Board of Directors

MARTIN HOUSTON

NON-EXECUTIVE CHAIRMAN

Appointed
1 October 2019

Committees
Nomination (Chairman)
Remuneration, Technical

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

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

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

AMJAD BSEISU

CHIEF EXECUTIVE

Appointed
22 February 2010

Committees
Nomination

Key strengths and experience
- Extensive energy industry and leadership experience

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

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

JONATHAN SWINNEY

CHIEF FINANCIAL OFFICER

Appointed
29 March 2010

Committees
None

Key strengths and experience
- Significant capital markets and merger and acquisition transactional experience

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

Principal external appointments
None.

HOWARD PAVER

SENIOR INDEPENDENT DIRECTOR

Appointed
1 May 2019[1]

Committees
Audit, Nomination, Remuneration, Technical

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

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

Principal external appointments
None.

1 31 March 2020, appointed as Senior Independent Director

LAURIE FITCH

NON–EXECUTIVE DIRECTOR

Appointed
8 January 2018

Committees
Remuneration (Chair), Safety and Risk

Key strengths and experience
- Extensive knowledge of capital markets and the utilities and industrial sector

Laurie is currently a partner in the strategic advisory group at PJT Partners, based in London. She spent a significant part of her career as an equity analyst and portfolio manager at TIAA CREF and Artisan Partners, where she invested in the global industrials, utility and infrastructure sectors. Laurie spent four years in the global power and global industrials groups at Morgan Stanley, most recently as co–head of the global industrials group in Europe, prior to joining PJT Partners in 2016.

Principal external appointments
Non–executive director of Energias de Portugal (EDP), SA. Member of the Audit and finance and operations subcommittees of the Tate Board of Trustees. Trustee of The American University in Cairo. Chair of the Board of Advisors of Georgetown University's Centre for Contemporary Arab Studies.

PHILIP HOLLAND

NON–EXECUTIVE DIRECTOR

Appointed
1 August 2015

Committees
Safety and Risk (Chairman), Technical

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

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

Principal external appointments
Chairman of Velocys plc.

CARL HUGHES

NON–EXECUTIVE DIRECTOR

Appointed
1 January 2017

Committees
Audit (Chairman), Safety and Risk

Key strengths and experience
- Substantial audit and accounting experience in the energy sector

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

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

JOHN WINTERMAN

NON–EXECUTIVE DIRECTOR

Appointed
7 September 2017

Committees
Technical (Chairman), Audit

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

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

Principal external appointments
Non–executive director of CC Energy.

Executive Committee

BOB DAVENPORT

MANAGING DIRECTOR — NORTH SEA

Key strengths and experience

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

Bob joined EnQuest in 2015 and is currently responsible for the Group's UK North Sea business. He has extensive international experience in the upstream, with prior roles including: Managing Director — Malaysia, leading the Group's Malaysia business; operations director — north sea and managing director — Khalda JV at Apache Corporation, where he led the largest oil and gas producer in Egypt's western desert. He has a degree in Mineral Engineering (Petroleum) from the University of Alabama and an MBA from Florida International University.

JOHN PENROSE

MANAGING DIRECTOR — MALAYSIA

Key strengths and experience

- Significant global operational experience
- Senior positions held in chemical and process engineering

John joined EnQuest in 2013 and in late 2017 assumed overall responsibility for EnQuest's Malaysian business. He has extensive international operational experience, with prior roles including: operations manager in the UK, US and Israel for Noble Energy; manager at Genesis Oil and Gas Consultants in Australia; and a variety of operational, field development and project roles across organisations in the UK and Middle East. He has a degree in Chemical and Process Engineering, an MBA and is a Fellow of the Institute of Chemical Engineers.

MARTIN MENTIPLY

BUSINESS DEVELOPMENT DIRECTOR

Key strengths and experience

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

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

IMRAN MALIK

VICE PRESIDENT – FINANCE

Key strengths and experience

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

Imran joined EnQuest in 2015 as Vice President – Finance, and is responsible for ensuring that the Company has the necessary financial capacity and capabilities in place to deliver on EnQuest's strategy. He has over 25 years' of international oil and gas experience across a range of functions, including group and operational finance, project services, contracts and procurement, and general management responsibilities across the entire value chain. He holds a BEng Honours in Chemical Engineering from University College London, qualified as a chartered accountant with KPMG in 1991 and is a member of the Institute of Chartered Accountants of England and Wales.

SALMAN MALIK

VICE PRESIDENT, STRATEGY AND CORPORATE DEVELOPMENT, INTERNATIONAL BUSINESS DEVELOPMENT

Key strengths and experience

- Investment management, corporate finance and M&A experience across the energy value chain
- Qualified Chartered Financial Advisor ('CFA')

Salman joined EnQuest in 2013 and is responsible for the Group's strategy, corporate finance and M&A. He has extensive experience in acquisitions, post-acquisition management and exits across the energy value chain. He has also held several positions in the investment banking industry. He graduated from the University of Toronto with a degree in Finance and Economics with high distinction and is a CFA charter holder.

STEFAN RICKETTS

COMMERCIAL AND LEGAL DIRECTOR

Key strengths and experience

- Extensive legal experience across a range of geographies
- Senior advisory positions in all phases of development and operations

Stefan joined EnQuest in 2012 and holds the offices of Company Secretary and General Counsel. In addition, his responsibilities extend to the commercial function and the Company's risk management framework. As a qualified solicitor, he has extensive legal experience having held a number of senior positions across the energy chain, including all phases of project development and operations. Having previously been based in Europe, the Middle East and South-East Asia, he brings broad geographical experience to EnQuest.

Chairman's letter

We have established a Technical Committee and reinforced our commitment to SAFE Results to further support the execution of our strategy.

Martin Houston
Chairman

Dear fellow shareholder
On behalf of the Board of Directors (the 'Board'), I am pleased to introduce EnQuest's Corporate Governance Report, and my first as Chairman of EnQuest.

I would first like to thank my predecessor, Jock Lennox, who retired as Chairman of the Company on 30 September 2019. Jock joined the Company at its inception in 2010 and became Chairman in 2016. As Chairman, he oversaw a number of the Company's major activities, such as the 2016 financial restructuring and the more recent Magnus acquisition. I would like to take the opportunity to thank him for his important contribution to the Company; I know that the Board and our employees share my appreciation.

Since joining the Board in October 2019, I have had the opportunity to meet with a number of our principal shareholders and I thank them for sharing their views on the Company. I have also engaged with employees during a thorough induction programme and I am encouraged by the work of the Employee Forum, established earlier in 2019, which has improved engagement between the workforce and the Board. Following such discussions, I am convinced that EnQuest's track record and capabilities position the Company for future growth as its debt is amortised and it focuses on being a responsible and efficient custodian of maturing hydrocarbon assets.

Over 2019, in addition to those activities outlined in the Strategic Report (pages 1 to 53), the Board focused on the following areas:

Corporate governance and culture
The Board believes that the manner in which it conducts its business is important and it is committed to delivering the highest standards of corporate governance for the benefit of all of its stakeholders. The Board is cognisant of its duties to stakeholders under Section 172 of the Companies Act 2006 and the manner in which the Board has regard to the Company's key stakeholders can be found throughout this Annual Report. In particular, our Section 172 statement can be found on page 4.

EnQuest's Code of Conduct (the 'Code') underpins the governance and ethos of the Company. All personnel are required to be familiar with the Code, which sets out the behaviours that the organisation expects of those who work at and with the Company. The Group's Values complement the behaviours contained within the Code and are a key part of the Group's identity. They guide the workforce as they pursue EnQuest's strategy and delivery of SAFE Results. The Board believes that engaged and committed employees are integral to the delivery of the Company's business plan and, in order to continue to progress in this area, an employee survey was conducted towards the end of 2019. The results of the survey are discussed in more detail on page 38. In addition, the Employee Forum has met four times and has provided valuable feedback to the Board. More detail on the activities and outputs of the Forum can be found in the Corporate Responsibility Review on page 38.

Board composition and succession planning
The Board regularly considers how it operates and whether there is an appropriate composition of members. Rotation of, and succession for, the Directors is kept under review by the Nomination Committee. During 2019, the Committee established a sub-Committee to undertake the Chairman succession process, culminating in my appointment (more on which can be found on page 94), and appointed Howard Paver as Non-Executive Director on 1 May 2019. On 31 March 2020, Howard succeeded Helmut Langanger as Senior Independent Director ('SID') of the Company (which is discussed further on page 94), with Helmut subsequently retiring from the Board on 31 March 2020. In addition, the Committee has continued to review the composition, development of, and succession planning for the Executive Committee.

Since I joined the Company, and as part of the discussions relating to the composition of the Board Committees, the Board has established a Technical Committee. The purpose of this Committee is to provide the Board with additional technical insight when making decisions. As a new Committee, established towards the end of 2019, it does not have a separate report within these governance disclosures; however, the intention is to include one in the Company's 2020 Annual Report. Further activities have included a refresh of the membership of the Board Committees and renaming the Risk Committee as the Safety and Risk Committee, along with an update to its terms of reference, in order to better reflect the Company's commitment to SAFE Results and ensure a continued focus on safety matters.

Further information relating to the operation of the Board and its Committees can be found overleaf. Individual Committee reports are on pages 64 to 70 (Audit), pages 71 to 92 (Remuneration), pages 93 to 95 (Nomination) and pages 96 to 97 (Safety and Risk). EnQuest's governance framework also contains non–Board Committees which provide advice and support to the Chief Executive on the development, implementation and monitoring of the Group's strategy, including an Executive Committee; Health, Safety, Environmental and Assurance ('HSEA') Committee; and Investment Committee.

Corporate responsibility

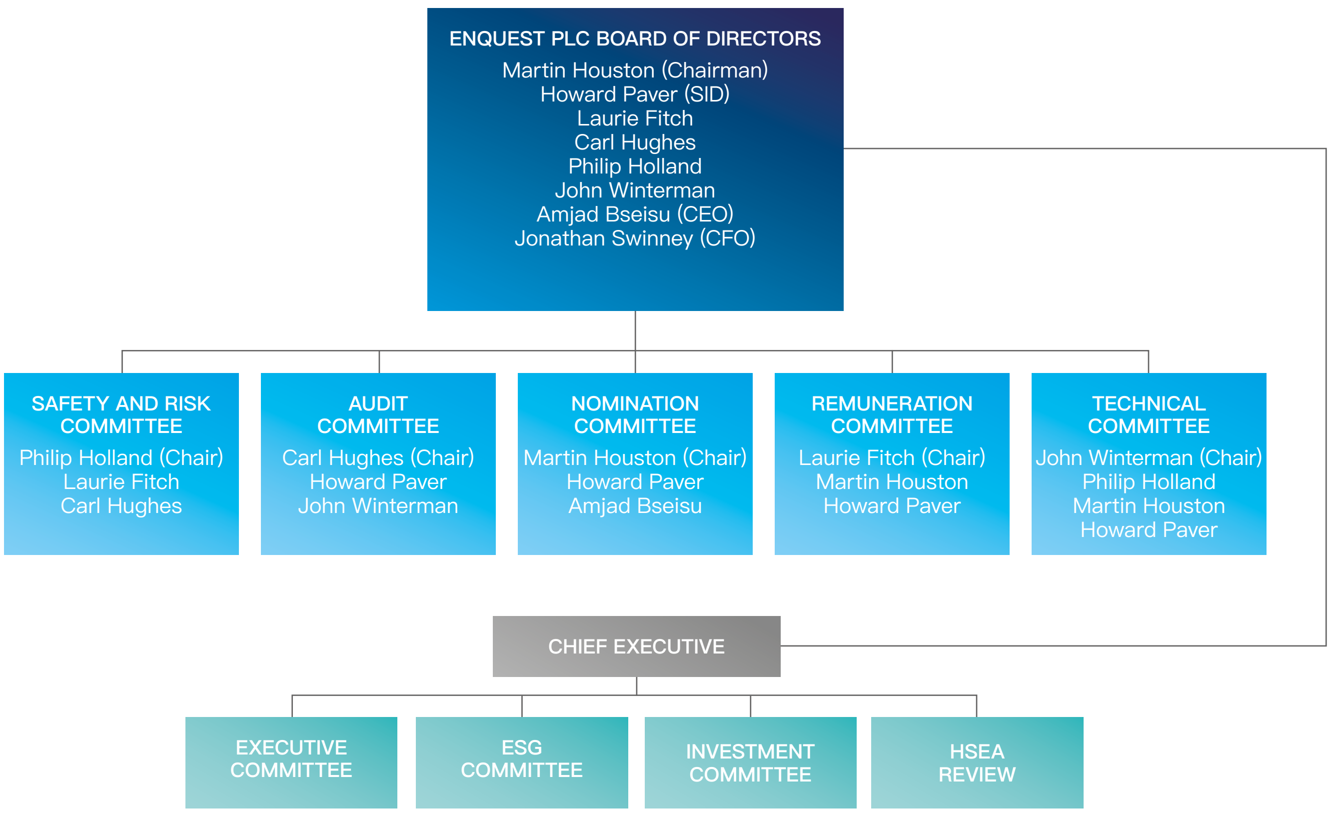
The Company's corporate responsibility is focused on five main areas. These are: Health and Safety, People, Environment, Business Conduct and Community. The Board has approved the Company's overall approach to corporate responsibility, receives regular information on the performance of the Company in these areas, and specifically monitors health and safety and environmental reporting at each Safety and Risk Committee and Board meeting. The Company's HSEA Policy is approved on a biennial basis by the Board, most recently in December 2019, and all incidents, forward–looking indicators and significant HSEA programmes are discussed by the Board. The safety of our employees is paramount, as was demonstrated in our proactive shutdowns at Heather and Thistle, as detailed on page 36. The Company has also established an Environmental, Social and Governance ('ESG') steering committee with oversight of a number of ESG workstreams being progressed during 2020.

Board evaluation

I led an internal Board evaluation in December 2019 and, following discussion with Board members, have identified a number of areas for consideration which are summarised on page 94.

I look forward to leading its Board in the coming years as EnQuest continues to execute its strategy.

Martin Houston
Chairman
8 April 2020



Corporate governance statement

Statement of compliance

The Company complies with the Financial Reporting Council's Governance Code (the 'Code') which was effective for accounting periods beginning on or after 1 January 2019. EnQuest views corporate governance as an essential part of its framework, supporting risk management and its core Values. Detailed below is EnQuest's application of, and compliance with, the Code. In order to avoid duplication, cross references to appropriate sections within the Annual Report are provided.

Key corporate governance activities in 2019	Details
Succession planning and Board composition	Howard Paver, Non-Executive Director, was appointed on 1 May 2019 and as Senior Independent Director on 31 March 2020 Martin Houston, Chairman, was appointed on 1 October 2019
Board Committees	Establishment of Technical Committee Safety and Risk Committee — increased focus on safety Review of membership
Shareholder engagement	Chairman, Senior Independent Director and Remuneration Chair meetings
Employee workforce and employee culture	Establishment of Employee Forum Employee survey

Board leadership and Company purpose

The Board takes seriously its roles in promoting the long-term success of the Company, generating value for shareholders, having regard to the interests of other stakeholders and contributing to wider society. How the Company manages these areas can be found in the Strategic Report, in particular on pages 4 to 5.

The Board is responsible for:
- The Group's overall strategy;
- Review of business plans and trading performance;
- Approval of major capital investment projects;
- Acquisition and divestment opportunities;
- Review of significant financial and operational issues;
- Review and approval of the Company's financial statements;
- Oversight of control and risk management systems (supported by the Audit and Safety and Risk Committees);
- Succession planning and appointments (supported by the Nomination Committee);
- Oversight of employee culture; and
- Health, Safety and Environmental performance.

Board agenda and key activities throughout 2019

The table below sets out matters that the Board discuss at each meeting and the key activities that have taken place throughout this period.

Matters considered at all Board meetings	Key activities for the Board throughout 2019
• HSEA • Key project status and progress • Responses to oil price movements • Strategy • Key transactions • Financial reports and statements • Production • Operational issues and highlights • HR issues and developments • Key legal updates • Assurance and risk management • Investor relations and capital markets update • Liquidity • Employee Forum activities	• 2019 performance and 2020 budget reviews • Review of plans for debt amortisation • Compliance with debt covenants and liquidity • Hedging strategy and policy • HSEA policy • Risk, going concern and long-term viability review • Capital Markets Day • Strategy sessions held in May and October • Growth opportunities • Heather and Thistle proactive safety shutdowns • Sullom Voe Terminal operations • Risk Management Framework • Review of the Group's cyber-security related process and controls • Annual anti-corruption review • Employee culture and Values implementation and progression • Succession planning, including Chairman succession • Establishment of Technical Committee • Continued development of the Safety and Risk Committee • Periodic updates on corporate regulatory changes and reporting requirements

The Board delegates a number of responsibilities to its Audit, Remuneration, Nomination, Technical and Safety and Risk Committees. Membership for each Committee is found on page 62. The Chair of each Committee reports formally to the Board on its proceedings after each meeting and makes recommendations that it deems appropriate to the Board for its consideration and approval. There are formal terms of reference for each Committee, approved by the Board. The terms of reference for each of these Committees set out the scope of authority of the Committee, satisfy the requirements of the Code and are reviewed internally on an ongoing basis by the Board. Copies of the terms of reference are available on the Company's website, www.enquest.com, under Corporate Governance.

Culture
The Board ensures that the culture of the Company is aligned with its purpose, Values and strategy. As highlighted in the Chairman's Statement on page 9, EnQuest's Values embody the ethos of the Company and the Board carefully monitors and promotes a positive culture. Further information, including that of the employee survey, can be found on page 38.

Stakeholder engagement
EnQuest maintained an active and constructive dialogue with its shareholders throughout the year through a planned programme of investor relations activities, including meetings with significant shareholders with regard to the Chairman succession process, Chairman and Remuneration Chair introductions, along with the Company's first Capital Markets Day for a number of years and consultation with institutional shareholders as to performance targets under the Company's Performance Share Plan.

Throughout 2019, a number of equity and debt investor, analyst and broker sales team meetings were held. The Company also delivers presentations alongside its half year and full year results, copies of which are available on the dedicated section of the Company's website, which can be found under 'Investors' at www.enquest.com, as well as ad hoc presentations at investor conferences. The Group's results meetings are followed by investor roadshows with existing and potential new investors. Executive Directors and other members of management routinely hold meetings in a number of leading financial centres and at EnQuest's offices. These meetings, which take place throughout the year, other than during closed periods, are organised directly by the Company, via brokers and in response to incoming investor requests.

EnQuest's Investor Relations team and Company Secretarial department respond to queries from shareholders, debt holders, analysts and other stakeholders, all of whom can register on the website to receive email alerts of relevant Company news. EnQuest's registrar, Link Asset Services, also has a team available to answer shareholder queries in relation to technical and administrative aspects of their holdings, such as shareholding balances.

The Board is routinely kept informed of investor feedback, broker and analyst views and industry news in a paper submitted at each Board meeting by the Company's Investor Relations team and as required on an ad hoc basis.

In relation to further improving workforce engagement with the Board, EnQuest has established an Employee Forum. Board members Laurie Fitch and Philip Holland attend and represent the Board at the Forum meetings. There were four meetings held in 2019 and the output from these meetings and other culture activities, such as the employee survey, is reported on pages 38 of the Corporate Responsibility Review.

The Board is also kept informed of relevant developments relating to other stakeholder groups such as suppliers, regulators, partners and governments, as required by the Executive Directors and/or the appropriate functional management, and considers potential impacts on these groups of principal decisions made during the course of the year (see page 5 for more details).

Workforce concerns
Through tone at the top and the promotion of its Code of Conduct and Values, the Company seeks to set positive, appropriate standards of conduct for its people within an open and dynamic culture. The Company encourages all employees to escalate any concerns and, as part of its whistleblowing procedure, provides an external 'speak-up' reporting line which is available to all employees in the UK, Malaysia and the UAE, and allows for anonymous reporting through an independent third party. Where concerns are raised, these are investigated by the Company's General Counsel and reported to the Chairman of the Audit Committee with follow-up action taken as soon as practicable thereafter. Furthermore, the Company is committed to behaving fairly and ethically in all of its endeavours and has policies which cover anti-bribery, corruption and tax evasion. The overall anti-bribery and corruption programme is reviewed annually by the Board and a corruption risk awareness email is sent out annually by the Chief Executive reminding employees of their obligations and also to prompt them to complete a compulsory online anti-corruption training course. Additional information can be found on page 41 of the Strategic Report and in the Code of Conduct which is available on the Company's website (www.enquest.com).

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

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

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

Corporate governance statement continued

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

Senior Independent Director
The Board has recently appointed Howard Paver as Senior Independent Director ('SID'), succeeding Helmut Langanger; more detail regarding this can be found on page 94. Howard is available to shareholders if they have concerns where contact through the normal channels of the Chairman or the Executive Directors has failed to resolve an issue or where such contact is inappropriate. The SID also acts as a sounding board for the Chairman.

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

Independence
The Chairman was independent on appointment and the Board considers that all the Non-Executive Directors continue to remain independent and free from any relationship that could affect, or appear to affect, their independent judgement. Information on the skills and experience of the Non-Executive Directors can be found in the Board biographies on pages 54 to 55.

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

Directors' attendance at Board and Board Committee meetings
The table below sets out the attendance record of each Director at scheduled Board and Board Committee meetings during 2019. The membership of the Committees, apart from the Audit Committee, was refreshed in October 2019 with eligibility for each meeting reflected accordingly. More details can be found in the individual Committee Reports.

	Board meetings	Audit Committee	Remuneration Committee	Safety and Risk Committee	Nomination Committee	Technical Committee[1]
Meetings considered by the Board	6	3	4	4	7	2
Executive Directors						
Amjad Bseisu	6	–	–	–	7	–
Jonathan Swinney	6	–	–	–	–	–
Non-Executive Directors						
Jock Lennox[2]	4/4	–	–	–	5/5	–
Martin Houston[3]	2/2	–	1/1	–	2/2	2
Helmut Langanger[4]	6	3	4	–	7	–
Howard Paver[5]	4	2/2	2/2	–	1/1	2
Laurie Fitch[6]	6	–	4	4	–	–
Philip Holland[7]	5	–	3/3	3/4	–	1/2
Carl Hughes	6	3	3/3	4	–	–
John Winterman[8]	6	3	3/3	3/3	–	2

Notes:
1 The Technical Committee was established on 15 October 2019
2 Jock Lennox retired from the Board on 30 September 2019
3 Martin Houston was appointed as Chairman of the Board and Chairman of the Nomination Committee on 1 October 2019. Martin was appointed as a member of the Remuneration Committee and member of the Technical Committee on 15 October 2019
4 Helmut Langanger stepped down as Chair of the Remuneration Committee (while remaining a member) on 29 January 2019 and from the Board on 31 March 2020
5 Howard Paver joined the Board on 1 May 2019 and was appointed as a member of the Audit, Nomination and Remuneration Committees. Howard was appointed as a member of the Technical Committee on 15 October 2019 and SID on 31 March 2020
6 Laurie Fitch assumed the role of Chair of the Remuneration Committee on 29 January 2019
7 Philip Holland was appointed as a member of the Technical Committee on 15 October 2019. Philip was unable to attend the Technical Committee and Safety and Risk Committee meetings of the 9 December 2019 and the Board Meeting of 10 December 2019 due to a unforeseen change of date of the December meetings
8 John Winterman stepped down from the Risk Committee and was appointed Chair of the Technical Committee on 15 October 2019

Composition, succession and evaluation

The Nomination Committee

The Nomination Committee leads the process for appointments and regularly reviews the structure, size and composition of the Board. It also considers succession planning for the Executive Committee. At the date of this report there are eight Directors, consisting of two Executive Directors and six Non–Executive Directors (including the Chairman). The work of the Nomination Committee, including information regarding Boardroom diversity, recruitment and the Board annual evaluation process, is on pages 93 to 95.

Audit, risk and internal control

The Audit Committee

The work of the Audit Committee, including the tender and appointment of a new external auditor, is on pages 64 to 70.

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

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

The Safety and Risk Committee

The Safety and Risk Committee (previously known as the Risk Committee) continues to progress its comprehensive Risk Management Framework and has conducted a robust assessment of the principal risks facing the Group; see pages 44 to 53 of the Strategic Report for further information. The work of the Committee, which also includes monitoring HSEA issues, is on page 96 to 97.

Remuneration

The Remuneration Committee

The Remuneration Committee has assessed the Group's performance for 2019 in determining the appropriate performance related compensation. It has continued its programme of open and transparent shareholder dialogue and assessment of institutional shareholder guidelines as it begins to develop Remuneration Policy revisions ahead of the scheduled update for the Annual General Meeting ('AGM') in 2021. The work of the Remuneration Committee is set out on pages 71 to 92.

2019 Annual Report and Accounts

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

Annual General Meeting

The Company's AGM is attended by the Board and executive and senior management and is open to all EnQuest shareholders to attend. It provides the Board with an important opportunity to meet with shareholders. All of the Directors are expected to attend and will be available to answer questions from shareholders attending the meeting.

Audit committee report

We have continued to develop the Group's risk management framework and its financial controls environment.

Carl Hughes
Chairman of the Audit Committee

Dear fellow shareholder

2019 has continued to be an active year for the Audit Committee. The development of the Risk Management Framework ('RMF') continues to drive the agenda of the Committee and the business, as well as continuing focus on the Group's financial position and various other factors set out below. This report explains how the Committee has addressed the financial and audit risks in the context of the industry's macro environment and how we have taken such items into account in the review of the going concern and the viability assessment.

Our work in 2019 has focused on the following areas:
- Overseeing the internal audit plan, in particular in relation to the RMF; cyber security; financial control effectiveness; SVT operations; project management controls; decommissioning activity; and system pre-implementation readiness;
- The review and challenge of reserves judgements, going concern and viability and other material issues, judgements and estimates arising in the year and expected in the future;
- Audit tender process and the final recommendation for the appointment of Deloitte; and
- Group tax strategy and the implementation of IR35 reform.

The principal work of the Committee this year included reporting to the Board on the Risk Management Framework and the continuous developments and review procedures established in the year, including in-depth reviews of all high risk items at each meeting. Particular focus was applied to the risk of cyber security, with an internal audit review performed by PricewaterhouseCoopers ('PwC') to address specifically cyber risks across both EnQuest's corporate and operational activities. All actions from the work performed are nearing completion and the Group will continue to develop the cyber security framework, as identified by the internal audit review and challenged by the Committee.

We have continued to review and enhance the financial control environment of the Group to ensure that controls are in place, focused on the relevant risk areas and operating effectively. As a result of further control enhancements during 2019, the Group will be looking to place greater control reliance in those areas with higher automation and system supported processes.

During 2019, a significant activity of the Audit Committee was the external audit tender, undertaken in compliance with the audit tendering and rotation requirements as detailed in the external audit section within this report. The tender process was conducted in accordance with the Group's policy and, subject to approval by shareholders, will result in EnQuest appointing Deloitte LLP ('Deloitte') as the Group's external auditors for the year ended 31 December 2020. Therefore, the year ended 31 December 2019 is the final year for Ernst & Young LLP ('EY'), who have been the external auditors since 2010.

The Committee confirms that the adoption of the new accounting standard IFRS 16 Leases, effective from 1 January 2019, is embedded within the financial statements in this Annual Report and Accounts. Details of the judgements and estimates made in the 2019 financial statements, and how we satisfied ourselves as to their appropriateness, are set out in detail on the following pages, together with further information on how the Committee discharged its responsibilities during the year. The Committee also continues to assess climate risk and related reporting, as detailed in the Group's Risks and Uncertainties on page 44.

In 2019, following the Group's 2018 equity raise and subsequent acquisitions of the remaining interests in the Magnus oil field ('Magnus') and other assets, EnQuest received correspondence from the Financial Reporting Council ('FRC') regarding EnQuest's disclosures within the 2018 Annual Report and Accounts. Working with EY, we responded to demonstrate the Group's rationale for the disclosures and compliance with relevant requirements. For the 2019 Annual Report and Accounts, we have further enhanced disclosures in relation to the contingent consideration that occurred on acquisition, the critical accounting judgements and key sources of estimation uncertainty and, consistent with the approach in our interim report, have restated earnings per share ('EPS') to accommodate applying the bonus factor from the beginning of 2018. The correspondence from the FRC has been helpful and we have addressed their clarifications and the matter is now closed[1].

As discussed within the Corporate Governance Statement, the Audit Committee is pleased to confirm the actions of the Committee were, and continue to be, in compliance with the new UK Corporate Governance Code (the 'Code') and the Committee is satisfied with the formal and transparent policies and procedures in place. Further, we ensured that key judgements and estimates made in the financial statements, such as the recoverable value of the Group's assets, are carefully assessed.

1 Note that the FRC's enquiries considered compliance with reporting requirements related to certain specific aspects of the Group's 2018 Annual Report rather than verification of information. The FRC did not benefit from detailed knowledge of the Group's business and does not provide assurance that the Group's 2018 Annual Report was correct in all material respects

The Audit Committee's core responsibilities, which can also be found on the Company's website (www.enquest.com; under Corporate Governance), are to:

- Review the content and integrity of the annual and interim financial statements and advise the Board on whether they are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's performance, business model and strategy;
- Review the appropriateness of the significant accounting policies, judgements and estimates;
- Monitor and review the effectiveness of the system of internal control and the Risk Management Framework;
- Monitor and review the effectiveness of the internal audit function;
- Oversee the relationship with the external auditor, including fees for audit and non–audit services;
- Identify any matters in respect of which it considers that action or improvement is needed and making recommendations to the Board as to the steps to be taken; and
- Monitor and review the process of the assessment of the Group's proven and probable reserves by a recognised Competent Person.

Carl Hughes
Chairman of the Audit Committee
8 April 2020

Committee composition

As required by the Code published in July 2018, the Committee exclusively comprises Non–Executive Directors, biographies of whom are set out on pages 54 and 55. The Board is satisfied that the Chairman of the Committee, previously an energy and resources audit partner of Deloitte, and a Fellow of the Institute of Chartered Accountants in England and Wales, meets the requirement for recent and relevant financial experience.

Membership of the Committee and attendance at the three scheduled meetings held during 2019 is provided in the table below:

Member	Date appointed Committee member	Attendance at meetings during the year
Carl Hughes	1 January 2017	3/3
Helmut Langanger[1]	16 March 2010	3/3
John Winterman	7 September 2017	3/3
Howard Paver[2]	1 May 2019	2/2

Notes:
1 Helmut Langanger stepped down as a member of the Audit Committee on 31 March 2020 when he retired from the Board
2 Howard Paver was appointed as a Non–Executive Director on 1 May 2019, becoming a member of the Audit Committee

Meetings are also normally attended by the General Counsel and Company Secretary, the Chief Financial Officer, Vice President–Finance, the external auditor (EY) and other key finance team members as required. The Chief Executive and the Chairman of the Board also attend the meetings when invited to do so by the Committee. PwC, in its role as internal auditor during 2019, attended the meetings as appropriate. The Chairman of the Committee regularly meets with the external audit partner (with such meetings including the independent review of the going concern and viability assessments) and the internal audit partner to discuss matters relevant to the Company.

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

Audit committee report continued

Meetings during 2019

In line with the Committee's annual schedule, since the Committee last reported to you, three meetings have been held. A summary of the main items discussed in each meeting is set out in the table below:

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

Fair, balanced and understandable

A key requirement of our Annual Report and Accounts is for the report to be fair, balanced and understandable. The Audit Committee and the Board are satisfied that the Annual Report and Accounts meet this requirement, with appropriate weight being given to both positive and negative developments in the year.

In justifying this statement, the Audit Committee has considered the robust process which operates in creating the Annual Report and Accounts, including:

- Clear guidance and instructions are provided to all contributors;
- Revisions to regulatory requirements, including the Code, are communicated and monitored;
- A thorough process of review, evaluation and verification of the content of the Annual Report and Accounts is undertaken to ensure accuracy and consistency;
- External advisers, including the external auditors, provide advice to management and the Audit Committee on best practice with regard to the creation of the Annual Report and Accounts; and
- A meeting of the Audit Committee was held in March 2020 to review and approve the draft 2019 Annual Report and Accounts in advance of the final sign-off by the Board.

Financial reporting and significant financial statement reporting issues

The primary role of the Committee in relation to financial reporting is to assess, amongst other things:

- The appropriateness of the accounting policies selected and disclosures made, including whether they comply with International Financial Reporting Standards; and
- Those judgements, estimates and key assumptions that could have a significant impact on the Group's financial performance and position, or on the remuneration of executive and senior management.

We consider these items together with both management and our external auditor, who each provide reports to the Audit Committee in respect of these areas at each Committee meeting. The main areas considered during 2019 are set out below:

Significant financial statement reporting issue	Consideration
Going concern and viability The Group's assessments of the going concern assumption and viability are based on detailed cash flow and covenant forecasts. These are, in turn, underpinned by forecasts and assumptions in respect of: • Production for the next three years, based on the Group's approved 2020 business plan and forecasts, updated with the working assumption not to re-start production at the Heather and Thistle/Deveron fields; • The oil price assumption, based on a forward curve of \$40.0/bbl to the end of the going concern period, \$45.0/bbl for the remainder of 2021 and \$60.0/bbl for 2022 and Q1 2023; • Opex and capex based on the Group's approved 2020 business plan and forecasts, updated for the opex and capex reduction programme being implemented; and • Other funding activities, including certain asset portfolio activities.	The Board regularly reviews the liquidity projections of the Group. The detailed going concern and longer-term viability analysis, including sensitivity analysis and stress testing, along with explanations and justifications for the key assumptions made, were presented at the March 2020 Audit Committee meeting. This analysis was considered and challenged by the Committee, including, but not limited to, the appropriateness of the period covered, planning scenarios and macro-economic assumptions were realistic, stress tests were appropriate and mitigations achievable. The external auditors presented their findings on the conclusions drawn. The disclosures in the Annual Report concerning the viability statement and going concern assumption (see pages 32 to 33) were reviewed and approved for recommendation to the Board.
Potential misstatement of oil and gas reserves The Group has total proved and probable reserves at 31 December 2019 of 212.5 MMboe. The estimation of these reserves is essential to: • The value of the Company; • Assessment of going concern and viability; • Impairment testing; • Decommissioning liability estimates; and • Calculation of depreciation.	At the March 2020 meeting, management presented the Group's 2P reserves, together with the report from Gaffney, Cline & Associates, our reserves auditor. The Committee considered the scope and adequacy of the work performed by Gaffney, Cline & Associates and its independence and objectivity.
Impairment of tangible and intangible assets Significant capital expenditure is incurred on projects and the fair value of these projects is a significant area of judgement. At 31 December 2019, a total of \$177.4 million had been capitalised in respect of oil and gas and other fixed assets. The recovery of these amounts is dependent upon the expected future cash flows from the underlying assets. Impairment testing has been performed resulting in pre-tax non-cash impairment charges of \$640.3 million of tangible oil and gas assets, \$173.1 million of goodwill, and \$25.4 million on intangible oil and gas assets. These impairment tests are underpinned by assumptions regarding: • 2P reserves; • Oil price assumptions (based on an internal view of forward curve prices of \$63.0/bbl (2020), \$65.0/bbl (2021), \$67.0/bbl (2022) and \$70.0/bbl real thereafter); • Life of field opex, capex and abandonment expenditure; and • A discount rate driven by EnQuest's weighted average cost of capital.	At the March 2020 meeting, management presented the key assumptions made in respect of impairment testing and the result thereof to the Committee. The Committee considered and challenged these assumptions, in line with the challenges performed as part of the going concern and viability review. Consideration was also given to EY's view of the work performed by management.
Complexity of Magnus contingent consideration • The contingent consideration arising on the acquisition of the Magnus asset is a complex agreement funded by way of a vendor loan from BP and a future profit share arrangement. Due to the size and unique nature of the arrangement, there is a fair value calculation misstatement risk. The calculations are based on the significant reporting issues of 'potential misstatement of oil and gas reserves' and 'impairment of tangible assets' described above.	At the March meeting, the key assumptions and result of the fair value calculation, along with explanation of movements in the year, were presented to the Committee. Consideration was also given to EY's view of the work performed by management.

Audit committee report continued

Significant financial statement reporting issue	Consideration
Adequacy of the decommissioning provision The Group's decommissioning provision of $711.9 million at 31 December 2019 is based upon a discounted estimate of the future costs and timing of decommissioning of the Group's oil and gas assets. Judgement exists in respect of the estimation of the costs involved, the discount rate assumed, and the timing of decommissioning activities. In 2019, the Group commissioned Wood Group PSN to estimate the costs involved in decommissioning each of our operated fields. These estimates were reviewed by operations personnel and adjustments were made where necessary to reflect management's view of the estimates. The estimates in respect of decommissioning the Group's well stock was determined internally by appropriately qualified personnel. Estimates for all operated assets are reviewed annually, with a major review performed every third year. The previous review in 2016 was also performed by Wood Group PSN. The estimate for PM8/Seligi has been reviewed during 2019 and will be reviewed annually. For Alba, our non-operated asset, the provision is based on estimates provided by the operator, adjusted as necessary by our own operations personnel, to ensure consistency in key assumptions with our other North Sea assets.	The Committee reviewed the report by management summarising the key findings and their impact on the provision. Regard was also given to the observations made by EY as to the appropriateness of the estimates made.
Taxation At 31 December 2019, the Group carried deferred tax balances comprising $576.0 million of tax assets (primarily related to previous years' tax losses) and $20.9 million of tax liabilities. The recoverability of the tax losses has been assessed by reference to future profit estimates derived from the Group's impairment testing. Ring-fenced losses totalling $2,903.4 million ($1,102.5 million tax-effected) have been recognised. Mainstream (outside ring-fence) tax losses totalling $297.8 million ($50.6 million tax-effected) have not been recognised due to uncertainty of the creation of non-ring fence profits and therefore uncertainty over the recovery of these losses. Given the complexity of tax legislation, risk exists in respect of some of the Group's tax positions.	The Committee received a report from the Group's Head of Tax, outlining all uncertain tax positions, and evaluated the technical arguments and future profit estimates supporting the position taken by management. The Committee also took into account the views of EY as to the adequacy of our tax balances. An evaluation of the transparency of the Group's tax exposures was undertaken, reviewing the adequacy and appropriateness of tax disclosures presented by management. Regard was also given to the observations made by EY as to the appropriateness of the disclosures made. The Committee was also reviewed and approved the annual update of the Group Tax Strategy (which is available in the corporate responsibility section of the Group's website at www.enquest.com) in December 2019.

Risk management
The Code requires that the Board monitors the Company's risk management and, at least annually, carries out and reports on the results of a review of their effectiveness. The Board has oversight of risk management within EnQuest for the Company's emerging and principal risks. Page 63 provides more detail on how the Board, and its Safety and Risk Committee, have discharged its responsibility in this regard. The Audit Committee Chairman is a member of the Safety and Risk Committee.

Internal control
Responsibility in respect of financial internal control is delegated by the Board to the Audit Committee. The effectiveness of the Group's internal control framework is reviewed continually throughout the year. Key features include:
- Clear delegations of authority to the Board and its sub-committees, and to each level of management;
- Setting of HSEA, operational and financial targets and budgets which are subsequently monitored by management and the Board;
- A comprehensive risk management process with clear definition of risk tolerance and appetite. This includes a review by the Safety and Risk Committee of the effectiveness of management controls and actions which address and mitigate the most significant risks;
- An annual risk-based internal audit programme developed in conjunction with management. Findings are communicated to the Audit Committee and follow-up reviews are conducted where necessary; and
- Further objective feedback provided by the external auditors and other external specialists.

Obtaining assurance on the internal control environment

The Group currently outsources its internal audit function to PwC. The Committee continues to review the internal audit function and during 2019 evaluated the possibility of establishing an internal independent and objective assurance function within EnQuest. The Committee is satisfied that the establishment of an internal function and selected outsourcing of work is appropriate for the Group. In early 2020, the Group appointed an internal audit manager and therefore will be using a combination of outsourced internal audit, particularly for specialist areas such as cyber security, and its own internal audit function.

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

In respect of the work performed by the internal auditors, an internal audit plan is determined each year. When setting the plan, recommendations from management and the internal auditor are considered, and take into account the particular risks impacting the Company, which are reviewed by the Board and Safety and Risk Committee. During 2019, internal audit activities were undertaken for various areas, including reviews of:

- Risk Management Framework;
- The Group's cyber security;
- SVT operations, including the design and operating effectiveness of key controls and process relating to cost recoveries, the annual reconciliation process where costs are allocated to usage of the terminal, the working capital facility and the risk management framework;
- Readiness for decommissioning on Alma and Galia; and
- Ongoing rotational reviews of the effectiveness of the financial control framework in the finance functions in London, Aberdeen, Dubai and Malaysia.

In all cases, the audit conclusions were that the systems and processes were satisfactory and, where potential control enhancements were identified as being required, the Committee ensured that appropriate action was being taken by management to implement the agreed improvements.

After considering the priorities in 2020, we have directed internal audit to focus on, amongst other areas, the review of readiness of decommissioning plans and review of key financial reporting models in addition to the ongoing rotational review of the financial control framework.

We continue to review our information technology general controls, both through internal and external testing. Continuous improvement is ensured through the assessment and implementation of recommended improvements, which for 2020 includes software updates and use of in–built automated system controls.

External audit

One of the Committee's key responsibilities is to monitor the performance, objectivity and independence of EY, which has been the Group's external auditor since 2010 and the current partner, Paul Wallek, has been the signing partner since the year ended 31 December 2015. Each year, the Committee ensures that the scope of the auditor's work is sufficient and that the auditor is remunerated fairly. The process for reviewing EY's performance involves interviewing, each year, key members of the Group who are involved in the audit process to obtain feedback on the quality, efficiency and effectiveness of EY's audit services. Additionally, the Committee members take into account their own view of EY's performance when determining whether or not to recommend reappointment.

The effectiveness of EY was formally evaluated during the Committee's meeting in December 2019, and it was concluded that the Committee continues to be satisfied with EY's performance and the firm's objectivity and independence. The Chairman of the Committee met with the extended audit team to discuss key audit issues during the year.

In its evaluation of EY, the Committee also considered the level of non–audit services provided by the firm during the year, the compliance with EnQuest's policy in respect of the provision of non–audit services by the external auditor (which is set out later in this report), and the safeguards in place to ensure EY's continued independence and objectivity. The services provided in 2019 are services typically provided by a company's auditor, given their knowledge and experience of the Company and in line with the EnQuest non–audit services policy. The ratio of non–audit fees to audit fees over the last three years was 15%, which remains below the 70% cap outlined in the Company's policy in respect of non–audit services provided by the external auditor.

In respect of audit tendering and rotation, the Committee has adopted a policy which complies with the EU Audit Regulation and Competition and Markets Authority 'The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities)' Order 2014. This policy requires an annual assessment of whether an audit tender is required on the basis of quality or independence, a mandatory tender after ten years, and rotation of audit firms at least every 20 years. As a result, a formal audit tender process was conducted resulting in EnQuest appointing Deloitte as the Group's external auditors, with James Leigh being appointed as the signing partner. Deloitte will audit the Company's financial statements beginning 1 January 2020, subject to shareholder approval at the 2020 AGM.

The Committee commenced monitoring the transition of statutory auditor, which included inviting Deloitte to attend Audit Committee meetings in December 2019 and March 2020.

Audit committee report continued

Use of external auditors for non–audit services

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

As part of the Committee's process in respect of the provision of non–audit services, the external auditor provides the Committee with information about its policies and processes for maintaining independence and monitoring compliance with current regulatory requirements, including those regarding the rotation of audit partners and employees. EY has reconfirmed its independence and objectivity. The Audit Committee has also reviewed the independence of Deloitte, reviewing the professional services currently being provided to EnQuest by Deloitte. Deloitte has confirmed its independence and objectivity as part of the tender.

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

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

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

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

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

Directors' remuneration report

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

Laurie Fitch
Chair of the Remuneration Committee

Dear fellow shareholder

On behalf of the Board and my fellow members of the Remuneration Committee, I am pleased to present EnQuest's Directors' Remuneration Report ('DRR') for the financial year ended 31 December 2019.

Overview

My year as Committee Chair has been active. The Committee's work has included assessing the appropriateness of the Company's total compensation package available for Executive Directors and ensuring it remains aligned with our agreed remuneration principles, assessing and implementing appropriate measures to ensure continued compliance with the Corporate Governance Code (the 'Code'), and approving the level of reward commensurate with the Company's performance in 2019. I have also met with a number of our major shareholders as we begin to develop potential Remuneration Policy (the 'Policy') changes in readiness for the next Policy revision due in 2021.

2019 is the first year of additional reporting disclosure required under the revisions to the Code published in 2018. In the 2018 DRR, we included the enhanced pay scenario illustrations to provide an indication of the maximum remuneration assuming a 50% share price appreciation. This year, we have included the required reporting of the Chief Executive pay ratio for the year ending 31 December 2019, which we have chosen to calculate in line with single figure methodology, also known as 'Option A'.

We have continued to undertake benchmarking analysis of all key reward components for Executive Directors and Executive Committee members ahead of the annual salary review. This benchmarking exercise, which was thoroughly debated in the boardroom and independently validated by our remuneration advisers, Mercer Kepler, satisfied the Committee that the shape and level of our remuneration practices are appropriately positioned against those of comparator companies of similar size and scope. As such, the Committee is comfortable our existing Policy remains fit for purpose for the coming year. Although the Policy is not subject to shareholder vote this year, we have reprinted the existing Policy on pages 74 to 76 for ease of reference.

As part of our preparation for the scheduled Policy revision in 2021, I consulted a number of our major shareholders. These conversations were constructive and the Committee will continue to engage shareholders during 2020 on a range of potential amendments to the Policy, prior to seeking shareholder approval at the 2021 Annual General Meeting ('AGM'). Our aim in reviewing the Policy is to continue to ensure it reflects both developments in EnQuest as a maturing business and the ongoing need to retain and attract high-calibre people in a challenging commercial environment. Within any Policy revision, we will also assure compliance with the Code and take on board the guidelines issued by investors and leading proxy agencies. As such, and reflecting feedback from our shareholders, the Committee anticipates reshaping the Performance Share Plan ('PSP') framework to better align it and keep pace with shareholder interests. Indeed, the Committee has used the discretion available within the existing approved Policy to make a small adjustment to the weightings of the four performance conditions associated with the 2020 PSP award. These changes, informed by discussions with our major shareholders, include an increased weighting attached to Total Shareholder Return ('TSR') and a smaller weighting to the production and reserves growth measures. Details of these changes can be found on page 91 of this report. In accordance with our drive for open and transparent engagement with our shareholders, we have written to major shareholders to advise them of this initial change.

Within the Strategic Report, the Company has set out its intent to positively contribute towards the objective under the UK's current legislation to achieve 'net-zero' emissions by 2050. The development of plans that will deliver a pathway to support the Group's contribution to this national target forms part of management's 2020 performance targets. The 2020 Company Performance Contract ('CPC') also incorporates targets related to the Group's culture and Values and improving workforce diversity.

We are also putting forward four resolutions to the AGM this year to renew EnQuest's share plans for a further ten years. The plans relate to the EnQuest PLC 2020 Performance Share Plan, the EnQuest 2020 Restricted Share Plan, the EnQuest 2020 Deferred Bonus Share Plan and the EnQuest 2020 Sharesave Plan. The current ten-year lifecycle of the Company's discretionary plans expired on 18 March 2020 and, as the current Sharesave plan would expire in 2022, the Committee thought it appropriate to seek re-approval from shareholders for all plans at the same time. Summaries of the new plans are included as appendices to the AGM notice which is being sent to shareholders at the same time as this report. Substantial changes to the plans' rules were agreed at the 2017 AGM and the new plans are an update of these.

Directors' remuneration report continued

The DRR has three sections:
1. This annual summary statement;
2. The Policy which is included for reference; and
3. The Annual Report on Remuneration of the Executive Directors and Non-Executive Directors for 2019 which will be subject to an advisory shareholder vote at the 2020 AGM.

Shareholder consultation

Our programme of open and transparent shareholder dialogue continues to provide a valuable contribution to the Committee's work in developing potential revisions to our Policy. We are aware of new institutional shareholder guidelines on executive remuneration, specifically regarding executive pensions' alignment with the wider workforce. We understand the importance of this for our shareholders and will align the pension of future Executive Directors at the time of appointment. Whilst the current level of pension benefit for our Chief Executive ('CEO') is aligned to the wider employee base pension contribution at c.10% of salary, our Chief Financial Officer ('CFO') currently receives a pension benefit 5% higher than this. As such, we will begin a phased realignment of the CFO's pension benefit over the next two years starting in 2020.

Guidelines for incentive plans, which include the ratio of target to maximum bonus, the balance between financial and personal objectives and the number of target measures outlined in executive long-term bonus schemes, will be addressed in the forthcoming Policy review and presented for shareholder approval at the 2021 AGM.

We are aware that shareholders are also seeking to ensure that companies provide greater transparency around the circumstances which will be subject to malus or clawback. Again, as part of the Policy review in 2021, we will review our malus and clawback provisions and identify opportunities for change and any extension to the list of circumstances that would trigger the provisions, where appropriate.

UK Corporate Governance Code 2018

The Committee understands the requirements published in the revised Code in July 2018 which came into effect for financial accounting years beginning on or after 1 January 2019. In the Policy revision approved at the 2018 AGM, the Company implemented an additional two-year holding period post the three-year vesting cycle for PSP awards made to Executive Directors vesting from 2022 onwards.

The Chief Executive pay ratio for 2019 was 14:1. Details of the calculation are explained on page 89 in this report. In line with the Code, we will begin to build and track changes in the CEO pay ratio on an annual basis. The Committee considers the ratio to be reasonable considering our relative position against our benchmark peers and reflecting business performance during 2019.

The Committee is also aware of the new Code requirement to develop a formal policy for post-employment shareholdings and will present proposals as part of the next Policy review due in 2021.

The Committee believes that the current remuneration structure is clear, simple, and appropriately aligned with the Company's strategy, risk appetite and culture, and that incentives are appropriately capped. It is intended that the forthcoming Policy review will continue to focus on similar objectives.

Performance and remuneration outcomes for 2019

The Company performed well across the entire range of financial and operational measures included in the CPC, with all results above target and many exceeding the stretch targets set. A number of employee engagement initiatives were introduced during the year in accordance with the Group's Values, and these, combined with the results of an employee survey, underpin the approved result in relation to the culture and Values measure.

However, the Group's Health, Safety, Environment and Assurance ('HSEA') performance during the year was mixed. Good progress was made with leading metrics and a number of assets had strong occupational safety performance, but there was an increase in the number of minor injuries in the UK and a high-potential incident at Heather. As a result, the Committee utilised its discretion and applied a lower-than-target HSEA multiplier to the Company overall performance outturn, which reduced the bonus award for Executive Directors and Executive Committee members for 2019. Performance against the CPC and associated bonus awards for the CEO and CFO are set out on pages 82 and 83 of this report and reflect the HSEA downward adjustment.

2019 annual bonus — payable in 2020

The Executive Directors' annual bonus awards are based on a combination of financial and operational results and the achievement of key accountability objectives. The bonus attainment for Amjad Bseisu (CEO) was based solely on achievement against the CPC. In the case of Jonathan Swinney (CFO), 50% of his bonus award was based on the CPC and 50% on achievement against performance measures set out in his individual performance contract. The 2019 target and maximum bonus potential for Executive Directors were 75% and 125% of salary, respectively. A 2019 bonus award of 101.9% of base salary (81.5% of maximum) has been made for Amjad Bseisu and 108.5% of base salary (86.8% of maximum) for Jonathan Swinney. The Committee believes that these levels of award are appropriate given the improved financial and operational performance during the year and the application of an appropriate downward adjustment in relation to the application of an override to reflect the Group's HSEA performance. Full details of how these awards were determined are included on pages 82 to 85 of this report. Any bonus amount in excess of 100% of salary will be deferred into EnQuest shares with a holding period of two years, in line with the Policy.

Performance Share Plan
The 2017 PSP award made to Executive Directors will vest on 12 September 2020. The three-year performance period ended on 31 December 2019 and the award will vest at 49.6% of the original award. The Committee agreed it was appropriate that the performance calculation included production and reserves growth arising out of the non-equity funded element of the 2018 acquisition of the additional 75.0% interest in Magnus. No benefit was included in relation to the portion of the acquisition funded from the net rights issue proceeds. Taking these adjustments into account, the production growth target vested at 21.6% out of 30.0%, but the reserves growth target, which had a weighting of 10.0%, was not achieved. Total Shareholder Return ('TSR') vested at 10.9% out of 30.0%, while the net debt target, with a weighting of 30.0%, vested at 17.0%. Full details of actual performance against the four performance conditions of TSR, production growth, reserves growth and net debt targets are on pages 85 and 86 of this report.

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

As part of the Policy review to be put to the AGM for approval in 2021, the Committee intends to substantially reshape the PSP performance targets to better reflect the Company's business operating model. This could encompass the removal of production and reserves growth targets altogether, leaving relative TSR and net debt reduction as the performance targets. Alternatively, the Committee may decide to shift performance targets entirely to TSR measures, in line with peer practice, as the best framework for capturing value and in alignment with shareholder interests.

For 2020, the Committee has determined to retain the four PSP performance targets but has used its discretion to re-weight the targets, with TSR increasing from 30% to 50% and production growth and reserves growth being re-weighted downwards to 15% and 5% respectively. Reduction in net debt will retain its 30% weighting. Shareholders have been advised of the proposed change.

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

Executive Director remuneration in 2020
2020 base salaries
For 2020, the Committee has awarded a salary increase of 2.0% to Amjad Bseisu and 2.7% to Jonathan Swinney effective from 1 January 2020. These are in line with the typical increases of 1.5% to 3.0% awarded to Company employees.

2020 PSP awards
The Committee has decided to keep the level of PSP award to be made to Amjad Bseisu and Jonathan Swinney under review. Any 2020 award will be made after the AGM and will be subject to the same four performance targets as for the 2019 award, but with the adjustment in weighting outlined above.

In 2019, we again saw the clear benefits of transparency and proactive interaction with major shareholders. Discussions with major shareholders will continue as we progress our proposals for the Policy for 2021. We welcome your input and are always prepared to listen and take on board suggestions that help EnQuest to continue to mature and develop. In the light of changing business circumstances, the Committee is actively keeping relevant remuneration matters including 2020 annual bonus and performance share plan awards under review. Any changes in proposals will be shared with you in due course and fully reported in the 2020 DRR. One response already implemented is that Executive Directors, the Executive Committee and the senior leadership team have voluntarily agreed to a 20% reduction in their base salary for a three-month period. All non-Executive Directors have similarly voluntarily agreed to a three-month 20% reduction in their Board fees. These reductions will remain under review.

The Committee and I wish to thank all our shareholders for their ongoing support over the years. I hope you will all support and vote for this DRR at the forthcoming AGM.

Laurie Fitch
Chair of the Remuneration Committee
8 April 2020

Directors' remuneration report continued

Governance

General governance

The DRR has been prepared in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. It also describes the Group's compliance with the Corporate Governance Code (the 'Code') in relation to remuneration. The Committee takes account of the new requirements for the disclosure of Directors' remuneration and guidelines issued by major shareholder bodies when setting the remuneration strategy for the Company. New requirements under the revised Code not already part of the Group's Policy will be reviewed during 2020 as part of the planned Policy review ahead of our AGM in 2021.

Remuneration Policy — approved by shareholders in 2018

The full Directors' Remuneration Policy was approved for three years at the 2018 AGM held on 24 May 2018 with a 'for' vote of 89.67%. The next shareholder vote on the Policy will be in 2021. The approved Policy is reproduced on the following pages for ease of reference.

There may be circumstances from time to time when the Committee will consider it appropriate to apply some judgement and exercise discretion within the approved Policy. This ability to apply discretion is highlighted where relevant in the Policy and the use of discretion will always be in the spirit of the Policy.

Remuneration principles

In determining the Policy approved at the AGM held in May 2018, we reviewed our overall remuneration principles to ensure that they continued to be aligned with our strategy and shareholder interests. EnQuest's strategic objective is to be the operator of choice for maturing and underdeveloped hydrocarbon assets, focused on enhancing hydrocarbon recovery and extending the useful lives of these assets in a profitable and responsible manner.

We also want to ensure that we operate with the appropriate culture and, therefore, that remuneration principles support and reinforce the EnQuest Values. Our principles are clear and simple, to strengthen the link between reward and performance, as well as to emphasise the importance of our Values.

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

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

Executive Directors

General approach

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

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

The following table details EnQuest's Remuneration Policy, which became binding from 24 May 2018 following approval at the 2018 AGM:

Purpose	Operation/key features	What is the maximum potential opportunity?	Applicable performance measures
Component: Salary and fees			
To enable the recruitment and retention of Executive Directors who possess the appropriate experience, knowledge, commercial acumen and capabilities required to deliver sustained long-term shareholder value.	• Set at or below median when compared to a comparator group generally of the same size and industry as EnQuest and who have a similar level of enterprise value. • Salaries are typically reviewed by the Remuneration Committee in January each year.	Typically, the conditions and pay of all employees within the Company are factors considered by the Committee in its review. Increases in excess of the general workforce may be made where there is a significant change in duties, contribution to Company performance, personal performance, or external market conditions.	None.

Purpose	Operation/key features	What is the maximum potential opportunity?	Applicable performance measures
Component: Pension and other benefits			
Provide market–competitive employee benefits that are in line with the marketplace and enable EnQuest to attract and retain high–calibre employees, as well as providing tax–efficient provision for retirement income.	• Delivered as cash in lieu of pension, with remaining benefits provided by the Company. • Executive Directors may participate in the HMRC–approved Sharesave Scheme and benefit from share price growth. • Reviewed annually by the Remuneration Committee and adjusted to meet typical market conditions. • Where required, we would offer additional benefits in line with local market practice. • Any reasonable business–related expenses (including tax thereon) which are determined to be a taxable benefit can be reimbursed.	The maximum pension allowance that may be offered is £50,000, plus private medical insurance, life assurance and personal accident insurance, the costs of which are determined by third–party providers.	None.
Component: Annual bonus			
Incentivises and rewards short–term performance (over no more than one financial year) through the achievement of pre–determined annual targets which support Company strategy and shareholder value.	• Up to 100% of salary paid as cash. All bonus above 100% of salary is deferred into EnQuest shares for two years, subject to continued employment. • The Committee has discretion to allow Executive Directors to receive dividends that would otherwise have been paid on deferred shares at the time of vesting. • Both cash and share elements of bonuses awarded from 2017 may be subject to malus or clawback in the event of a material misstatement of the Company's accounts, errors in the calculation of performance, or gross misconduct by an individual for up to three years following the determination of performance.	• Target award — 75% of salary. • Maximum award — 125% of salary.	• Using a scorecard approach, including key performance objectives such as financial, operational, project delivery, HSEA targets and net debt. These are set annually by the Remuneration Committee, with varying weightings. • Performance against key objectives has threshold, target and stretch components. • Where the threshold level of performance is met for each element, bonuses will begin to accrue on a sliding scale from 0%.
Component: Performance Share Plan ('PSP')			
Encourages alignment with shareholders on the longer–term strategy of the Company. Enhances delivery of shareholder returns by encouraging higher levels of Company performance. Encourages executives to build a shareholding.	• Annual award levels may take account of the performance of the Company and the Executive Director in the prior year. • Awards vest over three years provided corporate performance conditions have been achieved. • Awards vesting from 2022 onwards will then be subject to an additional two–year holding period which, unless the Committee determines otherwise, will apply up to the fifth anniversary of the date of grant. • The Committee has discretion to allow Executive Directors to receive dividends that would otherwise have been paid on shares at the time of vesting. • Awards may take the form of conditional awards, nil cost options or joint interests in shares. Where joint interests in shares are awarded, the participants and the Employee Benefit Trust ('EBT') acquire separate beneficial interests in shares in the Company. • Awards granted from 2017 onwards are subject to malus or clawback in the event of a material misstatement of the Company's accounts, errors in the calculation of performance, or gross misconduct by an individual for up to three years following the determination of performance.	• Normal maximum — 250% of salary. • Exceptional maximum — 350% of salary.	• Vesting of awards granted from 2017 will be based on, but not limited to, relative TSR, reserves growth, production growth and net debt (or debt reduction). • No more than 25% of the maximum award vests at threshold. • Details of the performance conditions applied to awards granted in the year under review and for the awards to be granted in the forthcoming year are set out in the Annual Report on Remuneration. • The number, type and weighting of performance measures may vary for future awards to help drive the strategy of the business provided these are no less challenging than the existing targets. • The Committee will normally consult with major shareholders before introducing any material new metrics.

Directors' remuneration report continued

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

Shareholding requirement
The Executive Directors are expected to retain 50% of shares from vested awards under the PSP (other than sales to settle any tax or social security withholdings due) until they hold at least 200% of salary in shares[1]. The Committee will review progress against this guideline on an annual basis.

Performance measures and targets
Annual bonus

The annual bonus scheme is a weighted scorecard of key performance indicators with a number of categories, under which the performance of the Company, and therefore the annual bonus of Executive Directors, is determined. The categories that form the scorecard may include, but are not limited to:
- Health, Safety, Environment and Assurance ('HSEA');
- Financial (including EBITDA, opex and capex);
- Operational performance/production;
- Project delivery;
- Reserves additions;
- Net debt; and
- Objectives linked to key accountabilities.

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

Amjad Bseisu's bonus objectives are normally based solely on the Company Performance Contract ('CPC') of EnQuest. Jonathan Swinney's bonus objectives may also include up to 50% based on additional objectives that cover his own specific area of key accountabilities and responsibilities.

Annual bonus and share deferrals

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

Note:
1 To include shares which are beneficially owned (directly or indirectly) by family members of an Executive Director

Performance Share Plan
The PSP is typically awarded annually and has a vesting period of three years. Awards vesting from 2022 onwards will be subject to an additional two–year holding period which, unless the Committee determines otherwise, will apply up to the fifth anniversary of the date of grant. Performance conditions are attached to the awards and reflect the longer–term strategy of EnQuest. For awards granted in 2020, these will comprise:

- Relative TSR against a comparator group of oil and gas companies;
- Production growth on a Compound Annual Growth ('CAG') basis
- Reserves growth on an absolute growth basis; and
- Net debt on an absolute reduction basis

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

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

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

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

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

Directors' remuneration report continued

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

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

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

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

Non–Executive Directors' letters of appointment	Date of appointment	Notice period	Initial term of appointment
Martin Houston[1]	1 October 2019	3 months	3 years
Jock Lennox[2]	22 February 2010	3 months	3 years
Carl Hughes	1 January 2017	3 months	3 years
Helmut Langanger[3]	16 March 2010	3 months	3 years
Philip Holland	1 August 2015	3 months	3 years
John Winterman	7 September 2017	3 months	3 years
Laurie Fitch	8 January 2018	3 months	3 years
Howard Paver[4]	1 May 2019	3 months	3 years

Notes:
1 Martin Houston was appointed Chairman of the Board on 1 October 2019, subject to a binding vote by the shareholders at the 2020 AGM
2 Jock Lennox retired as Chairman of the Board on 30 September 2019
3 Helmut Langanger retired from the Board and as Senior Independent Director on 31 March 2020
4 Howard Paver was appointed as a Non–Executive Director on 1 May 2019 and was appointed as Senior Independent Director on 31 March 2020

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

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

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

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

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

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

Remuneration Committee discretion and determinations

The Committee will operate the annual bonus scheme, DBSP, PSP, RSP and Sharesave Scheme according to their respective rules and in accordance with the Listing Rules and HMRC requirements, where relevant. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these arrangements. These include, but are not limited to, the following:

- Who participates in the plans;
- The timing of grant of award and/or payment;
- The size of an award and/or payment;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Applying 'good leaver' status in circumstances such as death, ill health and other categories as the Committee determines appropriate and in accordance with the rules of the relevant plan;
- Discretion to disapply time pro–rating in the event of a change of control or good leaver circumstances;
- Discretion to settle any outstanding share awards in cash in exceptional circumstances;
- Adjustments or variations required in certain circumstances (e.g. rights issues, corporate restructuring, change of control, special dividends and other major corporate events); and
- The ability to adjust existing performance conditions and performance targets for exceptional events so that they can still fulfil their original purpose.

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

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

Legacy awards

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

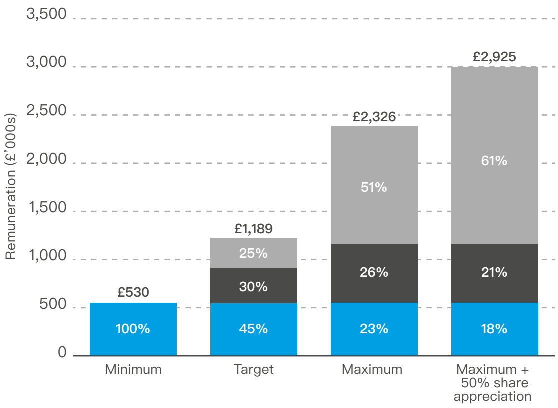
Remuneration outcomes in different performance scenarios

The charts on the following page set out an illustration of the remuneration arrangements for 2020 in line with the Policy. These charts provide an illustration of the proportion of total remuneration made up of each component of the Policy and the value of each component.

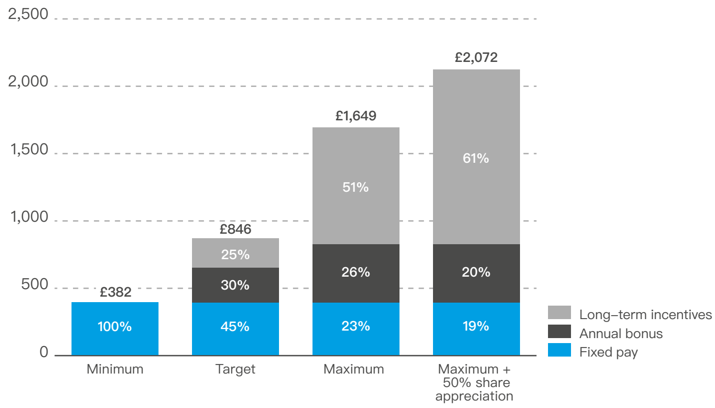
In accordance with the remuneration reporting requirements that came into effect from 1 January 2019, four 2020 scenarios are illustrated for each Executive Director:

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

Directors' remuneration report continued



Chief Executive (£'000s)



Chief Financial Officer (£'000s)

Note:
For Amjad Bseisu (CEO), fixed pay comprises salary from 1 January 2020, a pension allowance of £50,000 plus medical insurance benefit of £1,500
For Jonathan Swinney (CFO), fixed pay comprises salary from 1 January 2020, a pension allowance of £42,500 plus medical insurance benefit of £1,500

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

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

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

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

Statement of shareholder views
The Remuneration Committee welcomes and values the opinions of EnQuest's shareholders with regard to the levels of remuneration for Directors. The 2018 DRR was voted on at the AGM held in May 2019, where 81.39% of the votes cast were in favour.

Annual Report on Remuneration for 2019

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

Meetings in 2019

The Committee normally has four scheduled meetings per year. During 2019, it met on four occasions as scheduled to review and discuss base salary adjustments for 2020, the setting of Company performance conditions and related annual bonus for 2019, PSP performance conditions, UK Corporate Governance Code provisions and the approval of share awards.

Committee members, attendees and advisers

Member[1]	Date appointed Committee member	Attendance at scheduled meetings during the year
Helmut Langanger[2]	16 March 2010	4/4
Laurie Fitch[3]	8 January 2018	4/4
Howard Paver	1 May 2019	2/2
Martin Houston	15 October 2019	1/1

Notes:
1 Carl Hughes, Philip Holland and John Winterman all stepped down from the Committee on 15 October 2019 as part of the refresh of the Group's Board Committee memberships
2 Helmut Langanger retired from the Board and as Senior Independent Director on 31 March 2020
3 Laurie Fitch assumed the role of Chair of the Remuneration Committee on 29 January 2019, replacing Helmut Langanger who stepped down as Chairman of the Committee on the same day

Advisers to the Remuneration Committee

The Committee invites individuals to attend meetings to provide advice so as to ensure that the Committee's decisions are informed and take account of pay and conditions in the Company as a whole. These individuals, who are not members but may attend by invitation, include, but are not limited to:
- The Chief Executive (Amjad Bseisu);
- The Chief Financial Officer (Jonathan Swinney);
- The Company Secretary (Stefan Ricketts);
- A representative from the Group's Human Resources department; and
- A representative from Mercer Kepler, appointed as remuneration adviser by the Committee from 1 August 2017.

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

Information subject to audit

Directors' remuneration: the 'single figure'

In this section of the report we have set out the payments made to the Executive and Non–Executive Directors of EnQuest for the year ended 31 December 2019 together with comparative figures for 2018.

Single total figure of remuneration — Executive Directors

	'Single figure' of remuneration — £'000s											
Director	**Salary and fees 2019**	Salary and fees 2018	**All taxable benefits 2019**	All taxable benefits 2018	**Annual bonus 2019[1]**	Annual bonus 2018[1]	**LTIP 2019[2]**	LTIP 2018[2]	**Pension 2019[3]**	Pension 2018[3]	**Total for 2019[4]**	Total for 2018[4]
Amjad Bseisu	**470**	461	**1**	1	**478**	454	**449**	340	**50**	50	**1,448**	1,306
Jonathan Swinney	**329**	318	**1**	1	**357**	354	**292**	222	**50**	50	**1,031**	945
Total[4]	**799**	779	**3**	3	**835**	808	**741**	562	**100**	100	**2,479**	2,251

Notes:
1 The annual bonus for 2019 for Amjad Bseisu and Jonathan Swinney was based on base salary levels and payment was made in respect of the full financial year. The amount stated is the full amount (including any portion deferred). Any Executive Director bonus for Amjad Bseisu and Jonathan Swinney that is above 100% of their respective salary is paid in EnQuest PLC shares, deferred for two years, and subject to continued employment
2 **PSP awarded on 12 September 2017 which will vest on 12 September 2020:** the LTIP value shown in the 2019 single figure is calculated by taking the number of performance shares that will vest (49.6%) multiplied by the average value of the EnQuest share price between 1 October 2019 and 31 December 2019, as the share price on 12 September 2020 was not known at the time of this report
PSP awarded on 22 April 2016 which vested on 22 April 2019: the LTIP value shown in the 2018 single figure is calculated by taking the number of performance shares that vested (55.7%) multiplied by the actual share price of 23.1 pence on the next business day following the vesting date of 22 April 2019, as the vesting date was a public holiday in the UK. The 2018 value of the vested shares in the remuneration table has been updated from last year's value to represent the actual value received on the date of vesting
3 Cash in lieu of pension
4 Rounding may apply

Directors' remuneration report continued

Single total figure of remuneration — Non-Executive Directors

The remuneration of the Non-Executive Directors for the year ended 31 December 2019 was as follows, together with comparative figures for 2018:

Director	Salary and fees 2019	Salary and fees 2018	All taxable benefits 2019	All taxable benefits 2018	Total for 2019	Total for 2018
	'Single figure' of remuneration — £'000s					
Jock Lennox[1]	**156**	150	**—**	—	**156**	150
Carl Hughes	**70**	60	**—**	—	**70**	60
Helmut Langanger[2]	**70**	70	**—**	—	**70**	70
Laurie Fitch[3]	**70**	50	**—**	—	**70**	50
Philip Holland	**70**	60	**—**	—	**70**	60
John Winterman[4]	**62**	50	**—**	—	**62**	50
Martin Houston[5]	**50**	—	**—**	—	**50**	—
Howard Paver[6]	**40**	—	**—**	—	**40**	—
Total	**588**	440	**—**	—	**588**	440

Notes:
1 Jock Lennox retired as Chairman of the Board on 30 September 2019. His fees were pro-rated
2 Helmut Langanger stepped down as Chairman of the Remuneration Committee on 29 January 2019 and retired from the Board on 31 March 2020
3 Laurie Fitch assumed the role of Chair of the Remuneration Committee on 29 January 2019
4 John Winterman was appointed as Chairman of the Technical Committee on 15 October 2019. His fees were pro-rated
5 Martin Houston was appointed as Chairman of the Board and Chairman of the Nomination Committee on 1 October 2019. His fees were pro-rated
6 Howard Paver was appointed as Non-Executive Director on 1 May 2019. His fees were pro-rated

Annual bonus 2019 — paid in 2020

The Committee's belief is that any short-term annual bonus should be tied to the overall performance of the Company. An Executive Director's annual bonus may also be tied to additional objectives that cover their own specific area of key accountabilities and responsibilities. The maximum bonus entitlement for the year ended 31 December 2019 as a percentage of base salary was 125% for Amjad Bseisu and Jonathan Swinney.

For Amjad Bseisu, the annual bonus for 2019 was wholly based on the CPC results. For Jonathan Swinney, 50% of the bonus potential was assessed against the CPC and 50% on achievement against personal targets based on key objectives for the year in his area of responsibility.

Company Performance Contract

The details of the CPC for both Amjad Bseisu and Jonathan Swinney and the personal objectives for Jonathan Swinney are set out in the following tables, showing the performance conditions and respective weightings against which the bonus outcome was assessed. The actual percentage payout against each performance measure item has been adjusted down to reflect the application of the HSEA performance override.

Performance measure	Weighting	Performance targets and payout		Amjad Bseisu	Jonathan Swinney
Production (Mboepd)	25.00%	Threshold: 63.0 Maximum: 70.0	Maximum bonus % available	31.25%	15.63%
		Actual: 68.6	**Actual % payout**	**21.93%**	**10.97%**
Opex Value of Work Done ('VOWD') ($ million)	15.00%	Threshold: 630 Maximum: 580	Maximum bonus % available	18.75%	9.38%
		Actual: 521	**Actual % payout**	**17.37%**	**8.69%**
Cash capex ($ million)	5.00%	Threshold: 300 Maximum: 260	Maximum bonus % available	6.25%	3.13%
		Actual: 238	**Actual % payout**	**5.79%**	**2.90%**
Net debt ($ million) including PIK at end 2019	20.00%	Threshold: 1,860 Maximum: 1,665	Maximum bonus % available	25.00%	12.50%
		Actual: 1,413	**Actual % payout**	**23.17%**	**11.58%**

Performance measure	Weighting	Performance targets and payout		Amjad Bseisu	Jonathan Swinney
Projects First oil from pipeline projects	5.00%	Threshold: Budget date plus two months Maximum: Budget date less one month	Maximum bonus % available	6.25%	3.13%
		Actual: Between target and stretch	**Actual % payout**	**5.33%**	**2.66%**
Projects Regulatory approval of enhanced oil recovery strategy at Magnus	5.00%	Threshold: End Q4 2019 Maximum: End August 2019	Maximum bonus % available	6.25%	3.13%
		Actual: Approved by regulator in June 2019	**Actual % payout**	**5.79%**	**2.90%**
Kraken First oil from DC4	5.00%	Threshold: DC4 two producers start up by end Q2 2019 Maximum: DC4 two producers start up by mid-March 2019	Maximum bonus % available	6.25%	3.13%
		Actual: Stretch as DC4 two producers started early March 2019	**Actual % payout**	**5.79%**	**2.90%**
Kraken Optimise production efficiency	10.00%	Threshold: 70% Maximum: 80%	Maximum bonus % available	12.50%	6.25%
		Actual: 77%	**Actual % payout**	**8.80%**	**4.40%**
Culture and Values	10.00%	Demonstrate leadership and achievement of EnQuest Values all year	Maximum bonus % available	12.50%	6.25%
		Actual: Achievement judged to be between target and stretch	**Actual % payout**	**7.88%**	**3.94%**
Total bonus payout (% of salary)				**101.86%**	**50.93%**

Note: Rounding may apply

Any payout against the CPC is subject to an additional underpin based on the Committee's assessment of the Company's HSEA performance. HSEA performance was reviewed by the Committee in February 2020 and determined to be lower than target. A reduction has therefore been applied by the Committee to the CPC result and annual bonus calculations for Executive Directors and Executive Committee members.

Personal objectives were set individually for Jonathan Swinney based on his key areas of focus for the year within his area of responsibility. Please note that for reasons of commercial sensitivity, full details of the target ranges are not being disclosed. However, the following table highlights the key objectives and achievements as assessed by the Committee for Jonathan Swinney's individual performance targets for 2019.

Directors' remuneration report continued

Jonathan Swinney
Individual Performance Contract

Objective	Weighting	Maximum bonus available	Measures	Key achievements	Performance outcome	Percentage of bonus achieved
Balance sheet responsibility (including liquidity)	30.00%	18.75%	Deliver appropriate funding to maintain liquidity	Assessed refinancing options and secured additional surety bonds		18.75%
Financial control and discipline	20.00%	12.50%	Drive control environment and assess effectiveness. Support appropriate cost recovery across the portfolio	Achieved high levels of controls compliance with appropriate financial controls across the Group's geographies		11.45%
Strategy and business delivery	25.00%	15.63%	Ensure alignment of asset strategies and business plan processes and delivering technology–led finance projects	Aligned strategy and planning processes. Technology programmes designed and delivered on schedule and in accordance with agreed roadmap		14.50%
Organisation development and people	15.00%	9.38%	Succession and development plans in place for critical finance leadership team roles. Optimise contribution of all resources	Detailed plans and development actions delivered. Resources aligned to strategy and business plans		8.63%
Values and leadership behaviour	10.00%	6.25%	Demonstrate leadership to align teams to EnQuest's values and behaviours	Coaching of team activity to create the right culture and behaviours in all day–to–day actions across the Finance team		4.25%
Total:	**100.00%**	**62.51%**				**57.58%**

The annual bonus summary for the Executive Directors for 2019 is shown in the table below. The Committee carefully assessed the achievement of the performance conditions against the CPC for Amjad Bseisu and against the CPC and personal objectives for Jonathan Swinney to determine the overall level of annual bonus for each Executive Director. The HSEA performance adjustment was made by the Committee to the CPC performance outturn.

		Amjad Bseisu		Jonathan Swinney	
Performance measure[1]	Weighting	Max	Actual % payout of salary	Max (50%)	Actual % payout of salary
Production (Mboepd)	25.00%	31.25%	21.93%	15.63%	10.97%
Opex VOWD ($ million)	15.00%	18.75%	17.37%	9.38%	8.69%
Cash capex ($ million)	5.00%	6.25%	5.79%	3.13%	2.90%
Net debt including PIK ($ million)	20.00%	25.00%	23.17%	12.50%	11.58%
Projects	10.00%	12.50%	11.12%	6.25%	5.56%
Kraken	15.00%	18.75%	14.59%	9.38%	7.30%
Culture and Values	10.00%	12.50%	7.88%	6.25%	3.94%
Sub-total	**100.00%**	**125.00%**	**101.86%**	**62.50%**	**50.93%**
Personal objectives	n/a	n/a	n/a	62.50%	57.58%
Total payout (%)[2]	**100.00%**	**125.00%**	**101.86%**	**125.00%**	**108.51%**
Total payout (% of maximum)			**81.49%**		**86.80%**
Total 2019 bonus award (£)			**£478,463**		**£357,475**

Notes:
Rounding may apply
1 In relation to the financial measures, threshold, target and stretch performance pays out at 0%, 60% and 100% of maximum respectively and on a straight-line basis in between threshold and target performance and between target and stretch performance
2 Any bonus that exceeds 100% of the Executive Director's salary is converted into EnQuest shares to be retained for a further two years until April 2022

2017 PSP awards that vest in 2020

The LTIP award made to Executive Directors on 12 September 2017 was based on the performance to the year ended 31 December 2019 and will vest on 12 September 2020.

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

			Performance conditions and weighting				
Grant date	Vesting date	Performance period	Relative TSR	Production growth	Reduction in net debt	Reserves growth	Total award
12 Sep 2017	12 Sep 2020	1 Jan 2017 — 31 Dec 2019	30.00%	30.00%	30.00%	10.00%	100.00%
Below threshold				39,751 Boepd	$1,796.5 million	215.5 MMboe	
Threshold			Median	52,909 Boepd	$1,527.0 million	226.0 MMboe	
Maximum			Upper quartile	68,690 Boepd	$1,257.5 million	237.0 MMboe	
Actual performance achieved			**7th position**	**62,806 Boepd[1]**	**$1,413.0 million**	**198.8 MMboe[1]**	
Percentage meeting performance conditions and total vest			**10.92%**	**21.61%**	**17.02%**	**0.00%**	**49.55%**

Note:
1 Adjusted to include the impact of the non-equity funded element in the acquisition of an additional 75% interest in Magnus

Directors' remuneration report continued

The table below shows the number of nil cost options awarded on 12 September 2017 that will vest on 12 September 2020 and their value as at 31 December 2019. This figure is calculated by taking the average closing share price on each trading day of the period 1 October 2019 to 31 December 2019 and is used as the basis for reporting the 2019 'single figure' of remuneration. The actual value of these shares recorded in the remuneration table will be updated in 2020 to represent the actual value received on the day of vesting.

Name	Total shares	Portion vesting	No. of shares vesting	Average share price £	Value at 31 Dec 2019 £
Amjad Bseisu	4,837,499	49.55%	2,396,980	0.187247	448,827
Jonathan Swinney	3,149,999	49.55%	1,560,824	0.187247	292,260

The 2017 PSP award granted was based on the average middle market quotation of the three dealing days immediately preceding the date of grant of 12 September 2017 of 22.04p. Compared to the average value of the EnQuest share price between 1 October 2019 and 31 December 2019 of 18.72p, this represents a 15% decrease in the share price over the period.

Should the share price be the same at vesting as at grant, with the performance outturn of 49.55%, the value would be 18% higher than currently estimated using the average value of the EnQuest share price between 1 October 2019 and 31 December 2019. The Committee is satisfied that the implied values vesting to Executive Directors and the overall single figures of remuneration for the year are appropriate taking into account the performance of the Company. No discretion has therefore been exercised in relation to this fall in share price.

April 2019 PSP award grant

After due consideration of business performance in 2018, the Remuneration Committee awarded the Executive Directors the following performance shares on 24 April 2019:

	Face value (% of 2018 salary)	Face value at date of grant[1] £	No. of shares	Performance period
Amjad Bseisu	250%	1,151,320	5,215,886	1 Jan 2019 — 31 Dec 2021
Jonathan Swinney	250%	807,500	3,658,260	1 Jan 2019 — 31 Dec 2021

Note:
1 Based on the middle market quote for the three days preceding the date of grant of 22.07 pence

Summary of performance measures and targets — April 2019 PSP grant

The 2019 PSP share awards granted on 24 April 2019 have four sets of performance conditions associated with them, over a three–year financial performance period:

- 30% of the award relates to TSR relative to a comparator group of 14 oil and gas companies over the same period;
- 30% relates to production growth on a Compound Annual Growth ('CAG') basis from a 2019 base level;
- 10% relates to reserves growth (on an absolute basis) from a 2019 base level; and
- 30% is calculated on net debt reduction (on an absolute basis) from a 2019 base net debt figure.

Vesting is determined on a straight–line basis between threshold and maximum for all of the performance conditions.

The performance period for the award will be 1 January 2019 to 31 December 2021, with the awards vesting on 24 April 2022.

2019 PSP — schedule for vesting in 2022

	Relative TSR weighting 30%		Production growth weighting 30%		Reserves growth weighting 10%		Reduction in net debt weighting 30%	
	Performance	Vesting	Performance	Vesting	Performance	Vesting	Performance	Vesting
Below threshold	Below median	0%	Less than 10% growth from base (CAG)	0%	Less than 105% of base	0%	Less than 25% reduction	0%
Threshold[1]	Median	25%	10% growth from base (CAG)	25%	105% of base	25%	25% reduction	25%
Maximum[1]	Upper quartile (or better)	100%	20% growth from base (CAG) (or better)	100%	110% of base (or better)	100%	35% reduction (or better)	100%

Note:
1 Linear between threshold and maximum

PSP measure base levels

These are the historical base levels that performance is measured from, for a three-year period for each annual PSP grant, up to and including the PSP award granted in 2019:

Year of grant	Production growth — base level	Reserves growth — base level	Net debt — base level
2017	39,751 Boepd	215.5 MMboe	$1,796.5 million
2018	37,405 Boepd	210.3 MMboe	$1,991.4 million
2019	55,447 Boepd	245.2 MMboe	$1,774.5 million

The comparator group companies for the TSR performance condition relating to the 2019 PSP award are as follows:

FTSE 350	FTSE All-Share	FTSE AIM — Top 100	NASDAQ OMX Stockholm	Other
Cairn Energy	Premier Oil	Amerisur Resources	Africa Oil	Genel Energy
Ophir Energy[1]	Pharos Energy[2]	Hurricane Energy	Lundin Petroleum	
Tullow Oil		Rockhopper Exploration	Aker BP ASA	
		Bowleven		
		Serica		

Notes:
1 Ophir Energy was acquired by Medco Energi Global on 22 May 2019. Consistent with the agreed methodology of keeping companies subject to M&A in the comparator group, analysis will track the median TSR performance from the date of the event to the date performance is measured
2 Soco International was renamed Pharos Energy in October 2019

The number of PSP awards outstanding as at 31 December 2019 are as follows:

	Total shares awarded	Performance period	Performance conditions (and weighting)	Vesting date
Grant date — September 2017			TSR (30%)	12 Sep 2020
Amjad Bseisu	4,837,499	1 Jan 2017 — 31 Dec 2019	Production growth (30%)	
Jonathan Swinney	3,149,999		Reserves growth (10%)	
			Net debt reduction (30%)	
Grant date — April 2018			TSR (30%)	24 Apr 2021
Amjad Bseisu	3,587,060	1 Jan 2018 — 31 Dec 2020	Production growth (30%)	
Jonathan Swinney	2,335,759		Reserves growth (10%)	
			Net debt reduction (30%)	
Grant date — April 2019			TSR (30%)	24 Apr 2022
Amjad Bseisu	5,215,886	1 Jan 2019 — 31 Dec 2021	Production growth (30%)	
Jonathan Swinney	3,658,260		Reserves growth (10%)	
			Net debt reduction (30%)	

Pension allowance

Executive Directors do not participate in the EnQuest pension plan and instead receive cash in lieu. Both Amjad Bseisu and Jonathan Swinney received £50,000 in 2019. These were equivalent to 10.6% of Amjad Bseisu's 2019 salary and 15.2% of Jonathan Swinney's 2019 salary.

Statement of Directors' shareholding and share interests

The interests of the Directors in the share capital of the Company as at 31 December 2019 are shown below:

In 2019, the following awards were granted, vested and lapsed for the Executive Directors

PSP	31 December 2018	Granted	Lapsed	31 December 2019	Vesting period	Expiry date
Amjad Bseisu	2,645,138		1,171,797	1,473,341	22 Apr 2016 — 22 Apr 2019	22 Apr 2026
	4,837,499			4,837,499	12 Sep 2017 — 12 Sep 2020	12 Sep 2027
	3,587,060			3,587,060	24 Apr 2018 — 24 Apr 2021	24 Apr 2028
		5,215,886		5,215,886	24 Apr 2019 — 24 Apr 2022	24 Apr 2029

Directors' remuneration report continued

PSP	31 December 2018	Granted	Lapsed	31 December 2019	Vesting period	Expiry date
Jonathan Swinney	1,722,415		763,030	959,385	22 Apr 2016 — 22 Apr 2019	22 Apr 2026
	3,149,999			3,149,999	12 Sep 2017 — 12 Sep 2020	12 Sep 2027
	2,335,759			2,335,759	24 Apr 2018 — 24 Apr 2021	24 Apr 2028
		3,658,260		3,658,260	24 Apr 2019 — 24 Apr 2022	24 Apr 2029

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

Statement of Directors' shareholdings and share interests

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

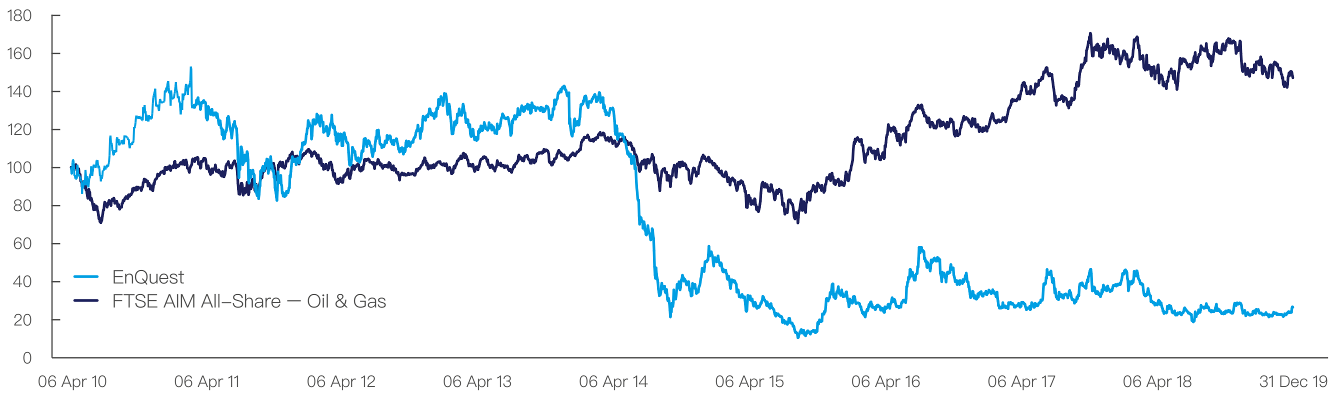
	Legally owned (number of shares)	Value of legally owned shares as % of salary[1]	Unvested and subject to performance conditions under the PSP	Vested but not exercised under the PSP	Vested but not exercised under the RSP	Sharesave	Executive deferrals	Total at 31 December 2019	Value of shareholding as a % of salary[1]
Amjad Bseisu	178,127,658[2]	7,100%	13,640,445	—	—	—	—	191,768,103	7,644%
Jonathan Swinney	290,208	16%	9,144,018	2,167,959	894,551	—	1,963,454	14,460,190	822%
Helmut Langanger	700,000	n/a	n/a	n/a	n/a	n/a	n/a	700,000	n/a
Philip Holland	154,760	n/a	n/a	n/a	n/a	n/a	n/a	154,760	n/a
Carl Hughes	28,571	n/a	n/a	n/a	n/a	n/a	n/a	28,571	n/a
John Winterman	28,571	n/a	n/a	n/a	n/a	n/a	n/a	28,571	n/a
Laurie Fitch	70,000	n/a	n/a	n/a	n/a	n/a	n/a	70,000	n/a
Martin Houston	500,000	n/a	n/a	n/a	n/a	n/a	n/a	500,000	n/a
Howard Paver	—	n/a	n/a	n/a	n/a	n/a	n/a	—	n/a

Notes:
1 Shares are valued by taking the average closing share price on each trading day of the period 1 October 2019 to 31 December 2019
2 As at 31 December 2019, 161,380,583 shares were held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest. 16,579,528 shares were also held by The Amjad and Suha Bseisu Foundation and the remaining 167,547 shares were held by Amjad Bseisu directly

Information not subject to audit

Total Shareholder Return and Chief Executive total remuneration

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



Historical Chief Executive pay — single figure history

The table below sets out details of the Chief Executive's pay for 2019 and the previous six years and the payout of incentive awards as a proportion of the maximum opportunity for each period. The Chief Executive's pay is calculated as per the 'single figure' of remuneration shown elsewhere in this report. During this time, Amjad Bseisu's total remuneration has been:

	2013	2014	2015	2016	2017	2018	**2019**
'Single figure' of total remuneration (£'000s)	1,356	817	884	941	998	1,306	**1,448**
Annual bonus (as a % of maximum)	50	24	27	33	57	79	**81**
Long-term incentive vesting rate (as a % of maximum PSP)	67	79	77	56	11	56	**50**

CEO pay ratio 2019

The CEO pay ratio has been calculated using the 'Option A' methodology which compares the single total figure of remuneration ('STFR') of the CEO to UK employees for the 12-months ending 31 December 2019 on a full-time equivalent basis. This methodology has been chosen as it offers the most accurate and preferred approach for companies to apply based on institutional investor guidelines.

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

Total remuneration is as defined in the single total figure of remuneration for Executive Directors. EnQuest has determined the P25, P50 and P75 individuals with reference to a ranking of total remuneration and by identifying those employees with the most typical pay structure of a UK-based employee. All employees have been included as at 31 December 2019, with remuneration of part-time employees and those employees on statutory leave included on a full-time equivalent basis.

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

				UK STFR		
Financial year	Methodology		CEO	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
2019	A	STFR	£1,448,480	£62,717	£104,769	£129,558
2019	A	Base salary	£469,741	£51,952	£76,503	£87,941

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

Relative spend on pay

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

	2018 $ million	**2019 $ million**
EBITDA	716	**1,007**
Net debt	1,775	**1,413**
Distribution to shareholders	0	**0**
Total employee pay	136	**158**

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

Increase in the Chief Executive's pay relative to the workforce between 2018 and 2019

	Base salary %	Bonus %	Benefits %
Amjad Bseisu	2.0	5.3	0.0
UK employees (average)	2.0	24.9	0.0

Note: UK employees have been chosen as the most appropriate comparator group as the majority of the EnQuest workforce is UK based and their pay structure is comparable to the CEO

Statement of implementation of the remuneration policy for the year ending 31 December 2020

Base salary and 2020 pay review

As stated in the annual statement to this report, the remuneration for the Executive Directors is geared towards variable pay linked to long–term performance targets, with base salaries currently set in relation to benchmarks for the oil and gas industry and comparable sized companies. In the view of the Committee it is therefore important to ensure that the base salaries of the Executive Directors are reviewed annually and that any increase reflects the change in scale and complexity of the role as the Company grows, as well as the performance of the Executive Director. The table below shows the change to salaries for 2020:

Name	Salary for 2019 £	**Salary for 2020 £**	Increase %
Amjad Bseisu	469,741	**479,136**	2.0
Jonathan Swinney	329,460	**338,290**	2.7

The increases for Amjad Bseisu and Jonathan Swinney were implemented from 1 January 2020. The Company employees are, in general, receiving typical salary increases of approximately 1.5% to 3.0%.

Pension and other benefits

The Company will continue to pay a cash benefit in lieu of pension of up to £50,000 in respect of the CEO, with an adjustment schedule applied to the pension benefit for the CFO on a phased basis over two years to align to the wider employee base. The Company will also continue to pay private medical insurance, life assurance and personal accident insurance, the costs of which are determined by third–party providers.

Annual bonus

For the year ended 31 December 2020, the target and maximum annual bonus opportunities for Executive Directors will continue to be 75% of salary at target and 125% of salary at maximum.

The annual bonus scheme for 2020 is structured as follows:

- Awards will be determined based on a balanced combination of financial and operational performance measures;
- Executive Directors (and other executive management) will have threshold, target and stretch performance levels attributed to key performance objectives;
- Amjad Bseisu's bonus will be determined solely by the performance of the Company;
- Jonathan Swinney's bonus will be determined 50% on the performance of the Company and 50% on performance concerning his direct area of responsibility;
- Each part of the bonus will represent a discrete element which will be added together to determine the performance award for the year; and
- Stretching targets will continue to apply to achieve maximum payout.

The 2020 metrics and weightings, which will determine the level of short–term incentive awards for the Directors, are set out below.

Company 2020 performance measures scorecard

Metric	Weighting
Production	40%
Opex VOWD	30%
Capex cash	10%
Environmental Social and Governance	10%
Culture/Values	10%

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

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

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

Performance share awards
2020 PSP awards
The Committee has decided to keep the level of PSP award to be made to Amjad Bseisu and Jonathan Swinney under review. Any 2020 award will be made after the AGM and will be subject to the performance measures and targets set out below.

Summary of 2020 PSP performance measures and targets
The PSP share awards granted in 2020 will have four performance metrics, each of which is measured over a three-year financial period:
- 50% of the award relates to TSR against a comparator group of 13 oil and gas companies;
- 15% relates to production growth (on a CAG basis);
- 5% relates to reserves growth (on an absolute growth basis); and
- 30% relates to net debt (on an absolute reduction basis).

2020 PSP — schedule for 2023 vesting

	Relative TSR		Production growth		Reserves growth		Reduction in net debt	
	Performance	Vesting	Performance	Vesting	Performance	Vesting	Performance	Vesting
Below threshold	Below median	0%	Less than 10% growth from base (CAG)	0%	Less than 105% of base	0%	Less than 25% reduction	0%
Threshold	Median	25%	10% growth from base (CAG)	25%	105% of base	25%	25% reduction	25%
Maximum	Upper quartile (or better)	100%	20% growth from base (CAG) (or better)	100%	110% of base (or better)	100%	35% reduction (or better)	100%

The Committee is still determining the most appropriate base level figures in the light of changing business circumstances and this will be shared with shareholders in due course and fully reported in the 2020 DRR.

2020 PSP award TSR comparator group

Africa Oil
Aker BP
Amerisur Resources
Bowleven
Cairn Energy
Genel Energy
Hurricane Energy
Lundin Petroleum
Pharos Energy
Premier Oil
Rockhopper Exploration
Serica Energy
Tullow Oil

Non-Executive Directors
The fees for the Non-Executive Directors with effect from 1 January 2020 are:

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

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

Advisers to the Committee
Mercer Kepler provided advice to the Remuneration Committee.

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

The fees in respect of 2019 paid to Mercer Kepler totalled £71,045 (excluding VAT). These fees were charged on the basis of the number of hours worked.

Directors' remuneration report continued

Statement of voting at the Annual General Meeting

The table below summarises the voting at the AGM held on 24 May 2018 in respect of the Remuneration Policy and 23 May 2019 in respect of the Directors' Remuneration Report. The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here.

	Number of votes cast for	Percentage of votes cast for	Number of votes cast against	Percentage of votes cast against	Total votes cast	Number of votes withheld
Remuneration Policy (2018)	478,601,098	89.67%	55,126,159	10.33%	533,727,257	22,477,048
Remuneration Report (2019)	621,494,781	81.39%	142,136,742	18.61%	763,631,523	3,295,616

Laurie Fitch
Chair of the Remuneration Committee
8 April 2020

Nomination committee report

> The Nomination Committee has taken the opportunity to review the composition of the Board Committees to ensure that they remain efficient, effective and benefit from new perspectives.
>
> **Martin Houston**
> Chairman of the Nomination Committee

Dear fellow shareholder
As reported in last year's Annual Report, one of the main tasks of the Committee was to recruit a new Chair of the Board. Helmut Langanger, as Senior Independent Director ('SID') of the Company, led the process and I was pleased to be appointed to the position on 1 October 2019. More information on the process relating to my appointment can be found on the following page.

One of my first tasks on appointment as Chairman of the Board and also Chairman of this Committee, was to consider the succession planning process to appoint a new SID for the Company. As explained last year, Helmut Langanger, having served over nine years on the Board, would step down (as SID and as a Non-Executive Director) once a new SID had been identified following the Chairman's appointment. I am pleased to report that Howard Paver, appointed to the Company on 1 May 2019, was elected to role of SID with effect from 31 March 2020. Consequently, Helmut, having stepped down as SID on Howard's appointment to the position, retired from the Board on 31 March 2020. I would like to thank him for his dedication to the Company since its formation and also for his support to me on my appointment.

Since my appointment, the Nomination Committee has taken the opportunity to review the composition of the Board Committees to ensure that they remain efficient, effective and benefit from new perspectives. As a result, membership of some of the Committees has changed; and these changes are highlighted in each of the individual Committee Reports. In addition, as mentioned on page 58, the Company has established a new Technical Committee, which is led by John Winterman. Its activities will be reported in next year's Annual Report.

I look forward to an active year in 2020 for the Committee.

Martin Houston
Chairman of the Nomination Committee
8 April 2020

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

Member	Date appointed Committee member	Attendance at meetings during the year
Jock Lennox[1]	8 September 2016	5/5
Martin Houston[2]	1 October 2019	2/2
Amjad Bseisu	22 February 2010	7/7
Helmut Langanger[3]	16 March 2010	7/7
Howard Paver[4]	15 October 2019	1/1

1 Jock Lennox retired from the Board on 30 September 2019
2 Martin Houston joined the Board and the Committee on 1 October 2019
3 Helmut Langanger retired from the Board on 31 March 2020
4 Howard Paver joined the Board on 1 May 2019 and joined the Committee on 15 October 2019

A Nomination Committee sub–Committee was established to appoint a new Chair of the Board. It was comprised of Helmut Langanger (Chairman), Laurie Fitch, Carl Hughes and Amjad Bseisu.

Nomination committee report continued

Main responsibilities

The core work of the Nomination Committee is to ensure that the Board has the appropriate balance of skills, expertise and experience in order to support the strategy of the Company. Currently, the Board consists of six Non-Executive Directors and two Executive Directors, who collectively bring a diverse mix of skills and experience to the Company and collaborate to provide strong leadership.

The main responsibilities of the Committee are to:
- Review the size, structure and composition (including the skills, experience, independence, knowledge and diversity) of the Board and its Committees in order to recommend changes to the Board;
- Ensure the orderly succession of Executive Directors, Non-Executive Directors and executive and senior management;
- Identify, evaluate and recommend candidates for appointment or reappointment as Directors or Company Secretary, taking into account the benefits of diversity on the Board, including gender, social and ethnic backgrounds, cognitive and personal strengths and the balance of knowledge, skills and experience required to serve the Board; and
- Review the outside directorships/commitments of Non-Executive Directors.

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

Appointment of Non-Executive Directors

We apply a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. For the appointments of Howard Paver and Martin Houston, the Company used an external search firm, Spencer Stuart, which has no connection with the Company. The Committee actively considers Board diversity as part of its thorough review of each candidate, including the balance of skills, knowledge and level of independence they would bring to the Board, and screens for potential conflicts of interest. The Committee also gives careful consideration to other existing commitments a candidate may have and whether they will be able to devote the appropriate amount of time in order to fully meet what is expected of them. Once the Committee has identified a suitable candidate, a recommendation is made to the Board for appointment.

Committee activities during the year

The Nomination Committee met seven times in 2019. Its key activities included:

Structured Board succession planning

- The search for a new Chairman was initiated early in 2019, and a Nomination sub-Committee, led by Helmut Langanger, was established accordingly. The sub-Committee reviewed potential candidates and met with each of those shortlisted to establish their suitability to lead the Board of EnQuest. After a robust selection process, it was recommended that Martin Houston be appointed as Chairman of the Board, given his extensive senior management and industry experience. The Board agreed to the proposal and as a result, Martin Houston was appointed on 1 October 2019.
- As stated in the Annual Report last year, Howard Paver was appointed as an independent Non-Executive Director with effect from 1 May 2019. As previously highlighted, Howard has since been appointed as SID of the Company. The search for a SID was conducted internally as it was considered that, on this occasion, an external search was not considered appropriate because the Company had obtained a good appreciation of the current external candidate pool during recent appointments to the Board.
- On the Chairman's appointment and following a review of the composition of the Board, it was agreed that, given the retirement of Helmut Langanger from the Board, a further Director, with extensive financial and capital markets experience, would be an asset to the Company given the strong technical skills of a number of the current Board members. Spencer Stuart has been selected to lead the search.

Development and employee succession planning

The Board and Nomination Committee remain satisfied that the individuals currently fulfilling key executive and senior management positions in the Group have the requisite depth and breadth of skills, knowledge and experience to ensure that orderly succession to the Board and Executive Committee can take place. Over the course of the year the Committee has considered executive and senior management development, which has been conducted via workshops and development programmes across all locations and has also included invitations to Board dinners which are held prior to each Board meeting. Succession planning is regularly discussed. The Committee has continued to develop the process for encouraging and supporting high potential employees via a structured programme, as well as more informal activities such as invitations to breakfast meetings hosted by Directors.

Annual evaluation

Each year, the Board is required to carry out an evaluation of its own effectiveness as required by the Code. As the 2018 review was carried out by an external adviser, it was agreed that the Chairman would conduct an internal review for 2019. The process consisted of a structured questionnaire circulated to Directors and subsequently discussed with them, individually and collectively, by the Chairman. The key themes that had arisen from the 2018 process and which remained relevant for the 2019 review included:
- Succession planning and Board composition;
- Board governance processes;
- Board performance and strategy; and
- Employee culture and Values.

The results of the evaluation were discussed at the January 2020 Board meeting whereby it was concluded that the Board, its Committees and individual Directors remained well governed and acted in a positive and collaborative manner. It was agreed that the following themes arising from the evaluation would be addressed over the course of the year:

- Continued implementation of changed protocol for Board papers and presentation;
- Monitoring of reorganised Committee memberships;
- Progress of Technical Committee activities; and
- Environment, Social and Governance considerations.

The evaluation also identified a number of topics for the Board to address during the course of 2020 in areas such as strategy, organisational excellence, target setting and climate change. Full Board discussions and subsequent actions are being carried out in a structured programme through 2020.

There was no performance review for the Chairman in 2019. As Jock Lennox stepped down from the role on 30 September 2019 and Martin Houston was appointed on 1 October 2019, a performance review was not deemed necessary.

Re–election to the Board

Following a review of the effectiveness of the Board, the Nomination Committee confirms that it is satisfied with both the performance and the time commitment of each Director throughout the year. The Committee also remains confident that each of them is in a position to discharge their duties to the Company in the coming year and that together they continue to bring the necessary skills required to the Board. Detailed biographies for each Director, including their skills and external appointments, can be found on pages 54 to 55.

Priorities for the coming year

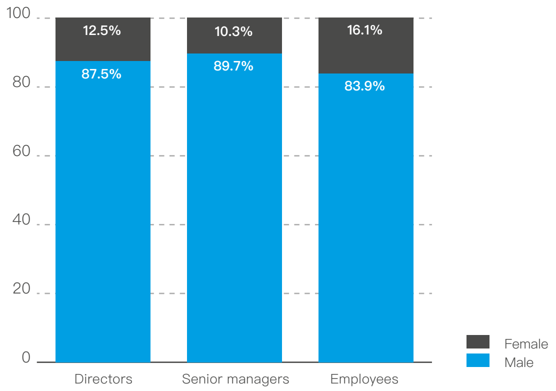
As well as addressing those issues highlighted in the annual evaluation, the main focus of the Committee in 2020 will be to ensure that the composition of the Board continues to complement the requirements of the Company and that succession planning of the Executive Directors, executive and senior management and development planning for high–potential individuals within the Company ensures that the Company's organisation has both the necessary capacity and capabilities in delivering its principal activities.

Boardroom diversity

The Board's continued policy is that we will work hard to recruit from a diverse background of candidates, not just in relation to gender, and appoint the best candidate available for the job on merit and against objective criteria. The objective of the policy is to have the most effective Board possible so that it is able to discharge its duties and responsibilities. We continue to seek to strive for the appropriate balance of the Board as we progress our succession planning.

In March 2019, the Board agreed an EnQuest–wide Diversity and Inclusion Policy; this aligns with the Company's Values which incorporate respect and openness and appreciates the diversity of all our employees, recognising that those from with different backgrounds, experience and abilities can bring fresh ideas, perspectives and innovation to improve our business and working practices.

The chart below illustrates gender breakdown among our Directors and workforce as at 31 December 2019.



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

Safety and risk committee report

"EnQuest aims for the highest standards of HSEA and the Committee will continue to ensure that the Group strives for continual improvement.

Philip Holland
Chairman of the Safety and Risk Committee

Dear fellow shareholder

On behalf of the Board and my fellow Committee members, I am pleased to present EnQuest's Safety and Risk Committee Report in what has been a productive year for the Committee. As outlined in this report, throughout 2019 we have continued to undertake detailed analysis of specific risk areas and associated controls and paid particular attention to enhancing performance monitoring and reporting and continuous improvement planning.

The Board also agreed during the year to reaffirm the Group's robust commitment to Health, Safety, Environment and Assurance ('HSEA'), renaming the Risk Committee the Safety and Risk Committee and enhancing the Committee's terms of reference. This recognises that EnQuest aims for the highest standards for HSEA and the Committee will continue to ensure that the Group strives for continual improvement such that personal integrity and asset integrity are never compromised and our personnel are not exposed to any danger to life or liberty. This commitment was demonstrated on the Thistle platform, where a precautionary down-man was undertaken based upon the findings from a sub-sea inspection campaign on an unused crude oil storage tank. The action taken demonstrates unequivocally the position that EnQuest takes when it comes to prioritising safety over production. Indeed, HSEA standards and their interaction with the Group's culture remains a priority for the Committee. Accordingly, the Committee is pleased to report that the Group: (i) has further developed HSEA key performance indicators to allow the Committee to obtain more visibility on the Group's HSEA performance; and (ii) is in the process of aligning its HSEA systems and processes between Malaysia and the UK North Sea.

However, throughout 2019, there were many opportunities for us to learn and none more so than the compressor incident on Heather. Our internal investigation had identified areas for improvement and we have shared these learnings across the Group to ensure that we do not have a recurrence of this type of event, with particular focus on hydrocarbon release prevention.

The Committee has determined that the Group continues positively to evolve its processes for identifying and managing risks and mitigating their impact, which in turn supports the Group in achieving its strategy. Further, undertaking in-depth analysis of specific risk areas (as described below) has allowed the Committee to mitigate any potential deficiencies and refine existing controls for reviewed risk areas. The Committee remains confident that these exercises will be critical in achieving excellence and robustness in the Group's risk management processes.

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

Philip Holland
Chairman of the Safety and Risk Committee
8 April 2020

Safety and Risk Committee responsibilities

The main responsibilities of the Committee are to:

- Undertake in–depth analysis of specific risks, including emerging risks, in relation to the Company and consider existing and potential new controls;
- Support the implementation and progression of the Group's Risk Management Framework;
- Review the Group's HSEA performance and the effectiveness of its policies and guidelines in managing HSEA risks and reporting; and
- Conduct detailed reviews of key non–financial risks not reviewed within the Audit Committee.

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

Safety and Risk Committee membership

Membership of the Committee and attendance at the four meetings held during 2019 is provided in the table below:

Member	Date appointed Committee member	Attendance at meetings during the year
Philip Holland[1]	25 January 2016	3/4
Laurie Fitch	8 January 2018	4/4
Carl Hughes	1 January 2017	4/4
John Winterman[2]	7 September 2017	3/3

Notes
1 Philip Holland was unable to attend the December meeting due to prior commitments conflicting with a rescheduled date for the Committee meeting
2 John Winterman stepped down from the Committee on 15 October 2019 to become Chair of the Technical Committee

Committee activities during the year

During 2019, the Committee:

- Drove continued refinements to the Group's Risk Management Framework, including enhanced performance monitoring and reporting and continuous improvement planning;
- Reviewed the Group Risk Register, assurance map and risk report (focusing on the most critical risks and emerging and changing risk profiles. This included obtaining assurance that the risks associated with climate change are appropriately assessed and incorporated within relevant risk areas);
- Undertook a post–investment appraisal of Scolty/Crathes and applied learnings from the appraisal to other projects, including the Dunlin Bypass, and a review of Kraken to monitor and review progress and identify any areas for further improvement;
- Undertook a deep–dive of 'cessation of production and decommissioning' risks (and identified improvements to controls, for example, in relation to the resourcing structure for the relevant function) and the HSEA major accident hazard barrier model;
- Reviewed the status of oil price, external and portfolio risks. This included the impact of climate change risks in relation to the Group's principal risks, continuing the Group's progress in assessing climate change risks in relation to the Company's future plans and strategy;
- Received routine updates on HSEA (including reviewing the Group's performance along with ongoing and planned HSEA activities) and cyber–security risk; and
- Developed its terms of reference to affirm and strengthen its role in relation to HSEA.

For further information on these risks, please see the Risks and Uncertainties section on pages 44 to 53.

Priorities for the coming year

In 2020, the Committee is continuing its focus on undertaking detailed analyses of key risk areas, including those relating on HSE, culture and failure to deliver on business targets. It will also consider whether 'climate change' should be recognised and managed as a discrete, 'principal risk' as distinct from the Company's current approach, which recognises the impacts and actions relevant to climate change across its current principal risk areas. Ongoing assessment of existing and emerging risks and associated controls in place will ensure that the potential effects of climate change, and other related factors, continue to be identified, considered and risk assessed appropriately within the Group's Risk Management Framework.

The Directors of EnQuest present their Annual Report together with the Group and Company audited financial statements for the year ended 31 December 2019.

Stefan Ricketts
Company Secretary

Directors

The Directors' biographical details are set out on pages 44 to 53. Martin Houston will offer himself for election at the Annual General Meeting ('AGM') on 21 May 2020, with the other Directors offering themselves for re-election.

Employee engagement

EnQuest operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. Employees are informed about significant business issues and other matters of concern via regular Town Hall meetings, email/electronic communications, as well as face-to-face briefing meetings at business locations. Appropriate consultations take place with employees when business change is undertaken. An Employee Forum, to allow for direct employee engagement with the Board of Directors, was established in early 2019 and information on its activities can be found on page 38. EnQuest offers employees the opportunity to participate directly in the success of the Company and employees are encouraged to invest in the Company through participation in a number of share schemes, such as the Save As You Earn ('SAYE') Share Scheme. 72% of eligible employees currently participate in SAYE.

Substantial interests in shares

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

Name	Number of Ordinary shares held at 31 December 2019	% of issued share capital held at 31 December 2019[2]	Number of Ordinary shares held as at 28 February 2020	% of issued share capital held as at 28 February 2020[2]
Bseisu consolidated interests[1]	178,127,658	10.50	178,127,658	10.50
Aberforth Partners LLP	125,824,942	7.42	126,094,942	7.44
Baillie Gifford & Co Ltd	81,505,905	4.81	83,914,891	4.95
Hargreaves Lansdown Asset Management	81,248,325	4.79	77,350,148	4.56
Dimensional Fund Advisors	73,059,924	4.31	73,660,373	4.34
Schroder Investment Management	61,557,591	3.63	70,076,196	4.13
BlackRock Inc.	56,232,927	3.32	59,298,501	3.50
Signal Capital Partners LLP	51,036,396	3.01	51,036,396	3.01

Notes:
1 161,380,583 shares are held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest. 16,579,528 shares are also held by The Amjad & Suha Bseisu Foundation and 167,547 shares are held directly by Amjad Bseisu
2 Rounding applies

Directors' interests

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

Name	At 31 December 2019	At 8 April 2020
Amjad Bseisu[1]	178,127,658	178,127,658
Helmut Langanger	700,000	700,000
Laurie Fitch	70,000	70,000
Martin Houston	500,000	500,000
Carl Hughes	28,571	28,571
Philip Holland	154,760	154,760
Howard Paver	—	—
Jonathan Swinney	290,208	762,894
John Winterman	28,571	28,571

Note:
1 161,380,583 shares are held by Double A Limited, a discretionary trust in which the extended family of Amjad Bseisu has a beneficial interest. 16,579,528 shares are also held by The Amjad & Suha Bseisu Foundation and 167,547 shares are held directly by Amjad Bseisu

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

Share capital
The Company's share capital during the year consisted of Ordinary shares of £0.05 each ('Ordinary shares'). Each Ordinary share carries one vote. At 31 December 2019, following the issue via a block listing of 1,395,807 Ordinary shares to satisfy the maturity of an employee SAYE award, there were 1,695,801,955 Ordinary shares in issue. All of the Company's issued Ordinary shares have been fully paid up. Further information regarding the rights attaching to the Company's Ordinary shares can be found in note 20 to the financial statements on page 141. No person has any special rights with respect to control of the Company.

The Company did not purchase any of its own shares during 2019 or up to and including 8 April 2020, being the date of this Directors' Report. At the 2020 AGM, shareholders will be asked to renew authorities relating to the issue and purchase of Company shares. Details of the resolutions are contained in the Notice of AGM, which can be found on the Company's website www.enquest/shareholderinformation.

Company share schemes
The trustees of the Employee Benefit Trust ('EBT') did not purchase any Ordinary shares in the Company during 2019 except for 1,395,807 shares which were acquired through the SAYE-related block listing, having been funded by a loan by EnQuest Britain Limited of £180,000. At year end, the EBT held 2.55% of the issued share capital of the Company (2018: 4.32%) for the benefit of employees and their dependants. The voting rights in relation to these shares are exercised by the trustees.

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

Annual General Meeting
The Company's AGM will be held at 5th Floor, Cunard House, 15 Regent Street, London, SW1Y 4LR on 21 May 2020. Formal notice of the AGM, including details of special business, is set out in the Notice of AGM which accompanies this Annual Report and Accounts and is available on the Company's website at www.enquest.com.

Registrars
In connection with the Ordinary shares traded on the London Stock Exchange, the Company's share registrar is Link Asset Services. For the Ordinary shares traded on NASDAQ OMX Stockholm, the Company's share registrar is Euroclear Sweden. Full details of both registrars can be found in the Company Information section on page 169.

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

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

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

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

(d) the Company's Euro Medium Term Note Programme (under which the Company has in issue Euro Medium Term Notes originally due 2022 with an aggregate nominal amount of approximately £177.9 million, including capitalised interest, at the date of this report), pursuant to which, if there is a change of control of the Company, a holder of a note has the option to require the Company to redeem such note at its principal amount, together with any accrued interest thereon; and

(e) under the indenture governing the Company's high yield notes originally due 2022, which at the date of this report have an aggregate nominal amount of approximately $746.1 million, including capitalised interest, if the Company undergoes certain events defined as constituting a change of control, each holder of the high yield notes may require the Company to repurchase all or a portion of its notes at 101% of their principal amount, plus any accrued and unpaid interest.

Political donations
At the 2019 AGM, a resolution was passed giving the Company authority to make political donations and/or incur political expenditure as defined in Sections 362 to 379 of the Companies Act 2006. Although the Company does not make and does not intend to make political donations or to incur political expenditure, the legislation is very broadly drafted and may catch such activities as funding seminars or functions to which politicians are invited, or may extend to bodies concerned with policy review, law reform and representation of the business community that the Company and its subsidiaries might wish to support.

No political donations were made in 2019 by the Company or any of its subsidiaries.

Directors' report continued

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

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

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

Independent auditor
Following a tender process, the Audit Committee recommended to the Board that Deloitte be appointed as auditor of the Company the financial year ended 2020 and Deloitte expressed its willingness to act as such. An ordinary resolution to appoint Deloitte as auditor of the Company and authorising the Directors to set its remuneration will be proposed at the forthcoming AGM. Information on the Company's policy on audit tendering and rotation and also the 2019 tender process is found on page 69.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 53. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 28 to 33. The Board's assessment of going concern and viability for the Group is set out on pages 32 to 33. In addition, note 27 to the financial statements on pages 151 to 153 includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

		2019		2018		2015[1]
SECR reporting year		SECR (Operational Control) Scope	ISO–14064 Verified Scope	SECR (Operational Control) Scope	ISO–14064 Verified Scope	Baseline
Scope 1 (direct combustion) and Scope 2 (consumed electricity and steam) emissions	Total Emissions tCO_2e^2	1,511,650	1,134,581	1,802,435	1,298,303	1,149,743
	Extraction Emissions tCO_2e^2	1,404,788	1,027,719	1,661,565	1,157,432	869,692
	Extraction Intensity ratio $kgCO_2e/boe^2$	40.55	36.27	50.51	43.14	45.65
	Terminal (SVT) Emissions $tCO_2e^{2/3}$	106,862	106,862	n/a	140,870	280,051
	Terminal (SVT) Intensity ratio $kgCO_2e/boe^2$ throughput[3]	3.47	3.47	n/a	4.65	6.87

Notes:
1 When it is considered that the portfolio of assets under a Company's operational control has changed significantly, the baseline, which is based on Verified Scope data, is recalculated to an appropriate comparative period for which good data is available. As such, the baseline is currently 2015
2 tCO_2e = tonnes of CO_2 equivalent. $kgCO_2e$ = kilogrammes of CO_2 equivalent. BOE = barrel of oil equivalent. EnQuest is required to report the aggregate gross (100%) emissions for those assets over which it has operational control. As such, the extraction intensity ratio is calculated by taking the aggregate gross (100%) reported Scope 1 and 2 $kgCO_2e$ from those assets divided by the aggregate gross (100%) hydrocarbon production from the same assets. The throughput ratio is calculated by taking the aggregate gross (100%) reported Scope 1 and 2 $kgCO_2e$ from SVT divided by the aggregate total throughput at the terminal
3 Note on Uncertainty: The uncertainty for total emissions within the verified scope is calculated as 3%. SVT emissions in isolation are not with 5% due to the steam and electricity meters for SVT not having supportable uncertainties

Emissions relating to Voluntary Scope 3 (Helicopter Flights UK Operations) have not been reported in 2019 with the Group's resources focused on current operations and associated infrastructure

MCR (Operational Control) Scope

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

ISO–14064 Verified Scope

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

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Further disclosures

Further disclosure requirements as required by the Companies Act 2006, Schedule 7 of the Large and Medium–sized Companies and Groups (Accounts and Reports) Regulations 2008, The Companies (Miscellaneous Reporting) Regulations 2018 and the FCA's Listing Rules and DTR are found on the following pages of the Company's Annual Report and are incorporated into the Directors' Report by reference:

Disclosure	Page number
Future developments	13
Acquisitions and disposals	156 to 158
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The Directors' Report was approved by the Board and signed on its behalf by the Company Secretary on 8 April 2020.

Stefan Ricketts
Company Secretary