has been driven by improved levels of operational efficiency. Examples of this include:

- Kittiwake achieving an 84% reduction in flare (from 2020) after the reinstatement of production from Mallard (higher molecular weight gas) and the re-mapping of the compression system to maximise utilisation of produced gas;
- Kraken achieving a 41% reduction (from 2020) in flare due to better fuel management and maximising utilisation of produced gas within the installation's steam generation system; and
- PM8/Seligi achieving a 37% emission reduction versus 2020 following improvements to the compression system contributed by the ongoing TCP upgrade programme which has resulted in improved compression uptime and consistent optimal performance, leading to emission reduction in flaring and fuel gas.

EnQuest's flare performance (Kt CO_2e) 2018–2023



In 2022, the NSTA requested companies operating in the UK North Sea to consider disclosing certain quantitative metrics in their annual reports. The following disclosure has been made for 2023 in accordance with this request:

North Sea Transition Authority – UK short-term quantitative metrics

Scope 1 and 2 Emissions ($MTCO_2e$)	765,206
Fugitive Emissions as % of Marketed Gas	0.015%
Carbon Intensity Total UK ($MTCO_2e$/Boe)	0.042
Water Pollution Risks (million m^3)	9.88
Waste Management & Disposal (MT)	3,486
Flaring & Venting ($MTCO_2e$/Boe)	0.010
Regulatory Fines	0
Lost Time Injury Frequency Rate	0.86
Recordable Injury Frequency Rate	3.16
Restricted Workday Case	5
Medical Treatment Case	3
Lost Work Day Case	3

Future reductions in the short term are expected from:

- Stable plant operations, improved restart procedures and facilities improvement projects resulted in significant improvements to flare performance at Magnus in 2023. A compressor cross-over project and improvements to seal oil systems and glycol regeneration are being progressed that have the potential to materially reduce routine flaring from the asset; and
- A trial was completed in Q4 2023 at Kraken which successfully demonstrated the stability of the main power generation engines in fuel gas mode. This confirms the feasibility of emissions reduction opportunities, including flare gas reduction, to increase the availability and usage of fuel gas in place of diesel.

EnQuest was awarded an improved score of B (from C) for its 2023 CDP Climate Change submission, demonstrating that it continues to integrate climate change impacts into the fabric of the business. The overall improvement was driven by recognition of the Group's credible transition plan and defined actions to pursue progress towards net zero.

Social

Our culture defines how we approach safety and ensures that our people, our most important asset, go home safe and well.

Health and safety

Underpinning the Group's licence to operate is its health and safety performance. The Group focuses on the delivery of SAFE Results while realising its business objectives. To achieve this, the business is managed in accordance with the Board-approved Group-wide Health, Safety, Environment and Assurance ('HSEA') Policy, which can be found on the Group's website, www.enquest.com, under Environmental, Social and Governance.

Culture

Safety is at the heart of EnQuest's Values. The Group undertakes continuous improvement activities to ensure that its health and safety culture continues to develop. These have a focus on the prevention of personal injuries, dangerous occurrences and hydrocarbon releases and, in support of the delivery of SAFE Behaviours, are aligned to four key pillars of:

- **Standards** – following rules and procedures;
- **Awareness** – understanding the hazards and controls;
- **Fairness** – adopting the correct behaviours; and
- **Engagement** – communicating effectively.

During 2023, the Group continued to place emphasis on maintaining a strong safety culture through the presentation of two SAFE Results 'Values awards' at Global Town Hall events. EnQuest performed a Group-wide asset integrity review in 2023 which identified significant improvements in risk-based decision making associated with integrity management helping to ensure asset integrity status and cost allocation remain visible since the previous review in 2021. Several improvements were made in people, plant and process safety, including:

- Shutdowns undertaken across the Group's operated asset base continued to focus on driving improved asset integrity and reliability;
- Risk-based approach applied to global audit and assurance plans and activities, to focus efforts on key areas of the business; and
- Maturation of the process safety barrier model improving the visibility of integrity status to prioritise allocation of resources based upon risk.

EnQuest Malaysia was recognised for its effective implementation of Offshore Self Regulations ('OSR') by the Department of Occupational Safety and Health and PETRONAS, and given two awards for no overdue actions and fastest action closure rate.

The Group's health and safety performance has continued to be strong from a leading indicator perspective, while lagging indicators of Lost Time Incidents ('LTIs') and hydrocarbon releases were more challenged. There has been further development of the continuous improvement culture with several activities undertaken in 2023, including:

LTI frequency[1] performance

0.52

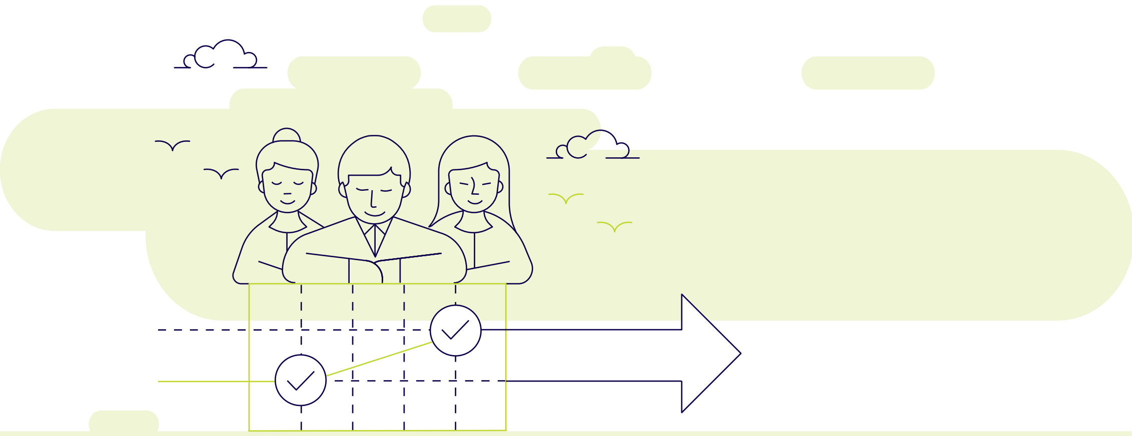
Tier 1 hydrocarbon releases across the Group[2]

3

Notes above:

1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)

2 Tier 1 Hydrocarbon release, 10kg gas or 100kg oil



"We aim to deliver SAFE Results by ensuring that everyone who works at our sites is provided with the training, equipment and processes to execute their work safely. We all have a personal responsibility for safety and we expect procedural compliance while empowering anyone to stop a task if a safer or more efficient method is identified."

Ian McKimmie
Corporate Head of HSE

- Audit of the Business Management System with improvement plans identified;
- Exceeding the target for site safety-leadership visits, a leading safety indicator of engagement;
- Reducing high-risk safety and environmental critical element repair orders, which has lowered the risk profile across the Group; and
- Continuing to contribute positively to the industry organisations Offshore Energies UK and Step Change in Safety initiatives and campaigns.

Health

EnQuest recognises the benefits of promoting positive health and wellbeing within the workplace and a Mental Health Policy describing EnQuest's commitment to protecting and maintaining the health, safety and wellbeing of its workforce was published in 2023. The employee-led Wellbeing Committee implemented a number of activities such as Step Challenges and Menopause Awareness and participation in the Corporate Games, of which EnQuest was a main sponsor.

Personal safety

Management of late-life assets through production operations, drilling and decommissioning activities requires constant vigilance and attention to detail. During the year, three LTIs were reported across the Group, which was consistent with 2022, resulting in a Group LTI frequency[1] of 0.52 against a backdrop of 5,806,681 million hours worked (2022 LTIF of 0.57).

Various notable milestones were achieved across the Group's asset base:

- The asset team at Kittiwake recorded 18 years LTI free;
- SVT achieved two significant milestones in August: four million manhours LTI free and 12 months rolling total recordable incident rate of zero; and
- The PM8E/Seligi team achieved the milestone of 12 months LTI free in August with over 3 million manhours performed on production operations, drilling, well operations and shutdown activities.

The LTIs in 2023 primarily occurred during routine activities, including load handling. In response, management emphasised the need for increased focus on leadership and accountability, continued focus on hazards and controls and dynamic risk assessment.

Process safety

Process safety continued to be a focus in 2023. In conjunction with the asset integrity review, there has been progress achieved in risk review processes, such as the maturation of the major accident hazard barrier model which enables the extraction of real-time inspection and maintenance data.

This has enabled the monthly asset Process Safety Review and Improvement Boards to generate open and transparent discussions about key threats and control arrangements:

- For those assets in a decommissioning phase and not processing hydrocarbons, asset integrity is being assured to deliver safe decommissioning activities, while the management of safety-critical maintenance is being tailored to reflect the specific circumstances of each asset;
- HSEA systems have continued to be reviewed and the use of data visualisation tools is better informing HSEA performance and ensuring that any response to changing HSEA processes is supported by reliable data sources from automated systems;
- In both Malaysia and the UK, regulator interaction continues in an open and transparent manner, allowing for collaboration on key issues; and
- Reportable hydrocarbon releases across UK-operated assets was two in 2023 (2022: three; 2021: one; 2020: four;), while Malaysia had a single hydrocarbon release (2022: zero; 2021: one; 2020: two). Hydrocarbon release prevention remains a focus area for 2024.

All prior Health and Safety Executive ('HSE') Improvement Notices ('INs') have been complied with in accordance with the action plans and timelines agreed with the HSE. An IN was received in late 2022 with regard to a previously applied isolation scheme. This IN was closed ahead of the agreed due date. An IN was issued in June 2023 in relation to one of the hydrocarbon releases, associated with the management of temporary pipework. This IN was closed in September following a revision to the Management of Engineering Change procedure. The Group ends the year with no outstanding improvement notices. The Group welcomes continued engagement with the HSE and INs provide the Group with the opportunity to further improve process safety arrangements, prevent future hydrocarbon releases and increase assurance across the Group.

1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)

Aberdeen Corporate Games 2023

Charitable donations in 2023
($000)

c.155

Community

EnQuest has an established culture of supporting the communities in which we operate.

UK

EnQuest made a series of charitable donations throughout the year:

- Onshore and at SVT, our charitable donation scheme is directly linked to positive health and safety performance on our assets. Through these schemes EnQuest was able to donate to a wide range of charities including three Scottish hospices, as well as Fighting for Sight, which funds research to prevent blindness, and Teen Challenge UK which provides support to young people suffering from drug addiction;
- SVT also supported a range of cultural and sporting events in Shetland in 2023, including sponsoring the Tall Ships Race, a yacht race between European and UK ports that includes Lerwick and takes place every five years. In addition, EnQuest sponsored a Sail Training Shetland event for 70 young people, Shetland Rugby's mid-summer event for children, women's and men's matches and the Shetland Junior Golf Open;
- Seven educational awards for the academic year 2022-2023 were made by the Trustees of the Sullom Voe Terminal Participants' Tenth Anniversary Fund. Now in it's 35th year, the Trust was established to promote and encourage the education of Shetland residents who will be studying a discipline likely to contribute to the social or economic development of Shetland. This year, students are engaged in disciplines as wide ranging as medicine, primary education, marine and fresh water biology and electrical and mechanical engineering. As operator, EnQuest also offers a scholarship opportunity to a student studying in a technical or commercial discipline that is relevant to SVT, where they take part in a work placement at the terminal during the summer break;
- In Aberdeen, EnQuest was able to donate to a range of charities including our two core charities in the North Sea, CLAN Cancer Support and the Archie Foundation. EnQuest also donated to Befriend a Child, a charity that supports disadvantaged children in Aberdeen City and Shire, the Camphill School which cares for children and young people with learning disabilities and complex additional support needs in Aberdeen, as well as matching employee funding for a range of charities from the First Scottish Women's Junior Cycle team to Duchenne UK, a muscular dystrophy disease that targets young boys aged between three and six years; and
- EnQuest also offered 14 internship placements in the summer to a diverse group of postgraduates, undergraduates and one school leaver, working across the business divisions from Upstream to Decommissioning, Business Services to HR, as well as its Wells and New Energy business. Since September 2023, EnQuest has committed to sponsor a Mechanical Engineering student from Aberdeen University for the duration of their five-year degree course. This funding goes towards educational materials and subsistence for the student. This student will be invited to participate in our intern programme during their studies. EnQuest is planning to expand its commitment to develop new talent in the industry and has already committed to a graduate and intern programme for 2024.

In Malaysia, EnQuest continued to support a very active programme of local community initiatives, charitable donations, and educational sponsorship, including:

- EnQuest Malaysia continued to support the Orang Asli primary school, Sekolah Kebangsaan Sungai Pergam, in Terengganu by contributing RM39,305.84 to student bursaries for 48 students through MyKasih 'Love My School' cashless programme this 2023. The bursaries enabled students to make cashless purchases of daily canteen meals and classroom necessities at school;
- EnQuest Malaysia has supported the school since June 2019, with the school being one of only two Orang Asli primary schools in the state. Having funded the refurbishment of the school canteen in 2019, EnQuest committed to paying RM60,550 for upgrades to classrooms and the school's roof. This included refurbishing a classroom for after-school sessions to ensure no child is left behind in their studies;
- EnQuest also sponsored 'Back to School' sets worth RM9,150, including school uniforms, for students as they prepared to start the school year in March 2023;
- In 2023, 11 local university students were selected for internship placements in a variety of disciplines and an additional one from a US university; and
- EnQuest Malaysia now has a total of six graduates of our scholarship awards, a joint sponsorship between EnQuest and The Amjad and Suha Bseisu Foundation. Disciplines include geology as well as chemical, mechanical, and petroleum engineering at courses offered at the Universiti Malaya and Universiti Teknologi Malaysia. Currently we have two active scholarship recipients under the joint programme, and in December 2023, four students were selected to enter the programme.

"At EnQuest, our people will always be our most important asset."

Amjad Bseisu
Chief Executive Officer

Our people

At EnQuest, we recognise people are critical to our success and we are committed to ensuring EnQuest remains a great place to work. We have a strong set of Values that underpin our way of working and provide a rewarding work environment, with opportunities for growth and learning while contributing to the delivery of our strategy.

An inclusive workforce

We remain committed to providing an inclusive culture that recognises and celebrates difference and sees a diverse culture as an enabler of creativity and performance improvement. Established in 2021, the Group-wide diversity and inclusion ('D&I') strategy, is firmly embedded in the overall strategy of the business, alongside the D&I Policy. The policy, which can be found on the Group's website (www.enquest.com), outlines seven key commitments to:

- Challenge our personal bias;
- Understand the diversity of our workforce;
- Resource the organisation, ensuring diversity matters;
- Engage and educate our workforce on D&I;
- Learn from each other by providing reverse mentoring;
- Consider suppliers who are diverse and inclusive; and
- Learn and continuously improve.

The UK's EnQlusion workforce group promoted a number of initiatives during 2023, including continued support for the Association for Black and Minority Ethnic Engineers and International Women's Day, as well as engaging in a variety of cultural celebration events through the year.

Recruitment

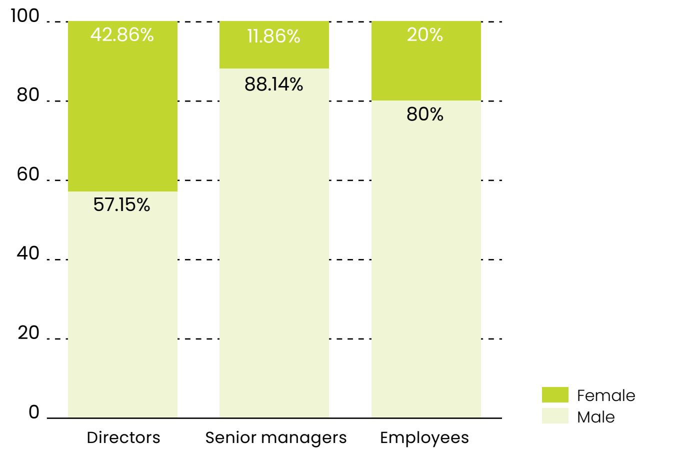
Our people and organisational strategy is to ensure that we have the right people, in the right roles, driving performance and delivering efficiencies as we pursue our strategy. We ensure that our processes are open and transparent, providing equal opportunities for all. We will continue with this approach, recruiting individuals based on merit and their suitability for the role.

We remain committed to fair treatment of people with disabilities in relation to job applications. Full and ffair consideration is given to applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. As set out in the Equal Opportunities & Dignity at Work Policy, we encourage individuals with a disability, or who develop a disability at any time during their employment, to speak to their line manager about their condition. This will enable the Group to provide support and access to the necessary training, career development and promotion for the relevant individual.

Ways of working and engagement

We have a strong set of Values and high standards of business conduct which we expect our employees and everyone we work with to demonstrate and adhere to. Throughout 2023, we continued to celebrate and recognise those who had demonstrably lived our Values through Values awards presented at our Global Town Hall events.

The chart below illustrates gender breakdown of EnQuest's Directors and workforce as at 31 December 2023[1].



Note:
1 Breakdown of percentages: Directors (3 female, 4 male); Senior managers (7 female, 52 male); Employees (123 female, 492 male). Senior management and total employee figures include EnQuest's employees in Dubai, Malaysia and the UK

EnQuest's Chairman, Gareth Penny, is the Company's formally designated Non-Executive Director for workforce engagement and, as well as meeting with staff during his first year, he also attended the EnQuest Global Employee Forum three times during 2023 and was engaged in follow-up sessions with Forum members. The Forum functions as a useful interface between employees and management for constructive two-way dialogue. Areas discussed and reviewed during the year included:

- Hybrid working;
- Communications; and
- Organisational change.

In addition, during 2023, our Non-Executive Directors maintained a broad approach for employee engagement, such as through face-to-face meetings in specifically arranged, small group sessions. Further details of how the Company engages with its workforce can be found in the Corporate governance statement on page 84.

Our commitment to wellbeing

The mental and physical welfare of all employees continues to be a major focus across the business. During 2023 a Mental Health and Wellbeing policy was developed and launched with the aim of protecting and maintaining the health, safety and welfare of employees by promoting positive health and wellbeing in the workplace.

We have a well-established Wellbeing Committee, consisting of an active membership from across the business. The Committee is pivotal in developing initiatives covering all aspects of individual wellbeing such as Mental Health Awareness week and introducing dignity baskets in female bathrooms, as well as social events such as our annual children's Christmas party. In 2023, EnQuest was a main sponsor of the Aberdeen Corporate Games and saw excellent participation from colleagues across the organisation in a variety of sporting events. We also use our internal social media channel to promote these initiatives and others, such as those targeted at physical health, including pilates, nutrition, along with the annual 'rig-run', Corporate Games and 'step count' challenges throughout the year.

Step Challenge participants, the 'Dubai Steppers'

Continued growth and learning

In line with UK legislation, EnQuest contributes to the UK Apprenticeship Levy each year. Contributions to the levy can be reclaimed for specific training initiatives and EnQuest has partnered with FutureStart since 2021 to provide a Vocational Leadership Programme. Over 100 employees expressed an interest, and more than 60 employees have commenced work on this 18-month programme which, once completed, will deliver a vocational qualification in leadership to participating employees.

In Malaysia, the development of offshore competencies has remained a key focus during 2023 with a multi-phase training programme implemented with partner Institut Teknologi Petroleum PETRONAS (INSTEP). At a leadership level, further collaboration within the industry has delivered key skills through a leadership and mentorship programme. The e-Learning platform continues to be a key tool in delivering training to employees in Malaysia with greater flexibility to meet their individual training needs, with 69% of employees actively participating in programmes on the platform during 2023.

Identifying succession plans for our business-critical roles continued in 2023 to ensure we retain and develop high-potential employees. We conduct regular reviews to ensure the direction, focus and development of employees identified remain relevant and on track. Across the Group, we supported a broad programme of job-specific training to ensure high levels of skill, competence and safety are maintained across our operations.

Gender pay gap

When EnQuest published its first report on the gender pay gap in 2017, it highlighted a noticeable gap between what our male and female employees were being paid. Since then, the Company has worked hard on addressing and reducing the gap from a mean difference of men being paid 38.7% more in 2017 down to 21.0% in 2023. Compared to 2022 however, our mean gender pay gap has increased from 17.8% in 2022 to 21.0% in 2023. Analysis suggests that this increase in gender pay gap has been driven by fewer higher paid female workers in the Company compared to 2022 and an increase in the number of male employees in senior grades who are consequently paid at higher levels relative to the wider population.

Looking ahead, we remain committed to building on the progress made in the areas of diversity and inclusion within our workforce and this commitment is underpinned by a full review of progress and strategy with the Board in the first quarter of 2024.

Governance

Robust Risk Management Framework

"The Board confirms that the Group complies with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'."

Risks and uncertainties

Management of risks and uncertainties

Consistent with the Group's purpose, the Board has articulated EnQuest's strategic vision to be the partner of choice for responsible management of existing energy assets, applying our core capabilities to create value through the transition.

EnQuest seeks to balance its risk position between investing in activities that can achieve its near-term targets, including those associated with reducing emissions, and those which can drive future growth with the appropriate returns, including any appropriate market opportunities that may present themselves, and the continuing need to remain financially disciplined. This combination drives cost efficiency and cash flow generation, facilitating the continued reduction in the Group's debt.

In pursuit of its strategy, EnQuest has to manage a variety of risks. Accordingly, the Board has established a Risk Management Framework ('RMF') to enhance effective risk management within the following Board-approved overarching statements of risk appetite:

- The Group makes investments and manages the asset portfolio against agreed key performance indicators consistent with the strategic objectives of enhancing net cash flow, reducing leverage, reducing emissions, managing costs, diversifying its asset base and pursuing new energy and decarbonisation opportunities;
- The Group seeks to embed a culture of risk management within the organisation corresponding to the risk appetite which is articulated for each of its principal risks;
- The Group seeks to avoid reputational risk by ensuring that its operational and HSEA processes, policies and practices reduce the potential for error and harm to the greatest extent practicable by means of a variety of controls to prevent or mitigate occurrence; and
- The Group sets clear tolerances for all material operational risks to minimise overall operational losses, with zero tolerance for criminal conduct.

The Board reviews the Group's risk appetite annually in light of changing market conditions and the Group's performance and strategic focus. The Executive Committee periodically reviews and updates the Group Risk Register based on the individual risk registers of the business. The Board also periodically reviews (with senior management) the Group Risk Register, an assurance mapping and controls review exercise, a Risk Report (focused on identifying and mitigating the most critical and emerging risks through a systematic analysis of the Group's business, its industry and the global risk environment), and a Continuous Improvement Plan ('CIP') to ensure that key issues are being adequately identified and actively managed. In addition, the Group's Audit Committee oversees the effectiveness of the RMF while the Sustainability Committee provides a forum for the Board to review selected individual risk areas in greater depth (for further information, please see the Audit Committee report on pages 92 to 98 and the Sustainability Committee report on pages 118 to 119).

As part of its strategic, business planning and risk processes, the Group considers how a number of macroeconomic themes may influence its principal risks. These are factors which the Group should be cognisant of when developing its strategy. They include, for example, long-term supply and demand trends for oil and gas and renewable energy, the evolution of the fiscal regime, developments in technology, demographics, the financial, physical and transition risks associated with climate change and other ESG trends, and how markets and the regulatory environment may respond, and the decommissioning of infrastructure in the UK North Sea and other mature basins. These themes are relevant to the Group's assessments across a number of its principal risks. The Group will continue to monitor these themes and the relevant developing policy environment at an international and national level, adapting its strategy accordingly. For example, the Group has made further progress in the development and execution of its energy transition and decarbonisation strategy through the Infrastructure and New Energy business, which was established in 2021 and launched as Veri Energy, a wholly owned subsidiary of the Group, in 2023. The Group is also conscious that as an operator of mature producing assets with limited appetite for exploration, it has limited exposure to investments that do not deliver near-term returns and is therefore in a position to adapt and calibrate its exposure to new investments according to developments in relevant markets. This flexibility also ensures the Group has mitigation against the potential impact of 'stranded assets' (being those assets no longer able to earn an economic return as a result of changes associated with the transition to a low-carbon economy).

Within the Group's RMF, the Sustainability Committee has categorised all risk areas faced by the Group into a 'Risk Library' of 19 overarching risks. For each risk area, 'Risk Bowties' are used to identify risk causes and impacts, with these mapped against preventative and containment controls used to manage the risks to acceptable levels (see diagram below). These Risk Bowties are periodically reviewed to ensure they remain fit for purpose.

The Board, supported by the Audit Committee and the Sustainability Committee, has reviewed the Group's system of risk management and internal control for the period from 1 January 2023 to the date of this report and carried out a robust assessment of the Group's emerging and principal risks and the procedures in place to identify and mitigate these risks. A Risk Management Framework Performance report is produced and reviewed at each Sustainability Committee meeting in support of this review.

EnQuest Risk Bowtie

ENQUEST RISK MANAGEMENT FRAMEWORK

WHAT WE MONITOR

Enterprise risk register
A summary of the Group's key risks; prepared by combining key risks identified from the asset and functional risk registers with Group-level risks.

Asset and functional risk registers
A compilation of risks (including threats and opportunities) and mitigating controls being managed at an operational/functional level on a day-to-day basis.

Quarterly RMF performance report
Reviewed by leadership teams before being presented to the Sustainability Committee and uploaded to the Board portal.

Continuous Improvement Plan
A summary of the key actions planned for continual improvement of the RMF.

Risk landscape inputs/considerations
Comprises:

(a) long-term macro factors such as political risk; supply and demand trends; climate change-related financial, physical and transition risks; and the decommissioning of infrastructure; and

(b) near-term, emerging and principal risks. These are considered holistically on a backward and forward-looking basis, alongside outputs from relevant strategic reviews, and summarised in an annual Risk Report presented to the Sustainability Committee.

Assessment
Risk causes; likelihood and impact; gross impact; mitigating controls (preventative and containment); net impact; risk appetite; improvement actions; and risk owner.

Identified risks
14 principal risks mapped from a 'Risk Library' of 19 overarching risks.

HOW WE MONITOR

Board of Directors (pages 80 to 81)
Responsible for providing oversight of the Group's control and risk management systems, reviewing key risks and mitigating controls periodically. Approves the Group's risk appetite annually and approves the Group's going concern and viability statements.

Audit Committee (pages 92 to 98)
- Reviews the effectiveness of the Group's internal controls and risk management systems;
- Reviews the internal audit assurance map against principal risks; and
- Reviews and recommends for approval by the Board the Group's going concern and viability statements.

Supported by the Group's Internal Audit function.

Sustainability Committee (pages 118 to 119)
- Supports the implementation and progression of the Group's RMF;
- Monitors the adequacy of containment and mitigating controls, and progression of mitigation of risks;
- Undertakes in-depth analysis of specific risks and considers existing and potential new controls;
- Conducts detailed reviews of key non-financial risks not reviewed within the Audit Committee; and
- Reviews technical and reserves matters.

Business leadership teams
- Regularly reviews operating performance against stretching targets and agreed KPIs; and
- Regularly reviews asset risk registers and considers the results of assurance audits over operational controls.

Executive Committee
- Frequently reviews Group performance, including financial, operating and HSE performance; and
- Periodically reviews the Group Risk Register and RMF performance report.

HSEA Directorate
- Regularly reviews the Group's HSE performance against stretching targets, agreed KPIs and industry benchmarks; and
- Regularly reviews the HSE risk register and considers the results of assurance audits over HSE controls.

Near-term and emerging risks

As outlined previously, the Group's RMF is embedded at all levels of the organisation with asset risk registers, regional and functional risk registers and ultimately an enterprise-level 'Risk Library'. This integration enables the Group to identify quickly, escalate and appropriately manage emerging risks, and how these ultimately impact on the enterprise-level risk and their associated 'Risk Bowties'. In turn, this ensures that the preventative and containment controls in place for a given risk are reviewed and remain robust based upon the identified risk profile. It also drives the required prioritisation of in-depth reviews to be undertaken by the Sustainability Committee, which are now integrated into the Group's internal audit programme for review. During the year, five Risk Bowties were reviewed, ensuring that all 19 of the Group's identified risks have been reviewed within the targeted cycle.

While not considered an emerging risk, given the focus on climate-related risks for energy companies, EnQuest has provided further detail below on its assessment of this risk within the Group's Risk Library. Additional information can be found in the Group's Task Force on Climate-related Financial Disclosures, starting on page 66.

CLIMATE CHANGE

RISK

The Group recognises that climate change concerns and related regulatory developments could impact a number of the Group's principal risks, such as oil price, financial, reputational and fiscal and government take, which are disclosed later in this report.

APPETITE

EnQuest recognises that the oil and gas industry, alongside other key stakeholders such as governments, regulators and consumers, must all play a part in reducing the impact of carbon-related emissions on climate change, and is committed to contributing positively towards the drive to net zero through the energy transition and decarbonisation strategy being pursued through the Infrastructure and New Energy business.

The Group's risk appetite for climate change risk is reported against the Group's impacted principal risks, while a discrete disclosure against the Task Force on Climate-related Financial Disclosures can be found on pages 66 to 75.

MITIGATION

Mitigations against the Group's principal risks potentially impacted by climate change are reported later in this report.

The Group has an emissions management strategy and committed to a 10% reduction in Scope 1 and 2 emissions over three years, from a year-end 2020 baseline, with the achievement linked to reward. Progress is reported to the Sustainability Committee of the Board. An emissions reduction of 24% was achieved over this three-year period through improving operational performance, minimising flaring and venting where possible, and applying appropriate and economic improvement initiatives, noting that the ability to reduce carbon emissions from its own operations will be constrained by the original design of later-life assets. Following the establishment of the Veri Energy business in 2023, the Group has further enhanced its business model to include a focus on repurposing existing infrastructure to support its renewable energy and decarbonisation ambitions, centred around the Sullom Voe Terminal.

EnQuest has reported on all of the greenhouse gas 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 (see pages 123 to 124 for more information).

The Group's focus on short-cycle investments drives an inherent mitigation against the potential impact of 'stranded assets'.

Other near-term risks being monitored

ONGOING GEOPOLITICAL SITUATION

The Group has continued to assess its commercial and IT security arrangements and does not consider it has a material adverse exposure to the geopolitical situation with respect to the sanctions imposed on Russia, although recognises that the situation has caused oil price volatility. The Group continues to monitor its position to ensure it remains compliant with any sanctions in place.

FISCAL RISK AND GOVERNMENT TAKE

Unanticipated changes in the regulatory or fiscal environment can affect the Group's ability to access funding and liquidity. The change to the UK Energy Profits Levy ('EPL') introduced in the Autumn Budget Statement 2022 materially impacted the Group's RBL borrowing base and associated amortisation schedule. In the 2023 Autumn Budget Statement on 22 November, the UK Government confirmed that it will bring in legislation for the Energy Security Investment Mechanism and has agreed to index link the trigger floor price to CPI from April 2024. The Government also announced that once the decarbonisation allowance of 80% against EPL is withdrawn in March 2028, it will replace this with a new allowance at the same effective rate against the permanent tax regime. Further fiscal changes could be enacted should there be a change in UK government at the next general election. The Group will continue to monitor developments and any potential related impacts. The Group will continue to seek value-accretive opportunities, both through the pursuit of creative acquisition structures and continued focus on new energy projects.

Note that EPL could also impact the principal risks of **Portfolio Concentration** and **Financial.**

Key Performance Indicators ('KPIs'):
A HSEA (LTI) B Production (Boepd) C Unit opex ($/Boe) D Cash generated by operations ($ million)
E Cash capital and abandonment expense ($ million) F EnQuest net debt ($ million) G Net 2P reserves (MMboe) H Emissions (tCO_2e)

Key business risks
The Group's principal risks (identified from the 'Risk Library') are those which could prevent the business from executing its strategy and creating value for shareholders or lead to a significant loss of reputation. The Board has carried out a robust assessment of the principal risks facing the Group at its February meeting, including those that would threaten its business model, future performance, solvency or liquidity.

Cognisant of the Group's purpose and strategy, the Board is satisfied that the Group's risk management system works effectively in assessing and managing the Group's risk appetite and has supported a robust assessment by the Directors of the principal risks facing the Group.

Set out on the following pages are:
- The principal risks and mitigations;
- An estimate of the potential impact and likelihood of occurrence after the mitigation actions, along with how these have changed in the past year and which of the Group's KPIs could be impacted by this risk (see page 03) for an explanation of the KPI symbols); and
- An articulation of the Group's risk appetite for each of these principal risks.

Among these, the key risks the Group currently faces are materially lower oil prices for an extended period (see 'Oil and gas prices' risk on page 52), and/or a materially lower than expected production performance for a prolonged period (see 'Production' risk on page 53 and 'Subsurface risk and reserves replacement' on page 58), and/or further changes in the fiscal environment (see 'Financial' risk on page 54 and 'Fiscal risk and government take' on page 60), which could reduce the Group's cash generation and pace of deleveraging, which may in turn impact the Company's ability to comply with the requirements of its debt facilities and/or execute growth opportunities.

HEALTH, SAFETY AND ENVIRONMENT ('HSE')

RISK
Oil and gas development, production and exploration activities are by their very nature complex, with HSE risks covering many areas, including major accident hazards, personal health and safety, compliance with regulatory requirements, asset integrity issues and potential environmental impacts, including those associated with climate change.

APPETITE
The Group's principal aim is SAFE Results with no harm to people and respect for the environment. Should operational results and safety ever come into conflict, employees have a responsibility to choose safety over operational results. Employees are empowered to stop operations for safety-related reasons.

The Group's desire is to maintain upper quartile HSE performance measured against suitable industry metrics.

In 2023, EnQuest's Lost Time Incident frequency rate[1] ('LTIF') of 0.52 and three hydrocarbon releases, reported on page 40, challenged this objective. The lost time injuries were all associated with routine repetitive tasks across three assets. The root causes have been assessed and the Group is working closely with the contractors involved to ensure that everyone is aligned with EnQuest's safety culture, trained on equipment and procedures and empowered to stop a task should a safer method be identified. None of the hydrocarbon releases had common root causes and occurred at three different locations and, after thorough investigation, no systemic failure was identified within EnQuest systems.

The incidents occurred in the first part of the year and, since then, corrective and preventative actions have been implemented, no further LTIs or hydrocarbon release occurred in the remainder 2023.

1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)

MITIGATION
The Group's HSE Policy is fully integrated across its operated sites and this enables a consistent focus on HSE. There is a strong assurance programme in place to ensure that the Group complies with its policy and principles and regulatory commitments.

The Group maintains, in conjunction with its core contractors, a comprehensive programme of assurance activities and has undertaken a series of in-depth reviews into the Risk Bowties that have demonstrated the robustness of the management process and identified opportunities for improvement. The Group-aligned HSE Continuous Improvement Plan promotes a culture of accountability and performance in relation to HSE matters. The purpose of this plan is to ensure that everyone understands what is expected of them by having realistic standards, governance, and capabilities to add value and support the business. HSE performance is discussed at each Board meeting and the mitigation of HSE risk continues to be a core responsibility of the Sustainability Committee. During 2023, the Group continued to focus on the control of major accident hazards and SAFE Behaviours.

In addition, the Group has positive and transparent relationships with the UK Health and Safety Executive and Department for Business, Energy & Industrial Strategy, and the Malaysian regulator, PETRONAS Malaysia Petroleum Management.

POTENTIAL IMPACT

Medium (2022 Medium)

LIKELIHOOD

Medium (2022 Medium)

CHANGE FROM LAST YEAR

→

Reflecting the hazards associated with oil and gas development and production in harsh environments, the potential impact has increased albeit the likelihood of this risk has not changed. Through our HSE processes, there is continuous focus on the management of the barriers that prevent hazards occurring. The Group has a strong, open and transparent reporting culture and monitors both leading and lagging indicators and incurs substantial costs in complying with HSE requirements. The Group's overall record on HSE has been strong and is achieved by working closely and openly with contractors, verifiers and regulators to identify potential improvements through an active assurance process and implement plans to close any gaps in a timely manner.

RISK APPETITE

Low (2022 Low)

LINK TO STRATEGY

See Page 16

RELATED KPIS:

A	B	C	D	E	F	G	H

See Page 03

Key Performance Indicators ('KPIs'):
A HSEA (LTI) B Production (Boepd) C Unit opex ($/Boe) D Cash generated by operations ($ million)
E Cash capital and abandonment expense ($ million) F EnQuest net debt ($ million) G Net 2P reserves (MMboe) H Emissions (tCO_2e)

OIL AND GAS PRICES

RISK
A material decline in oil and gas prices adversely affects the Group's operations and financial condition as the Group's revenue depends substantially on oil prices.

APPETITE
The Group recognises that considerable exposure to this risk is inherent to its business but is committed to protecting cash flows in line with the terms of its reserve based lending ('RBL') facility.

MITIGATION
This risk is being mitigated by a number of measures.

As an operator of mature producing assets with limited appetite for exploration, the Group has limited exposure to investments which do not deliver near-term returns and is therefore in a position to adapt and calibrate its exposure to new investments according to developments in relevant markets.

The Group monitors oil price sensitivity relative to its capital commitments and its assessment of the funds required to support investment in the development of its resources. The Group will therefore regularly review and implement suitable programmes to hedge against the possible negative impact of changes in oil prices within the terms of its established policy (see page 178) and the terms of the Group's reserve based lending facility, which requires hedging of EnQuest's entitlement sales volumes (see page 178). From 1 April 2024, the Group had hedged approximately 6.6 MMbbls for 2024 and 2025. This ensures that the Group will receive a minimum oil price for some of its production.

The Group has an established in-house trading and marketing function to enable it to enhance its ability to mitigate the exposure to volatility in oil prices.

Further, the Group's focus on production efficiency supports mitigation of a low oil price environment.

POTENTIAL IMPACT

High (2022 High)

LIKELIHOOD

High (2022 High)

CHANGE FROM LAST YEAR

The potential impact and likelihood remain high, reflecting the uncertain economic outlook, including possible impacts from a global recession, geopolitical tensions and associated sanctions, and the potential acceleration of 'peak oil' demand.

The Group recognises that climate change concerns and related regulatory developments are likely to reduce demand for hydrocarbons over time. This may be mitigated by correlated constraints on the development of new supply. Further, oil and gas will remain an important part of the energy mix, especially in developing regions.

RISK APPETITE

Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:

B D E F G

See Page 03

PRODUCTION

RISK
The Group's production is critical to its success and is subject to a variety of risks, including: subsurface uncertainties, operating in a mature field environment, potential for significant unexpected shutdowns, and unplanned expenditure (particularly where remediation may be dependent on suitable weather conditions offshore).

Lower than expected reservoir performance or insufficient addition of new resources may have a material impact on the Group's future growth.

Longer-term production is threatened if low oil prices or prolonged field shutdowns and/or underperformance requiring high-cost remediation bring forward decommissioning timelines.

APPETITE
Since production efficiency and meeting production targets are core to EnQuest's business, the Group seeks to maintain a high degree of operational control over production assets in its portfolio. EnQuest has a very low tolerance for operational risks to its production (or the support systems that underpin production).

MITIGATION
The Group's programme of asset integrity and assurance activities provide leading indicators of significant potential issues, which may result in unplanned shutdowns, or which may in other respects have the potential to undermine asset availability and uptime. The Group continually assesses the condition of its assets and operates extensive maintenance and inspection programmes designed to minimise the risk of unplanned shutdowns and expenditure.

The Group monitors both leading and lagging KPIs in relation to its maintenance activities and liaises closely with its downstream operators to minimise pipeline and terminal production impacts.

Production efficiency is continually monitored, with losses being identified and remedial and improvement opportunities undertaken as required. A continual, rigorous cost focus is also maintained.

Life of asset production profiles are audited by independent reserves auditors. The Group also undertakes regular internal reviews. The Group's forecasts of production are risked to reflect appropriate production uncertainties.

The Sullom Voe Terminal has a good safety record, and its safety and operational performance levels are regularly monitored and challenged by the Group and other terminal owners and users to ensure that operational integrity is maintained. Further, EnQuest is committed to transforming the Sullom Voe Terminal to ensure it remains competitive and well placed to maximise its useful economic life and support the future of the North Sea.

The Group actively continues to explore the potential of alternative transport options and developing hubs that may provide both risk mitigation and cost savings.

The Group also continues to consider new opportunities for expanding production.

POTENTIAL IMPACT

High (2022 High)

LIKELIHOOD

Medium (2022 Medium)

CHANGE FROM LAST YEAR

There has been no material change in the potential impact or likelihood. The Group met its 2023 production guidance and continues to focus on key maintenance activities during planned shutdowns and procuring a stock of critical spares to support facility uptime.

RISK APPETITE

Low (2022 Low)

LINK TO STRATEGY

See Page 16

RELATED KPIs:

B C D E F G H

See Page 03

Key Performance Indicators ('KPIs'):
A HSEA (LTI) B Production (Boepd) C Unit opex ($/Boe) D Cash generated by operations ($ million)
E Cash capital and abandonment expense ($ million) F EnQuest net debt ($ million) G Net 2P reserves (MMboe) H Emissions (tCO_2e)

FINANCIAL

RISK
Inability to fund financial commitments or maintain adequate cash flow and liquidity and/or reduce costs.

Significant reductions in the oil price, production and/or the funds available under the Group's reserve based lending ('RBL') facility, and/or further changes in the UK's fiscal environment, will likely have a material impact on the Group's ability to repay or refinance its existing credit facilities and invest in its asset base. Prolonged low oil prices, cost increases, including those related to an environmental incident, and production delays or outages, could threaten the Group's liquidity and/or ability to comply with relevant covenants. Further information is contained in the Financial review, particularly within the going concern and viability disclosures on pages 29 and 30.

APPETITE
The Group remains focused on further reducing its leverage levels, targeting 0.5x EnQuest net debt to EBITDA ratio on a mid-cycle oil price basis, maintaining liquidity, controlling costs and complying with its obligations to finance providers while delivering shareholder value, recognising that reasonable assumptions relating to external risks need to be made in transacting with finance providers.

MITIGATION
Debt reduction remains a strategic priority. During 2023, the Group's strong free cash flow generation drove a $236.2 million reduction in EnQuest net debt to $480.9 million at 31 December 2023, with an EnQuest net debt to adjusted EBITDA ratio of 0.6x. During the year, EnQuest also entered into a term loan facility of up to $150 million and repaid its 2023 retail bonds, thus extending and aligning all debt maturities to 2027. At 27 March 2024, the Group's RBL facility was undrawn following repayments totalling $140.0 million in the first quarter of 2024, ensuring the Group remains ahead of the amended facility amortisation schedule and within its borrowing base limits.

Ongoing compliance with the financial covenants under the Group's reserve based lending facility is actively monitored and reviewed. EnQuest generates operating cash inflow from the Group's producing assets and reviews its cash flow requirements on an ongoing basis to ensure it has adequate resources for its needs.

Where costs are incurred by external service providers, the Group actively challenges operating costs. The Group also maintains a framework of internal controls.

These steps, together with other mitigating actions available to management, are expected to provide the Group with sufficient liquidity to meet its obligations as they fall due.

POTENTIAL IMPACT
High (2022 High)

LIKELIHOOD
High (2022 High)

CHANGE FROM LAST YEAR
There is no change to the potential impact or likelihood. While the Group has significantly reduced its debt and successfully refinanced its debt facilities in 2022 and entered into a new term facility in 2023, which extends the Group's debt maturities to 2027, the imposition of the Energy Profits Levy ('EPL') in the UK has impacted the level of available capital and associated amortisation schedule under the Group's RBL facility (see the going concern disclosure on page 29).

Factors such as climate change, other ESG concerns, oil price volatility and geopolitical risks have impacted investors' and insurers' acceptable levels of oil and gas sector exposure, with the availability of capital reducing while the cost of capital has increased. In addition, the cost of emissions trading allowances may continue to trend upward along with the potential for insurers to be reluctant to provide surety bonds for decommissioning, thereby requiring the Group to fund decommissioning security through its balance sheet.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
B C D E F G H

See Page 03

COMPETITION

RISK
The Group operates in a competitive environment across many areas, including the acquisition of oil and gas assets, the marketing of oil and gas, the procurement of oil and gas services and access to human resources.

APPETITE
The Group operates in a mature industry with well-established competitors and aims to be the leading operator in the sector.

MITIGATION
The Group has strong technical, commercial and business development capabilities to ensure that it is well positioned to identify and execute potential acquisition opportunities, utilising innovative structures, which may include the Group's competitive advantage of $2.0 billion of UK tax losses, as may be appropriate. The Group maintains good relations with oil and gas service providers and constantly keeps the market under review. EnQuest has a dedicated marketing and trading group of experienced professionals responsible for maintaining relationships across relevant energy markets, thereby ensuring the Group achieves the highest possible value for its production.

POTENTIAL IMPACT
High (2022 High)

LIKELIHOOD
High (2022 High)

CHANGE FROM LAST YEAR
The potential impact and likelihood remain unchanged, with the introduction of the UK EPL likely to impact industry participants' investment views of the UK North Sea, a number of competitors assessing the acquisition of available oil and gas assets and the rising potential for consolidation (for example, through reverse mergers). Operating in a competitive industry may result in higher than anticipated prices for the acquisition of assets and licences.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
B C D E F G H

See Page 03

Key Performance Indicators ('KPIs'):
A HSEA (LTI) B Production (Boepd) C Unit opex ($/Boe) D Cash generated by operations ($ million)
E Cash capital and abandonment expense ($ million) F EnQuest net debt ($ million) G Net 2P reserves (MMboe) H Emissions (tCO_2e)

IT SECURITY AND RESILIENCE

RISK
The Group is exposed to risks arising from interruption to, or failure of, IT infrastructure. The risks of disruption to normal operations range from loss in functionality of generic systems (such as email and internet access) to the compromising of more sophisticated systems that support the Group's operational activities. These risks could result from malicious interventions such as cyber-attacks or phishing exercises.

APPETITE
The Group endeavours to provide a secure IT environment that is able to resist and withstand any attacks or unintentional disruption that may compromise sensitive data, impact operations, or destabilise its financial systems; it has a very low appetite for this risk.

MITIGATION
The Group has established IT capabilities and endeavours to be in a position to defend its systems against disruption or attack.

A number of tools to strengthen employee awareness continue to be utilised, including videos, presentations, Viva Engage posts and poster campaigns.

During 2022, the Audit Committee agreed to update its terms of reference to highlight its responsibilities more explicitly with regard to the IT control environment, with the IT controls to be regularly reviewed during meetings. The Audit Committee also reviewed the Group's cyber-security measures and its IT resourcing model, noting the Group has a dedicated cyber-security manager. Work on assessing the cyber-security environment (including internal audit reviews) and implementing improvements as necessary has continued during 2023.

POTENTIAL IMPACT
Medium (2022 Medium)

LIKELIHOOD
High (2022 Medium)

CHANGE FROM LAST YEAR
The current geopolitical environment and the increased number of cyber attacks against companies in the sector in which the Group operates, and beyond, increases the likelihood of attempted cyber incursions against EnQuest. The Group continues to evolve its IT systems and resilience to mitigate this. There is no change to the impact of this risk.

RISK APPETITE
Low (2022 Low)

LINK TO STRATEGY
See Page 16

RELATED KPIs:
A B
See Page 03

PORTFOLIO CONCENTRATION

RISK
The Group's assets are primarily concentrated in the UK North Sea around a limited number of infrastructure hubs and existing production (principally oil) is from mature fields. This amplifies exposure to key infrastructure (including ageing pipelines and terminals), political/fiscal changes and oil price movements.

APPETITE
Although the extent of portfolio concentration is moderated by production generated in Malaysia, the majority of the Group's assets remain concentrated in the UK North Sea and therefore this risk remains intrinsic to the Group.

MITIGATION
This risk is mitigated in part through acquisitions. For all acquisitions, the Group uses a number of business development resources, both in the UK and internationally, to liaise with vendors/governments and evaluate and transact acquisitions. This includes performing extensive due diligence (using in-house and external personnel) and actively involving executive management in reviewing commercial, technical and other business risks together with mitigation measures.

The Group also constantly keeps its portfolio under rigorous review and, accordingly, actively considers the potential for making disposals and divesting, executing development projects, making international acquisitions, expanding hubs and potentially investing in gas assets, export capability or renewable energy and decarbonisation projects where such opportunities are consistent with the Group's focus on enhancing net revenues, generating cash flow and strengthening the balance sheet.

The Group has made good progress with its decarbonisation strategy, identifying three key focus areas of carbon capture and storage, electrification and green hydrogen production through its Infrastructure and New Energy business, which could provide diversified revenue opportunities in the long term.

POTENTIAL IMPACT
High (2022 High)

LIKELIHOOD
High (2022 High)

CHANGE FROM LAST YEAR
There has been no material change in the potential impact or likelihood. The Group is currently focused on oil production and does not have significant exposure to gas or other sources of income. However, the Group continues to assess acquisition growth opportunities with a view to improving its asset diversity over time.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY
See Page 16

RELATED KPIs:
B C D
See Page 03

Key Performance Indicators ('KPIs'):
A HSEA (LTI) B Production (Boepd) C Unit opex ($/Boe) D Cash generated by operations ($ million)
E Cash capital and abandonment expense ($ million) F EnQuest net debt ($ million) G Net 2P reserves (MMboe) H Emissions (tCO_2e)

SUBSURFACE RISK AND RESERVES REPLACEMENT

RISK
Failure to develop its contingent and prospective resources or secure new licences and/or asset acquisitions and realise their expected value.

APPETITE
Reserves replacement is an element of the sustainability of the Group and its ability to grow. The Group has some tolerance for the assumption of risk in relation to the key activities required to deliver reserves growth, such as drilling and acquisitions.

MITIGATION
The Group puts a strong emphasis on subsurface analysis and employs industry leading professionals. The Group continues to recruit in a variety of technical positions which enables it to manage existing assets and evaluate the acquisition of new assets and licences.

All analysis is subject to internal and, where appropriate, external review and relevant stage gate processes. All reserves are currently externally reviewed by a Competent Person.

The Group has material reserves and resources at Magnus, Kraken, Golden Eagle and PM8/Seligi that it believes can primarily be accessed through low-cost workovers, subsea drilling and tie-backs to existing infrastructure.

The Group continues to consider potential opportunities to acquire new production resources that meet its investment criteria.

POTENTIAL IMPACT
High (2022 High)

LIKELIHOOD
Medium (2022 Medium)

CHANGE FROM LAST YEAR
There has been no material change in the potential impact or likelihood.

Low oil prices, lack of available funds for investment (see 'Financial' risk) or prolonged field shutdowns requiring high-cost remediation which accelerate cessation of production can potentially affect development of contingent and prospective resources and/or reserves certifications.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
B C E F G

See Page 03

PROJECT EXECUTION AND DELIVERY

RISK
The Group's success will be partially dependent upon the successful execution and delivery of potential future projects that are undertaken, including decommissioning, decarbonisation and new energy opportunities in the UK.

APPETITE
The efficient delivery of projects has been a key feature of the Group's long-term strategy. The Group's appetite is to identify and implement short-cycle development projects such as infill drilling and near-field tie-backs in its Upstream business, industrialise decommissioning projects to ensure cost efficiency and unlock new energy and decarbonisation opportunities through innovative commercial structures. While the Group necessarily assumes significant risk when it sanctions a new project (for example, by incurring costs against oil price assumptions), or a decommissioning programme, it requires that risks to efficient project delivery are minimised.

MITIGATION
The Group has teams which are responsible for the planning and execution of new projects with a dedicated team for each project. The Group has detailed controls, systems and monitoring processes in place, notably the Capital Projects Delivery Process and the Decommissioning Projects Delivery Process, to ensure that deadlines are met, costs are controlled and that design concepts and Field Development/ Decommissioning Plans are adhered to and implemented. These are modified when circumstances require and only through a controlled management of change process and with the necessary internal and external authorisation and communication. The Group's UK decommissioning programmes are managed by a dedicated directorate with an experienced team who are driven to deliver projects safely at the lowest possible cost and associated emissions.

Within Veri Energy, the Group is working with experienced third-party organisations and aims to utilise innovative commercial structures to develop new energy and decarbonisation opportunities.

The Group also engages third-party assurance experts to review, challenge and, where appropriate, make recommendations to improve the processes for project management, cost control and governance of major projects. EnQuest ensures that responsibility for delivering time-critical supplier obligations and lead times are fully understood, acknowledged and proactively managed by the most senior levels within supplier organisations.

POTENTIAL IMPACT
Medium (2022 Medium)

LIKELIHOOD
Low (2022 Low)

CHANGE FROM LAST YEAR
The potential impact and likelihood remain unchanged. As the Group focuses on reducing its debt, its current appetite is to pursue short-cycle development projects and to manage its decommissioning and Infrastructure and New Energy projects over an extended period of time.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
A B D E F G H

See Page 03

FISCAL RISK AND GOVERNMENT TAKE

RISK
Unanticipated changes in the regulatory or fiscal environment can affect the Group's ability to deliver its strategy/business plan and potentially impact revenue and future developments.

APPETITE
The Group faces an uncertain macroeconomic and regulatory environment.

Due to the nature of such risks and their relative unpredictability, it must be tolerant of certain inherent exposure.

MITIGATION
It is difficult for the Group to predict the timing or severity of such changes. However, through Offshore Energies UK and other industry associations, the Group engages with government and other appropriate organisations in order to keep abreast of expected and potential changes. The Group also takes an active role in making appropriate representations as it has done throughout the implementation period of the EPL.

All business development or investment activities recognise potential tax implications and the Group maintains relevant internal tax expertise.

At an operational level, the Group has procedures to identify impending changes in relevant regulations to ensure legislative compliance.

POTENTIAL IMPACT
High (2022 High)

LIKELIHOOD
High (2022 Medium)

CHANGE FROM LAST YEAR
There has been no material change in the potential impact; however, the likelihood has increased given the implementation of, and subsequent change to the EPL which will negatively impact free cash flow generation and therefore the Group's ability to balance further deleveraging and investment in its asset base.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
D E F

See Page 03

INTERNATIONAL BUSINESS

RISK
While the majority of the Group's activities and assets are in the UK, the international business is still material. The Group's international business is subject to the same risks as the UK business (for example, HSEA, production and project execution). However, there are additional risks that the Group faces, including security of staff and assets, political, foreign exchange and currency control, taxation, legal and regulatory, cultural and language barriers and corruption.

APPETITE
In light of its long-term growth strategy, the Group seeks to expand and diversify its production (geographically and in terms of quantum); as such, it is tolerant of assuming certain commercial risks which may accompany the opportunities it pursues.

However, such tolerance does not impair the Group's commitment to comply with legislative and regulatory requirements in the jurisdictions in which it operates. Opportunities should enhance net revenues and facilitate strengthening of the balance sheet.

MITIGATION
Prior to entering a new country, EnQuest evaluates the host country to assess whether there is an adequate and established legal and political framework in place to protect and safeguard first its expatriate and local staff and, second, any investment within the country in question.

When evaluating international business risks, executive management reviews commercial, technical, ethical and other business risks, together with mitigation and how risks can be managed by the business on an ongoing basis.

EnQuest looks to employ suitably qualified host country staff and work with good quality local advisers to ensure it complies with national legislation, business practices and cultural norms, while at all times ensuring that staff, contractors and advisers comply with EnQuest's business principles, including those on financial control, cost management, fraud and corruption.

Where appropriate, the risks may be mitigated by entering into a joint venture with partners with local knowledge and experience.

After country entry, EnQuest maintains a dialogue with local and regional government, particularly with those responsible for oil, energy and fiscal matters, and may obtain support from appropriate risk consultancies. When there is a significant change in the risk to people or assets within a country, the Group takes appropriate action to safeguard people and assets.

POTENTIAL IMPACT
Medium (2022 Medium)

LIKELIHOOD
Medium (2022 Medium)

CHANGE FROM LAST YEAR
There has been no material change in the impact or likelihood.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
A B D E F G H

See Page 03

Key Performance Indicators ('KPIs'):
A HSEA (LTI) B Production (Boepd) C Unit opex ($/Boe) D Cash generated by operations ($ million)
E Cash capital and abandonment expense ($ million) F EnQuest net debt ($ million) G Net 2P reserves (MMboe) H Emissions (tCO_2e)

JOINT VENTURE PARTNERS

RISK
Failure by joint venture parties to fund their obligations.

Dependence on other parties where the Group is non-operator.

APPETITE
The Group requires partners of high integrity. It recognises that it must accept a degree of exposure to the creditworthiness of partners and evaluates this aspect carefully as part of every investment decision.

MITIGATION
The Group operates regular cash call and billing arrangements with its co-venturers to mitigate the Group's credit exposure at any one point in time and keeps in regular dialogue with each of these parties to ensure payment. Risk of default is mitigated by joint operating agreements allowing the Group to take over any defaulting party's share in an operated asset and rigorous and continual assessment of the financial situation of partners.

The Group generally prefers to be the operator. The Group maintains regular dialogue with its partners to ensure alignment of interests and to maximise the value of joint venture assets, taking account of the impact of any wider developments.

POTENTIAL IMPACT
Medium (2022 Medium)

LIKELIHOOD
Low (2022 Low)

CHANGE FROM LAST YEAR
There has been no material change in the potential impact or likelihood.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
B C E F G

See Page 03

REPUTATION

RISK
The reputational and commercial exposures to a major offshore incident, including those related to an environmental incident, or non-compliance with applicable law and regulation and/or related climate change disclosures, are significant. Similarly, it is increasingly important that EnQuest clearly articulates its approach to and benchmarks its performance against relevant and material ESG factors.

APPETITE
The Group has no tolerance for conduct which may compromise its reputation for integrity and competence.

MITIGATION
All activities are conducted in accordance with approved policies, standards and procedures. Interface agreements are agreed with all core contractors.

The Group requires adherence to its Code of Conduct and runs compliance programmes to provide assurance on conformity with relevant legal and ethical requirements.

The Group undertakes regular audit activities to provide assurance on compliance with established policies, standards and procedures.

All EnQuest personnel and contractors are required to undertake an annual anti-bribery and corruption course, an anti-facilitation of tax evasion course and a data privacy course.

All personnel are authorised to shut down production for safety-related reasons.

The Group has a clear ESG strategy, with a focus on health and safety (including asset integrity), emission reductions, looking after its employees, positively impacting the communities in which the Group operates, upholding a robust RMF and acting with high standards of integrity. The Group is successfully implementing this strategy.

POTENTIAL IMPACT
High (2022 High)

LIKELIHOOD
Low (2022 Low)

CHANGE FROM LAST YEAR
There has been no material change in the potential impact or likelihood.

RISK APPETITE
Low (2022 Low)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
A B D E F G H

See Page 03

HUMAN RESOURCES

RISK
The Group's success continues to be dependent upon its ability to attract and retain key personnel and develop organisational capability to deliver strategic growth. Industrial action across the sector, or the availability of competent people, could also impact the operations of the Group.

APPETITE
As a lean organisation, the Group relies on motivated and high-quality employees to achieve its targets and manage its risks.

The Group recognises that the benefits of a flexible and diverse organisation require creativity and agility to protect against the risk of skills shortages.

MITIGATION
The Group has established an able and competent employee base to execute its principal activities. In addition, the Group seeks to maintain good relationships with its employees and contractor companies and regularly monitors the employment market to provide remuneration packages, bonus plans and long-term share-based incentive plans that incentivise performance and long-term commitment from employees to the Group.

The Group recognises that its people are critical to its success and is therefore continually evolving EnQuest's end-to-end people management processes, including recruitment and selection, career development and performance management. This ensures that EnQuest has the right person for each job and that appropriate training, support and development opportunities are provided, with feedback collated to drive continuous improvement while delivering SAFE Results.

The culture of the Group is an area of ongoing focus and employee feedback is frequently sought to understand employees' views on areas, including diversity and inclusion and wellbeing in order to develop appropriate action plans. Although it was anticipated that fewer young people may join the industry due to climate change-related factors, 2023 saw a rise in the number of young professionals joining EnQuest. We believe the Group's decarbonisation ambitions as well as the graduate programme, introduced in 2023, has contributed to this change. EnQuest aims to attract and sustain the best talent, recognising the value and importance of diversity. The emphasis around improved diversity in the Group's management and leadership is a main focal point for the Board; further details on these are set out on page 31. The Group recognises that there is a gender pay gap within the organisation but that there is no issue with equal pay for the same tasks.

POTENTIAL IMPACT
Medium (2022 Medium)

LIKELIHOOD
Medium (2022 Medium)

CHANGE FROM LAST YEAR
There has been no material change to potential impact or likelihood.

RISK APPETITE
Medium (2022 Medium)

LINK TO STRATEGY

See Page 16

RELATED KPIs:
A B C D E F G H

See Page 03

The Group has reviewed the appropriate balance for its onshore teams between site, office, and home working to promote strong productivity and business performance facilitated by an engaged workforce, adopting a hybrid approach. EnQuest has now moved to a 4–1 office to work from home ratio to enhance productivity and motivate staff. The Group will continue to monitor such practices, adapting as necessary. The Group also maintains market-competitive contracts with key suppliers to support the execution of work where the necessary skills do not exist within the Group's employee base.

Executive and senior management retention, succession planning and development remain important priorities for the Board. It is a Board-level priority that executive and senior management possess the appropriate mix of skills and experience to realise the Group's strategy.

Business conduct

EnQuest has a Code of Conduct (which has been reviewed and refreshed in 2023) which it requires all personnel to be familiar with. The EnQuest Code of Conduct sets out the behaviour which the organisation expects of its Directors, managers and employees and of our suppliers, contractors, agents and partners. We are committed to conducting ourselves ethically, with integrity and to complying with all applicable legal requirements; we routinely remind those who work with or for us of our obligations in this respect.

Our employees and everyone we work with help to create and support our reputation, which in turn underpins our ability to succeed. This Code of Conduct addresses our requirements in a number of areas, including the importance of health and safety, compliance with applicable law, anti-corruption, anti-facilitation of tax evasion, anti-slavery, anti-competition, sanctions, export and import controls, addressing conflicts of interest, ensuring equal opportunities, combatting bullying and harassment and the protection of privacy.

The Group's induction procedures cover the Code of Conduct, and the Group runs both ad hoc and scheduled periodic training for personnel to refresh their familiarity with relevant aspects of the Code of Conduct and specific policies and procedures which support it such as the Group's anti-corruption programme. As part of its continual improvement planning in the space of business conduct, the Group is currently spearheading a project to enhance accessibility to materials and training on a broad range of ethics and compliance topics relevant to personnel including on fraud, money laundering, competition law and sanctions.

As part of the Group's Risk Management Framework, the Board is supplied annually with an 'assurance map' that provides an insight into the status of the main sources of controls and assurance in respect of the Group's key risk areas (see pages 46 to 64 for further information on how the Group manages its key risk areas). While this provides some formal assurance as to how the Group reinforces its requirements in respect of business conduct, the Board also recognises the importance of promoting the right culture within the Group and this remains an area of focus for the Group.

The Code of Conduct also includes details of the independent reporting line through which any concerns related to the Group's practices, or any suspected breaches of the Group's policies and procedures, can be raised anonymously and encourages personnel to report any concerns to the legal department and/or the General Counsel. Where concerns are raised (whether through the reporting line or otherwise), the General Counsel, reporting for this purpose to the Chairman of the Audit Committee, is required to look into the relevant concern, investigate and take appropriate action. Concerns raised in relation to potential conflicts of interest and safety practices, as well as more routine interfaces with regulatory authorities, are also reported to the Board and addressed appropriately.

"We are committed to conducting our business in accordance with our Values and to upholding the highest ethical standards, acting with integrity and adhering to the laws and regulations in the countries in which we operate."

The Code of Conduct includes a confirmation of EnQuest's commitments to adhere to applicable laws. The Group has zero tolerance for practices that breach applicable laws and expects the same of all with whom it has business dealings; for example, in relation to procurement, by requiring suppliers to confirm their commitment to various laws (including anti-slavery, tax and employment) before being qualified to supply the Group.

The Group has also supplemented its procedures to provide further assurance that it is able to identify and manage human rights risks in its supply chain. EnQuest publishes its modern slavery statement on its website at www.enquest.com, under the Environmental, Social and Governance section, where further detail on EnQuest's corporate responsibility policies and activities, including the area of business conduct, is also available.

The control room aboard EnQuest's Kraken FPSO

Task Force on Climate-related Financial Disclosures

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group supports good governance and transparency in general, and specifically in relation to climate change. The Board recognises the societal and investor focus on climate change, and the desire to understand potential impacts on the oil and gas industry through meaningful disclosure, such as those recommended by the Task Force on Climate-related Financial Disclosures ('TCFD') and those required by the Companies Act via Climate-related Financial Disclosures ('CFD'). Listing Rule 9.8.6R requires companies to include climate-related financial disclosures consistent with the TCFD recommendations. EnQuest has complied with these requirements save for:

- Quantification of risks and opportunities within Strategy (b) and the associated Metrics and Targets; and
- Scope 3 recommendations within Metrics and Targets.

With regard to the quantification of risks and opportunities, through the Group's financial planning and liquidity management processes EnQuest has mature and well-established processes by which it quantifies the impacts of changing commodity prices and cost of emissions trading certificates on its business. These quantification processes are being expanded to assess the potential impact of various other risks and opportunities, details of which are set out below.

For Scope 3 recommendations, EnQuest has made progress towards compliance through the inclusion of certain Scope 3 emissions within the metrics and targets section (items (a) and (b)) on a phased basis. During 2023, the Group has incorporated verified Scope 3 emission category 5 'waste generated in operations' data. In line with both the Group's Continuous Improvement Plan ('CIP') and the United Nations-adopted Sustainable Development Goal ('SDG') 12, Responsible Consumption & Production, EnQuest will commence reporting on this category from 1 January 2023. The Group is also now capturing data per category 4 'upstream transportation and distribution' and is exploring the potential for reporting category 11 'use of sold products'. The Group is planning, therefore, to report against three categories of Scope 3 emissions in the 2024 Annual Report and Accounts.

	EnQuest disclosure	Additional/related information
Governance Disclose the organisation's governance around climate-related risks and opportunities	EnQuest's purpose is to provide creative solutions through the energy transition. As such, climate-related risks and opportunities are a core part of the organisation's considerations, from Board level to its operational and functional teams, with emission reductions an important part of both management's and the wider organisation's variable remuneration. During 2022, the Board and Executive Committee approved the enhancement of the Group business model to include a focus on repurposing existing infrastructure to support its renewable energy and decarbonisation ambitions, including targeting carbon capture and storage, electrification and green hydrogen production. This model has been further enhanced during 2023 by the launch of Veri Energy, a wholly owned subsidiary of EnQuest, to provide dedicated management of the Group's new energy and decarbonisation projects. An organogram outlining the Group's Risk Management Framework can be found on page 48.	See pages 36 to 39 (Environmental), 46 to 64 (Risks), 76 to 78 (s172), 92 to 98 (Audit Committee report), 99 to 117 (Directors' Remuneration Report), 118 to 119 (Sustainability Committee report) and 120 to 124 (Directors' report)

(a) Describe the Board's oversight of climate-related risks and opportunities.
The Board takes full responsibility for the governance of climate-related risks and opportunities, building such considerations into several of its processes, including reviewing and guiding strategy and major plans of action alongside setting budgets, plans and objectives and monitoring performance accordingly. The Sustainability Committee (previously named the Safety, Sustainability and Risk Committee), a dedicated sub-Committee of the Board, has specific climate-related responsibilities incorporated into its terms of reference, with these responsibilities including: assessment of the Group's exposure to managing risks from 'climate change' and reviewing actions to mitigate these risks in line with its assessment of other risks; reviewing and monitoring the Group's decarbonisation activities, including reviewing the adequacy of the associated framework; and reviewing targets and milestones for the achievement of decarbonisation objectives. In addition, a designated member of the Committee has responsibility for the Company's decarbonisation activities. The Committee generally meets four times per year and, at each meeting, reviews a report sponsored by a Board member of the Committee which includes a summary of performance against short- and long-term emission reduction targets and outlines future opportunities and updates. The Committee also reviews the Group's Risk Management Framework ('RMF') performance report.

The Board receives a separate summarised version of the above update on climate-related issues as part of the health, safety, environment and assurance ('HSEA') report that is delivered during each of the five scheduled Board meetings by the HSEA Director.

The Board also receives reports covering the Group's financial and operational performance, which include the progress being made in developing the Group's new energy and decarbonisation opportunities, and monitors performance against Group emission reduction targets. Progress in developing these growth opportunities is linked to reward as a component of the Company Performance Contract (see page 109 of the Directors' Remuneration Report).

Collectively, the Board and management also keep appraised of the evolving risk and opportunity landscape and its potential impacts on the Company's business by consulting as appropriate with the Group's advisers and appropriate third-party institutions, including fund managers, investors and industry associations such as Brindex and Offshore Energies UK.

(b) Describe management's role in assessing and managing climate-related risks and opportunities.
EnQuest's Chief Executive Officer has ultimate responsibility for assessing and managing climate-related risks and opportunities and is supported in this endeavour by the CEO of Veri Energy (a wholly-owned subsidiary of EnQuest), the Group's Chief Risk Officer and the HSEA Director.

Management, through a combination of the Executive Committee, Operations Committee and the HSEA Directorate, regularly reviews Company performance and the Group's risk registers. The CFO is responsible for ensuring the Group also recognises the impacts of climate-related risks and opportunities appropriately in its financial statements, including judgements and estimates, such as future oil and emission trading certificate prices and the costs and benefits associated with emissions reduction projects, and other relevant disclosures.

The Group also has an energy management system governance document setting out how it approaches the measurement and reporting of emissions and how the Group will assess and select emission reduction opportunities, with a working group dedicated to the identification and implementation of economically-viable emissions savings opportunities across the Group's portfolio of assets. This working group reports to the Executive Committee regularly and the Sustainability Committee at each scheduled meeting.

The Group's legal, commercial, company secretariat, investor relations and communications teams monitor the regulatory, legal, capital markets and competitive/commercial environments, providing reports to management (and the Board) as required.

	EnQuest disclosure	Additional/related information
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	EnQuest's strategic vision is to be the partner of choice for responsible management of existing energy assets, applying its core capabilities to create value through the transition. Its business model covers the full energy transition landscape: Upstream aims to responsibly optimise production to support today's energy needs; Veri Energy aims to leverage repurposed existing infrastructure through repurposing to deliver new energy and decarbonisation opportunities; while Decommissioning aims to manage end of field life and post-cessation of production operations to deliver safe and efficient execution of decommissioning work programmes in a responsible manner. This integrated business model, which incorporates the Group's plans for transitioning to a lower-carbon economy, provides mitigation against each of the potential climate-related transition risks noted below, which have the potential to have substantive financial or strategic impact unless stated to be 'not material'. The financial or strategic impact of a risk or opportunity is assessed and measured based on the potential net present value ('NPV') negative impact of the particular risk. These assessments are made through the Group's annual planning and budgeting process, as well as on an ad hoc basis when assessing specific risks or opportunities that may arise. The Group has an investment committee that reviews investment decisions, with additional support and review provided by the Sustainability Committee if required.	See pages 3 to 13 (KPIs, Chairman and CEO statements), 22 to 23 (Veri Energy review), 26 to 30 (Financial review), 36 to 39 (Environmental), 46 to 64 (Risks) and 138 (Financial statements)

(a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.
EnQuest has offshore oil and gas assets in the UK and Malaysia and has assessed climate-related risks and opportunities jointly for this one sector and both geographies. Exceptions are detailed in the table on the next page.

EnQuest considers within one year to be short-term (which aligns with the Group's budgeting process and assessment of going concern), one to three years to be medium-term (which is in line with the Group's assessment of viability and the period over which the Group prepares detailed plans) and the longer-term to be beyond three years (for which EnQuest tests its life of field estimates against its internal price assumptions and the International Energy Agency's Announced Pledges ('APS'), and Net Zero Emissions by 2050 ('NZE') Scenarios).

Using a mix of quantitative and qualitative measures, the Group has made an assessment of the potential impact and likelihood of the climate-related risks or opportunities set out in the table on the following page. This is in line with common enterprise risk management system practice.

Task Force on Climate-related Financial Disclosures continued

Risk type	Climate-related risk	EnQuest risk management
Transition	**Market (all geographies and timeframes unless otherwise stated)** • Demand for oil and gas and associated pricing adversely affects the Group's operations and financial condition as the Group's revenue depends substantially on oil prices (long-term) • Emissions trading allowances impact costs (UK only, as Malaysia does not have the same regulatory requirement) • Access to capital (see Financial risk on page 54): The Group has substantial existing credit facilities, needs to invest in its asset base and aims to pursue value-accretive M&A. Wider market forces, including interest rates, investor sentiment and ESG requirements, impact the Group's ability to raise capital • Supply-side constraints due to competing demand for equipment and/or services as supply chain migrates to support alternative sectors could increase costs and/or result in delayed work programmes, ultimately impacting revenue generation (long-term)	• Planning and investment decision process caters for low oil price scenarios and includes a carbon cost associated with forecast emissions (see metrics and targets (a) – Transition risks and carbon prices) • The Group actively monitors current and future oil prices (see Oil and gas prices risk on page 52) through its Marketing and Trading organisation, which is also responsible for purchases of emissions trading allowances (see metrics and targets (a) – Transition risks and carbon prices) • The Group closely monitors and manages its funding position and liquidity risk throughout the year (see Financial risk on page 54). EnQuest's new energy and decarbonisation opportunities were a significant factor in attracting new investors in the Group's 2022 and 2023 refinancing activities • The Group maintains relationships with key stakeholders, including governments, regulators, financial institutions, advisers, industry participants and supply chain counter-parties
	Policy and legal (all geographies) • Regulatory or legislative changes (including emissions trading schemes and flaring allowances, for example): Facility modifications, regulatory sanctions/fines and litigation risk (medium and long-term) • Country policies (including net zero targets): Facility modification investment, regulatory sanctions/fines and litigation risk (long-term) • Increased direct and/or indirect taxes (long-term) • Each of the above could require additional capital investment, potentially at a lower return than traditional projects, or increase costs	• Targeted emission reductions and assessing opportunities to reduce flaring, for example (see page 123) (see metrics and targets (a) – Scope 1, 2 and 3 absolute emissions and emissions intensity) • The UK Energy Profits Levy includes incentives for both oil and gas and decarbonisation investments, which the Group aims to utilise (see metrics and targets (a) – Climate-related opportunities) • Maintaining relationships with government and regulatory bodies • Engaging with a variety of external advisers and appropriate third-party institutions to ensure awareness, advance planning and integration to ensure ongoing compliance
	Reputation (all geographies and timeframes, unless otherwise noted) • Negative perception of the oil and gas industry • Lack of credible transition plan • Failure to adhere to regulatory or legislative requirements (medium and long-term) • The perception of the oil industry has already impacted access to and the cost of capital. In the longer term, the above risks could impact the willingness of counterparties to transact with EnQuest, increasing costs, the availability of a skilled workforce, leading to higher costs and/or lower revenues, or regulatory or legal action	• Development of Veri linked to reward (see metrics and targets (a) – Scope 1, 2 and 3 absolute emissions and emissions intensity, Climate-related opportunities, Capital deployment and Remuneration) • Clear and credible emission reduction targets linked to reward (see metrics and targets (a) – Scope 1, 2 and 3 absolute emissions and emissions intensity, and Remuneration) • Continued engagement with all stakeholders, including participation in credible climate initiatives, such as the CDP survey and submission of Emission Reduction Action Plans ('ERAP') to the North Sea Transition Authority • Emissions Management Team that develops and drives continual improvement on Scope 1 and 2 emission reduction opportunities in line with the Group's overall targets (see metrics and targets (a) – Scope 1, 2 and 3 absolute emissions and emissions intensity) • Emissions Management Team is also responsible for development of Group reporting on Scope 3, including verified reporting on category 5 'waste generated in operations' for 2018–2023 (see metrics and targets (a) – Scope 1, 2 and 3 absolute emissions and emissions intensity) • Regular asset-level emissions measurement, monitoring and reporting with timely corrective action taken if necessary (see metrics and targets (a) – Scope 1, 2 and 3 absolute emissions and emissions intensity, Transition risks and carbon prices and Capital deployment) • High standards of business conduct (see page 65)

Risk type	Climate-related risk	EnQuest risk management
Transition	**Technology (all geographies, medium- to long-term)** • Alternative, lower-emission products and services could accelerate the transition away from oil and gas, impacting demand • Costs of new technologies could limit the timing and economics of existing oil and gas and decarbonisation projects	• Carbon capture and storage studies have identified the potential to store up to 10mtpa of CO_2 from stranded emitters in depleted North Sea reservoirs, while EnQuest's electrification and hydrogen ambitions could harness renewable energy to help decarbonise offshore developments and a number of other industries, respectively (see metrics and targets (a) – Climate-related opportunities and Capital deployment) • Continued engagement with relevant new energy and decarbonisation stakeholders, including potential strategic and financial partners (see metrics and targets (a) – Climate-related opportunities and Capital deployment) • Continued engagement with suppliers, requiring provision of services with a lower emissions footprint (see metrics and targets (a) – Climate-related opportunities and Capital deployment)
Physical	**Acute (all geographies, short- and medium-term)** • Adverse and/or severe weather (storms, cyclones, extreme heat or cold) resulting in asset downtime and impacting revenue, or increasing health and safety risk to staff	• Action and response plans, including effective supply change management, to manage risks and extent of downtime to as low as reasonably possible (see metrics and targets (a) – Physical risks)
	Chronic (all geographies long-term) • Rising sea levels, tidal impacts and other extreme weather causes extensive/irreparable damage to assets impacting capital and/or operating costs or early decommissioning of assets	• EnQuest considers these risks to be not material given the Group's focus on asset integrity and the expected remaining life of its assets see metrics and targets (a) – Physical risks)

Task Force on Climate-related Financial Disclosures continued

With EnQuest's business model spanning the entire energy transition spectrum, the Group is well positioned to assess and pursue a number of climate-related opportunities.

Opportunity type	Climate-related opportunities	EnQuest action
Energy source (long-term and UK-only at present)	• Use of lower emission sources of energy • Shift towards decentralised energy generation • Use of supportive policy incentives • Use of new technologies	• Progressing the potential to facilitate the electrification of nearby offshore oil and gas assets and planned developments • Assessing onshore wind potential on Shetland • Commencement of project to deliver new grid-connected power solution for Sullom Voe Terminal ('SVT') • Assessing initial 50MW green hydrogen project at SVT supported by government-backed fund matching worth £1.74 million • Progressing gas tie-back from Bressay to Kraken to displace diesel as Kraken FPSO primary fuel • Completion of modifications to the Heather asset power generation equipment to minimise emissions during decommissioning
Resilience (all geographies and timeframes, unless otherwise stated)	• Resource substitutes/diversification (UK only at present) • Participation in renewable energy programmes and adoption of energy efficiency measures • Access to M&A opportunities: Noting other industry participants need to dispose of assets to meet their own ESG targets	• Strengthened climate change oversight through the introduction of an Energy (Emission) Management System - Structure & Governance procedure. The procedure itself is structured to align with the internationally recognised structure for an energy management system in relation to ISO 50001 • Pursuing carbon capture and storage, electrification and green hydrogen production opportunities at scale at SVT (long-term) • New development opportunities to be assessed in terms of low emission power generation (medium-term) • The Group maintains relationships with key stakeholders, including regulators, financial institutions, advisers and industry participants
Products and services (all geographies and timeframes, unless otherwise stated)	• Development and/or expansion of low emission goods and services (long-term, with the exception of supplier engagement which is all timeframes) • Ability to diversify business activities (long-term)	• Pursuing carbon capture and storage which will store up to 10mtpa of CO_2 from stranded emitters in depleted North Sea reservoirs • Assessing the potential to facilitate the electrification of nearby offshore oil and gas assets and planned developments • Exploring the potential for harnessing the advantaged natural wind resource around Shetland for the production of green hydrogen and derivatives at export scale in order to provide a low-carbon alternative fuel which could help to decarbonise a number of industries • Continued engagement with suppliers, requiring provision of services with a lower emissions footprint to ultimately improve efficiencies and reduce costs
Market (long-term and UK-only)	• Access to new markets • Use of supportive policy incentives	• Pursuing carbon capture and storage, electrification and green hydrogen production opportunities at scale at SVT
Resource efficiency (all geographies and timeframes)	• Use of more efficient production and distribution processes • Use of recycling	• Focused on absolute emission reductions in all operations see metrics and targets section) • Measurement of waste generated in operations, with 2023 reporting in line with Category 5 Scope 3 emissions (see metrics and targets section) • Assessment of options to repurpose existing infrastructure prior to any decision to cease production and begin asset decommissioning • Decommissioning business seeks to maximise reuse and/or recycling

(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The Group considers as part of its strategic, business planning and risk processes how a number of macroeconomic themes may influence its principal risks. The most material risk factor to EnQuest's business model is the oil price, with climate change representing one of many potential influencing factors on the oil price. In the short to medium term, EnQuest reviews the impact of different oil prices in its going concern and viability assessments. The Group's Marketing and Trading team is responsible for optimising sales of the Group's production, including developing and implementing the Group's hedging programme. The potential impact of a change in oil price on the Group's carrying amount of oil and gas assets is outlined in note 2 of the Financial Statements. The Group's Marketing and Trading team is also responsible for purchasing emissions trading allowances in the UK, with the costs of these allowances forecast to make up almost 5% of the Group's operating costs in 2024.

The Group monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management, with variance analysis run to reflect different scenarios. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies as necessary. Specific financial risks of climate change considered include access to, and cost of, capital, insurance and decommissioning surety bonds as investors' and insurers' appetite for exposure to the oil and gas sector reduces across all timeframes. It is difficult to quantify the precise impact on access to and cost of capital given the number of other constituent factors in such transactions, including the state of global financial markets at the time such a transaction takes place. The potential impact of a change in the Group's discount rate, which considers the Group's cost of capital, is outlined in note 2 of the Financial Statements.

The Group has a proven track record of executing value-accretive acquisitions, although the timing of such events is uncertain. As majors and other operators continue to shift their focus from mature basins such as the North Sea and Malaysia, there will be further opportunities for the Company to access additional oil and gas resources, with gas resources offering product diversification into a necessary transition fuel. Where new assets are acquired, there will be a clear emission reductions plan for any such asset for which EnQuest assumes operatorship, relative to the carbon footprint in the hands of the seller, and the Group factors in an associated carbon price into the acquisition economics, even in markets where no carbon trading or pricing mechanism exists.

Following the establishment of the Infrastructure and New Energy ('I&NE') business in 2021 and having progressed three significant new energy and decarbonisation opportunities at Sullom Voe Terminal, the Group launched Veri with responsibility for delivering the Group's short- and medium-term emission reduction objectives and advancing longer-term renewable energy and decarbonisation opportunities. These opportunities are centred around repurposing the strategically advantaged Sullom Voe Terminal, which the Group operates, positioning EnQuest as a credible energy transition company. Veri represents the logical next step in the strategic evolution of EnQuest's new energy and decarbonisation ambitions, enabling the project team to move forward with a focused management structure and the potential to leverage financial and strategic partnerships.

During 2023, EnQuest's Board approved a commitment to reach net zero in respect of Scope 1 and Scope 2 emissions by 2040. The Group set interim targets, linked to reward, to reduce Group-wide Scope 1 and Scope 2 emissions by 10% by 2023 against a 2020 baseline; achieving a 23% reduction. A further 10% reduction target has been set over the next three-year period, 2021-2024. EnQuest is also monitoring progress against the UK North Sea Transition Deal ('NSTD') goals which contribute to the UK Government's target of net zero by 2050 and require reductions against a 2018 baseline of 10% by 2027, 25% by 2030 and 50% by 2030. At the end of 2023, EnQuest had reduced UK Scope 1 and Scope 2 emissions by 41%. All milestones occur in the medium to long term.

(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The Group has measured the resilience of its existing portfolio and future development plans again as part of its 2023 full year results process, having previously updated scenario analysis 12 months ago. In its scenario modelling, the Group incorporates the estimated oil price and cost of emissions, with the oil price deemed to be the most influential risk to its business, that would prevail under the International Energy Agency's Announced Pledges ('APS'), and Net Zero Emissions ('NZE') Scenarios. The APS assumes that all RAS climate commitments made by governments and industries around the world by the end of August 2023, for both 2030 targets and longer-term net zero or carbon neutrality pledges will be met in full and on time and shows how close current pledges get the world to the target of limiting global warming to 1.5°c, while the NZE shows an accelerated pathway for the global energy sector to achieve net zero CO_2 emissions by 2050 and is consistent with limiting the global temperature rise to 1.5°c. The Group continues to generate positive free cash flow when using assumptions based on the APS, although cash flow becomes negative when using assumptions based on the NZE. As outlined in the Group's viability statement on page 30, should oil prices be lower than assumed in its Plausible Downside Case projections, the Group may be required to undertake mitigating actions to meet its various obligations. EnQuest's business model enables the Group to adapt to a changing external environment, with short-cycle investments reducing the risk of 'stranded assets' in its upstream business, while the Group is pivoting towards new energy and decarbonisation with the activities being pursued by Veri.

Task Force on Climate-related Financial Disclosures continued

	EnQuest disclosure	Additional/related information
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	The Group has robust risk management and business planning processes that are overseen by the Board, the Sustainability Committee and the Executive Committee in order to identify, assess and manage climate-related risks, while the Audit Committee oversees the effectiveness of the Risk Management Framework. The risk landscape inputs and considerations are outlined on page 48 and cover long-term macro factors and near-term and emerging risks.	See pages 46 to 64 (Risks) and 118 to 119 (Sustainability Committee report)

(a) Describe the organisation's processes for identifying and assessing climate-related risks.
The Group's RMF is embedded in all levels of the organisation with asset, regional and functional risk registers aggregating to an enterprise risk register, as outlined below, identifying relevant threats and how they are mitigated, while the adequacy and efficacy of controls in place are themselves also monitored. This integration enables the Group to quickly identify, escalate and appropriately manage emerging risks, with a quarterly RMF report reviewed by leadership teams and presented to the Sustainability Committee. All risks are assessed based on their estimated potential impact and likelihood with respect to people, environment, asset/business and reputation ('PEAR') on a pre- and post- mitigation basis, with judgements reviewed by peers and/or management as appropriate.

The Group is targeting being net zero by 2040 and seeks to ensure that suitable and sufficient controls are in place to deliver against its environmental, social, governance ('ESG') strategy. EnQuest uses Hurdle Risk as the risk management tool for identification, measurement and mitigation of risks and requires an assessment of value associated with a given risk. The Risk Management Process takes place across four key areas: Group, Region, Asset and Functional:
- Group level - An Enterprise Risk Register and Risk Report provides the Board and executive management with a single view of risk across the Group to aid strategic decision making. This reflects the overall Risk Management Strategy and responses to individual risks, including climate-related risks, with a focus on reporting risks that are critical from a decision-making perspective. Critical risks are those that are assessed as having the greatest potential impact and likelihood with respect to PEAR on a pre- and post-mitigation basis;
- Region level - Risk registers are available for the North Sea and Malaysia. These registers include details of all relevant operational, execution, HSE, organisational, financial, legal and contractual risks facing each of the business units;
- Asset level - Risk registers are developed for all operated assets. These registers include details of all relevant operational, executional, HSEA, organisational, financial, legal and contractual risks facing each asset; and
- Functional level - A risk register is developed for any improvement opportunities and deficiencies in the risk controls for the legal, commercial, HSEA, organisational, financial and business services risk categories. The functional assessments review the effectiveness of policy and management systems in place and identify critical gaps and/or areas of non-compliance within the Group.

Through EnQuest's Environmental Management System, all environmental aspects and risks are identified using EnQuest's Environmental Aspects and Impacts Identification Procedure and are recorded in an Environmental Aspects and Impacts Register. Similarly, the process of developing an asset or project-specific aspects and impacts register entails a systematic review of operational activities, identifying effective control measures, mitigations and/or improvement plans at all stages in the project life cycle from inception, through to abandonment and decommissioning. The people undertaking this process shall be competent with the requisite experience and technical knowledge, so that a high-quality review of an activity, project, process, design or an operation is carried out. Aspects may be identified through workshops, meetings, reviews and audits and separated into two groups; planned and unplanned. EnQuest has also established an Identification and Evaluation of Compliance Obligations Procedure in order to ensure that the organisation is aware of and understands how its activities are (or will be) affected by current and new legislative requirements. This procedure is aligned with the requirements of ISO 14001:2015. Furthermore, the Group strengthened its climate change oversight through the introduction of an Energy (Emission) Management System - Structure & Governance procedure (as noted in the Strategy (a) disclosure). The HSEA team keeps up to date with the identification and maintenance of awareness of compliance obligations through professional subscriptions, by consulting relevant websites, including regulatory and government departments, as well as through training, attendance of seminars, conferences, network forums and meetings. Consultations with government, other regulatory agencies and any other stakeholders may also be required. Other compliance requirements are identified and recorded from the Group's HSEA Policy, licences, permits and authorisations and industry standards and codes of practice. The result of the evaluation of compliance is detailed in the monthly KPI report, while on a routine basis, the HSEA teams review and discuss open non-conformances and any new legal requirements.

(b) Describe the organisation's processes for managing climate-related risks.
The Sustainability Committee also provides a forum for the Board to review selected individual risk areas in greater depth. Climate change is categorised as a standalone risk area within the Group's 'Risk Library', allowing the application of EnQuest's RMF to underpin its approach in this important area. For each risk area, the Sustainability Committee reviews 'Risk Bowties' that identify risk causes and impacts and maps these to preventative and containment controls used to manage the risks to acceptable levels. Climate change-related issues cover both physical and transition risks in accordance with the TCFD framework (as outlined in the Strategy section (a)). They are also considered within the context and review of several other risk areas, such as oil price, (see the Strategy and Risk management sections for the Group's assessment of financial materiality and potential impact and likelihood with respect to PEAR, respectively).

A Continuous Improvement Plan ('CIP') describes EnQuest's improvement initiatives, what the Company will do to achieve them and how it will measure success. Specific objectives, targets and actions are developed and cascaded to all levels within the organisation, including a number related to the management of climate-related risks.

In addition to the CIP, EnQuest has defined Key Performance Indicators ('KPIs'), which are used to monitor performance. They take into account the significant environmental aspects and the Company's compliance obligations.

(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
See the Risk management disclosure (a) for a description of how climate-related risks are integrated into EnQuest's overall RMF. Risks are uploaded to the Group's risk software tools which assign ownership for the risks with associated systemised monitoring of mitigations being closed out. These systems require the risk owner to assess the materiality of each given risk before and after mitigations in accordance with the Group's materiality thresholds (outlined in the metrics and targets section below).

	EnQuest disclosure	Additional/related information
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Absolute emissions and their reduction are a key area of focus for EnQuest given the Group's net zero commitment in respect of Scope 1 and Scope 2 emissions by 2040 and its desire to play its part in the UK's drive towards net zero by 2050 (2045 in Scotland). EnQuest operates offshore in the UK and Malaysia, which are highly regulated mature hydrocarbon provinces. The Group has a well-established HSEA Policy outlining its commitment to integrating environmental management into its operations, with its Environmental Management System ensuring the Group manages and mitigates its impact on the environment and complies with the regulatory requirements in the areas in which it operates. Through this process, the Group has not identified any material risks associated with water, energy, land use, and waste management. EnQuest has considered the climate-related metric categories in Table A2.1 within the TCFD implementation guidance but has not set any other metrics or targets beyond those listed below.	See pages 03 (KPIs), 22 to 23 (Infrastructure - Midstream review), 36 (Environmental), 76 (s172), 109, 110 and 111 (CPC and PSP disclosures within the Directors' Remuneration Report) and 123 (GHG emissions disclosures in the Directors' report)

	EnQuest disclosures	
	Metrics – consistent with prior year unless otherwise stated	Description
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Scope 1, 2 and 3 absolute emissions and emissions intensity Scope 1 and 2 metrics are consistent with prior years. Scope 3 metrics are new additions in 2023.	EnQuest operates in an industry and geography in the UK that has agreed medium- and long-term absolute Scope 1 and 2 emission reduction targets, expressed as percentage reductions in tonnes of CO_2 equivalent emissions. As such, the Group monitors progress against these and its own associated targets (see metrics and targets (c)). The Group has also embarked on the reporting of selected Scope 3 emissions, with verified data on Category 5 'waste generated in operations' included within the 2023 Annual Report and Accounts. The Group is also collating data relating to Category 4 'upstream transportation and distribution' and exploring Category 11 'use of sold products'. The Group expects, therefore, to report against three categories of Scope 3 emissions in the 2024 Annual Report and Accounts. The Group has defined criteria for screening and ranking emission reduction opportunities within its existing operations, including: the potential contribution to the Group's targets; economic indicators; the chance of success; time to implement; and any risks to the Group's production. The Group also monitors its emissions intensity ratio (as set out in the Directors' report on page 123), recognising the impact this metric has on certain risks and opportunities, such as reputation, access to capital and M&A opportunities.

Task Force on Climate-related Financial Disclosures continued

	EnQuest disclosure	
	Metrics – consistent with prior year unless otherwise stated	**Description**
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. (continued)	Transition risks and carbon prices	The Group primarily produces oil from its offshore installations and so deems the oil price and costs of emissions to be the most material risks to its business, particularly as these metrics are impacted by other of the identified transition risks and opportunities outlined in Strategy (a). As such, the Group actively monitors the price of oil and cost of emissions trading allowances, hedging a proportion of its exposure to oil prices to ensure a minimum price is received for its production. EnQuest uses oil and carbon prices in its internal planning and investment (including M&A) decision-making processes. The Group's forward-looking oil prices are disclosed in note 2 of the financial statements, while the carbon price is set in relation to the UK Emissions Trading Scheme forward price curve. For 2024, the Group's forecast carbon price is £40 per tonne.
	Physical risks	All of the Group's assets are in offshore environments and so subject to physical risks, as outlined in Strategy (a).
	Climate-related opportunities	Within Veri, EnQuest is assessing opportunities that could deliver operations at scale in the long term. For example, the Group's carbon capture and storage opportunity has identified the potential to store up to 10mtpa of CO_2 from stranded emitters in depleted North Sea reservoirs, potentially taking the Company beyond net zero, in comparison to the Group's reported Scope 1 and 2 emissions footprint. During 2023, the Group was awarded four licences across two licence areas in the NSTA's first UK carbon storage licensing round, while in 2024 the Group secured £1.74 million of funding from the UK government's Net Zero Hydrogen Fund to initiate study work for a 50MW green hydrogen project at SVT.
	Capital deployment	The Group's new energy and decarbonisation projects are at an early stage. As such, EnQuest is currently allocating less than 2% of its operating and capital expenditure budget to such activities to minimise regret costs. Such expenditures are reset on an annual basis.
	Remuneration	The Group's emission reduction targets and progress of its energy transition and decarbonisation strategy development and execution are linked to short-term and long-term remuneration, as set out in the Directors' Remuneration Report (see pages 109 to 112).
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks.	As outlined in the Directors' Report, EnQuest discloses Scope 1 and 2 emissions and associated intensity outcomes on an operational control basis. The Group also discloses limited Scope 3 emission data, aligned to Category 5 'waste generated in operations' and has plans to collate additional Scope 3 data in 2024. The Group's GHG emissions data disclosed in the Directors' report and throughout the ARA is verified by Lucideon. The Group is cognisant of the risks of access to capital and people, rising emission costs and reputational and regulatory risks associated with failure to adhere to policies and guidelines or missing targets.	

	EnQuest disclosure
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	The Board's goal is to be as ambitious as it can in setting decarbonisation targets, while balancing the economic realities of operating late-life assets. As such, in 2021 the Board approved a targeted 10% reduction in EnQuest's absolute Scope 1 and 2 emissions from its existing portfolio over three years, from a year-end 2020 baseline. As at 31 December 2023, Group emissions had been reduced by c.23% against the 2020 baseline. In both 2022 and 2023, further emission reduction targets over a three-year period were set as part of the Group's Performance Share Plan measures (see page 110 of the Directors' Remuneration Report). Discrete targets for emission reductions compared to 2021 associated with diesel use and flaring were also set, for which performance was assessed as being between target and stretch (see the Directors' Remuneration Report in the Group's 2022 ARA). As at 31 December 2023, UK emissions had been reduced by c.41% against the 2018 baseline, significantly ahead of the North Sea Transition Deal targets of achieving a 10% reduction by 2025 and close to the 50% reduction targeted by 2030. During 2023, the Group committed to reach net zero in terms of Scope 1 and Scope 2 emissions by 2040. In 2023, the Group made excellent progress in each of its new energy and decarbonisation opportunities. In carbon capture and storage, the Group was awarded carbon storage licences which are intended for use in delivering the potential to store up to 10mtpa of CO_2 from stranded emitters in depleted North Sea reservoirs. Further, EnQuest's electrification ambitions, as well as plans to produce green hydrogen and its derivatives could harness renewable energy to help decarbonise offshore developments and a number of other industries, respectively. The Group secured £1.74 million of funding from the UK government's Net Zero Hydrogen Fund to initiate study work for a 50MW green hydrogen project at SVT, with ambitions to produce around one million tonnes of green hydrogen annually. These opportunities remain at an early stage and require further regulatory and fiscal development before appropriate financial targets can be considered.

Stakeholder engagement

SECTION 172 STATEMENT

The Board has acted in a way that it considers to be most likely to promote the success of the Company for the benefit of its members as a whole and, in so doing, has regard for the potential impact of the Group's activities on its various stakeholders. In the majority of cases, information and feedback are provided throughout the year to the Directors by the Group's Executive Directors, senior and functional management and external advisers through a variety of Board reports, presentations and ad hoc correspondence. These reports cover the Group's financial, operational and environmental performance, while EnQuest's advisers provide the Board with relevant insight from their interactions with their respective stakeholders.

When appropriate, the Directors seek further understanding of the concerns of relevant stakeholders, which could include direct engagement by the relevant Director and/or requesting additional information to ensure they have a full appreciation of a given matter prior to making any decisions. As such, the Directors are able to assess the impact of business decisions on stakeholders and fulfil their duty to promote the long-term success of the Group.

The Directors consider principal decisions (outlined on page 78) on the basis of materiality of the incremental impact they are anticipated to have on the Company's stakeholders and/or the Company itself. Throughout the year, the Board and management team considered various M&A opportunities. For several of these, it was decided that their pursuit would not be in the interests of the Group's stakeholders, reflecting EnQuest's in-depth review processes (including those by the Technical and Reserves Committee) and focus on capital discipline.

Stakeholder groups	Direct Board level engagement in 2023	Other engagement activities in 2023
A Our people Our employee and contractor workforce is critical to the delivery of SAFE Results and EnQuest's success. As such, we are committed to ensuring EnQuest remains a great place to work. We have a strong set of Values that underpin our way of working and provide a rewarding work environment, with opportunities for growth and learning while contributing to the delivery of our strategy.	Three Global Employee Forum meetings per year with designated Non-Executive Directors were organised; video messages; subject matter expert virtual and physical attendance at scheduled Board and Board Committee meetings; physical and virtual safety leadership engagement visits; three interactive virtual Town Hall Meetings.	See the accompanying principal decisions on page 78 and pages 43 to 44 of the ESG section which detail the various people-related initiatives implemented during the year, including the employee surveys and those related to our people's safety and wellbeing.
B Investors Our investors support management in the execution of EnQuest's business strategy, including the provision of capital for management to develop the business in order to deliver returns in a responsible manner.	Virtual and physical meetings (including the Annual General Meeting, post-results roadshows and multiple investor conferences and ad hoc meetings), calls and direct correspondence with a wide range of equity and debt investors in relation to the Group's refinancing plans and delivery against its strategic objectives.	See the accompanying principal decisions on page 78 and the Strategic report on pages 02 to 78, which explains the Group's performance and investment decisions during the year. Page 85 of the Corporate governance statement outlines in more detail how the Group engages with its investors. Financing is identified as one of the Group's Principal risks and uncertainties on page 54.
C Partners We collaborate with our existing joint venture partners, securing their support to deliver our asset plans. We value their contribution to the effective operational and financial management of our assets as we deliver on our business strategy. In pursuit of the Group's new energy and decarbonisation ambitions, we also engage with potential strategic and financial partners.	Virtual and physical meetings and calls.	The Group has regular engagement with its joint venture partners on day-to-day asset management and the execution of the longer-term asset strategy. This occurs through a combination of formal interactions, governed by joint operating agreements, and via informal engagement. See pages 18 to 23 of the Strategic report for further details on operational and financial activities and decisions undertaken across our assets. Joint venture partners are recognised as one of the Group's Principal risks and uncertainties on page 62.
D Host governments and regulators We work closely with the host governments and regulators in the jurisdictions in which we operate. The Group complies with the necessary regulatory requirements, including those related to environmental matters such as reducing emissions, to ensure it maintains a positive reputation and licence to operate, enabling the effective delivery of the Group's strategy.	Virtual and physical meetings and calls with the North Sea Transition Authority ('NSTA') in the UK and Malaysian Petroleum Management ('MPM') in Malaysia. A number of meetings have been held with the Shetland Islands Council ('SIC') in relation to the Group's Infrastructure and New Energy business, while several meetings and other correspondence have been undertaken with UK Treasury officials on the UK's Energy Profits Levy ('EPL').	See the Strategic report on pages 02 to 78 and the Group's Principal risks and uncertainties on pages 46 to 64, which outline EnQuest's strong relationships with governments and regulators. Pages 36, 38 to 41 and 46 of the ESG section and pages 120 to 124 of the Directors' report outline further details on the Group's regulatory compliance activities.
E Suppliers EnQuest relies on its suppliers to provide specialist equipment and services, including skilled personnel, to assist in the delivery of SAFE Results.	None	The Group has continued its active and positive engagement with its suppliers through various supplier forums, performance reviews, ad hoc virtual meetings and industry events. The Group continues to monitor and report its supplier payment performance. Please also see the Group's Principal risks and uncertainties on pages 46 to 64, a number of which are impacted by the Group's supplier relationships.
F Communities Making a positive contribution, and appropriately managing our environmental impact in the communities in which we live and work around the world, remains a key part of our activities. Our communities provide a potential source of employees, contractors and support services, and are important in supporting EnQuest's social licence to operate and maintaining a positive reputation.	None	See pages 42 to 43 of the ESG section which outline the Group's community engagement activities and environmental considerations, with the importance of maintaining a positive reputation outlined in the Group's Principal risks and uncertainties on page 63.
G Customers Our customers help facilitate the provision of hydrocarbon-related products to meet a variety of consumer demands and, as such, require a reliable supply of hydrocarbons to meet their needs. We have also begun engaging with potential customers in relation to our carbon capture and storage and electrification opportunities as part of our Infrastructure and New Energy business.	None	We have maintained strong relationships with existing customers, including fuel oil blenders to whom the Group supplies Kraken oil as an unrefined constituent of IMO 2020 compliant low-sulphur bunker fuel.

Stakeholder engagement continued

Stakeholder groups:
A People B Investors C Partners D Host government and regulators E Suppliers F Communities G Customers

Principal decision and impacted stakeholders	Stakeholder considerations and impact on the long-term sustainable success of the Company
Launch of Veri Energy and Net Zero Commitment Impacted stakeholders: A B C D E F G	Following the establishment of the Infrastructure and New Energy business in 2021 and having further progressed three world scale new energy and decarbonisation opportunities at the Sullom Voe Terminal, EnQuest's Board decided to launch Veri Energy ('Veri') – a wholly owned subsidiary of the Group, with Salman Malik appointed as its Chief Executive Officer. This was considered to be the logical next step in the strategic evolution of EnQuest's infrastructure and new energy ambitions – Veri moving forward with a focused management structure and the potential to leverage financial and strategic partnerships. Having materially reduced EnQuest's emissions over several years, ahead of the UK's North Sea Transition Deal targets, the award of carbon capture and storage licences expanded and further defined EnQuest's role in the energy transition. As the Group works to advance and deliver its transition plan, the Board has established a commitment for EnQuest to reach net zero for Scope 1 and Scope 2 emissions by 2040. The Board considers new energy and decarbonisation activities important in for the long-term success of EnQuest and potentially provides several shared stakeholder benefits. For more information on the progress made throughout 2023, see the 'Veri Energy' section on page 23.
Bressay and EnQuest Producer FPSO equity interest farm-down Impacted stakeholders: A B C D	As one of the largest undeveloped oil fields in the UK continental shelf, with an estimated stock-tank oil initially in place ('STOIIP') of 600 to 1,050 MMbbls, Bressay represents an opportunity for EnQuest to develop material indigenous UK reserves and support the UK's energy security. The EnQuest Producer Floating, Production, Storage and Offloading ('FPSO'), which has been in warm-stack storage since 2020, is seen as a credible option to be utilised as an early production system for the Bressay development. By farming-down a portion of this integrated project, EnQuest's Board recognised the opportunity to advance a project with the potential to both unlock material reserves and lower Kraken emissions (via a gas tie-back). Partial monetisation of EnQuest's position also manages the Group's exposure to any project or financial risks. The decision was therefore made to sell a 15% working interest in each of the Bressay field and the EnQuest Producer. For more information on this transaction, please see pages 26 and 28.
Delisting from the Nasdaq Stockholm stock exchange Impacted stakeholders: B D	EnQuest has maintained a Nasdaq Stockholm stock exchange listing since 2010, when it issued shares to Swedish resident shareholders as consideration for the acquisition of a former Lundin entity. Whilst the UK was a member of the European Union ('EU'), London was the Group's primary listing for EU purposes and Swedish listing requirements were minimal. Post the UK's exit from the EU, the UK however no longer qualifies as a primary EU listing – which has exposed EnQuest to material additional regulatory and compliance requirements. With no legal or physical presence in Sweden, EnQuest has been reliant on external advisers to manage its compliance obligations. Having considered the additional risk and cost that has resulted from this position – and in consultation with management and external advisers – EnQuest's Board decided to delist EnQuest shares from the Nasdaq Stockholm. Following the requisite announcements and communication with affected shareholders, the Group funded a process to cross-border transfer shares to UK equivalents before formally delisting its shares in Sweden on 19 December 2023.
Board skills mapping and succession Impacted stakeholders: A B D	Effective succession planning remains a key focus area to ensure the Company has a diverse and experienced Board that can support management in the execution of its strategy for the benefit of its stakeholders. In 2023, following Board direction, the Governance and Nomination Committee engaged Spencer Stuart to carry out a skills mapping exercise, review organisational design and recruit new candidates to join the Board. As set out in the Governance and Nomination Committee report, Spencer Stuart's review highlighted areas which could be strengthened by the introduction of new skills and experience to the Board. As a consequence, three Directors stood down following the 2023 AGM and a focused recruitment programme was undertaken – which resulted in the Governance and Nomination Committee recommending Michael Borrell and Karina Litvack be appointed to the Board as Independent Non-Executive Directors, with Karina assuming the role of Senior Independent Director ('SID'). Unfortunately, due to an unexpected conflict arising through a board position held in the EU, Karina stepped down from the Board in December. In addition to the Committee's recommendation that Farina Khan assume the role of Audit Committee Chair given her financial experience and previous Committee membership, they also recommended she become SID following Karina's resignation. With Veri Energy expected to be a key contributor in the Group's energy transition plans, it was also agreed that Salman Malik, previously Chief Financial Officer ('CFO') as well as Managing Director of the Group's Infrastructure and New Energy business, would become Chief Executive Officer of Veri Energy. Following a further extensive recruitment programme, Jonathan Copus was identified as the successor to Salman Malik as the Group's CFO. Jonathan joined EnQuest in December 2023 to allow for an effective and orderly transition. It is proposed to nominate Jonathan for election as a Director at the Company's AGM in 2024. For more information, see page 13 of this Strategic report and pages 82 to 91 of the governance section.

Chris Sawyer
Company Secretary

The Strategic report was approved by the Board and signed on its behalf by the Company Secretary on 27 March 2024.