

## Corporate responsibility review



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Ensuring we deliver SAFE Results is a top priority and we are committed to driving continual improvement across our operations.

**Sandy Fettes**  
Technical Services Director





### HSEA

Group Lost Time Incident frequency rate<sup>1</sup>

# +32.6%



Greenhouse gas emissions intensity ratio<sup>2</sup>

# -19.7%



### Group non-financial information statement

The following information is prepared in accordance with Section 414CB(1) of the Companies Act 2006.

## Environment

- EnQuest's priority is delivering SAFE Results, with no harm to our people and respect for the environment
- Our Environmental Management System ensures our activities are conducted in such a way that we manage and mitigate our impact on the environment, which includes permitted hydrocarbon releases and discharges. Non-compliant releases and discharges from the Group's operations carry adverse reputational, financial and other consequences
- The Group acknowledges that a reduction in carbon emissions is of primary importance if the objectives of the UK Climate Change Act (2008) and the 2015 Paris Agreement are to be met. EnQuest endeavours to reduce carbon emissions from its operations where practicable and during 2020 a systematic programme of work is being undertaken to put in place plans that will deliver a pathway to support this
- The Group continues to evolve its disclosures in accordance with the recommendations of the Taskforce on Climate Related Financial Disclosures. 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

See pages 36 to 37

## Our people

- We are committed to ensuring that EnQuest is a great place to work
- EnQuest is committed to improving workforce diversity across the Company. During 2020, enhanced diversity balance will continue to be a core driver of our recruitment, employment and training policies
- The Group-wide employee forum has improved engagement between the workforce and the Board through a series of meetings held during the year
- Across the Group, we launched a number of growth and learning initiatives in line with our Values
- The Group-wide employee survey saw more than 70% of our employees providing valued feedback, allowing us to better measure and understand the organisation and target improvements that matter to our people

See pages 38 to 40

## Community

- EnQuest is fully committed to active community engagement programmes and encourages and supports charitable donations in the areas of improving health, education and welfare within the communities in which it works
- In the UK, the Group supported a diverse range of charities and continued to be a key sponsor of a number of important local community programmes on Shetland
- In Malaysia, our teams continue to support an active programme of local community initiatives and charities, and we have seen the development of a strong sponsorship programme in 2019 for both internships and graduates

See pages 40 to 41

## Business conduct

- The Group has a Code of Conduct that sets out the behaviour which the organisation expects of its Directors, managers and employees, and of our suppliers, contractors, agents and partners
- This code addresses the Group's requirements in a number of areas, including the importance of health and safety and environmental protection, compliance with applicable law, anti-corruption, anti-facilitation of tax evasion, anti-slavery, addressing conflicts of interest, ensuring equal opportunities, combatting bullying and harassment and the protection of privacy

See page 40

### Notes:

- 1 Lost Time Incident frequency represents the number of incidents per million exposure hours worked (based on 12 hours for offshore and eight hours for onshore)
- 2 Ratio expressed in terms of kilograms of CO<sub>2</sub> emissions per EnQuest-produced barrel of oil equivalent and represents combined Scope 1 and Scope 2 extraction related emissions. See page 100 for more information

## Corporate responsibility review continued

### Health, Safety, Environment and Assurance ('HSEA')

The EnQuest Board continues to receive regular information on the HSEA performance of the Company, and specifically monitors health, safety, environmental and assurance reporting at each Board meeting and meetings of the Safety and Risk Committee, conscious that the Company may face reputational and/or financial risks should an incident occur. The key components of EnQuest's HSEA policy (which can be found on the Group's website, [www.enquest.com](http://www.enquest.com), under Corporate responsibility) are that the Company is committed to operating responsibly and will not compromise its health, safety or environmental standards to meet its business objectives. Our team at Thistle demonstrated EnQuest's pro-active approach to safety when they decided to shut down and down-man the Thistle platform in October 2019. This action followed the identification of a deterioration in the condition of a support plate connecting one of the storage tanks to the facility's legs as part of our routine inspection programme.

### Health and Safety

Good progress was made with the leading metrics in areas such as safety-critical maintenance backlog, leadership site visits and close out of actions from incidents and audits, demonstrating our commitment to be proactive with regard to HSEA. In both Malaysia and the UK, positive feedback from the respective regulators was received regarding the levels of transparency and trust that have been generated, and we have improved the dissemination of learnings within EnQuest and across the industry.

In occupational safety, our Lost Time Incident ('LTI') performance was mixed. During 2019, our teams at Kittiwake and PM8/Seligi recorded 14 and nine new LTI free, respectively, while our Thistle and Northern Producer assets in the UK North Sea and the Tanjong Baram asset in Malaysia all recorded an LTI-free year. These are great achievements considering the ongoing backdrop of high activity levels and the age of our assets. However, there was an increase in the number of minor injuries in the UK and there was a high-potential incident associated with the KT03 compressor lube oil system at the Heather platform. In addition, reportable hydrocarbon releases across the UK operated assets increased to 11 from six in 2018, however, released quantities were generally low. We continue to learn from these events through extensive root cause analysis and the subsequent development and sharing of any required improvements

across EnQuest's assets in an effort to limit the chance of reoccurrence. Such issues highlight the need for everyone to remain focused at all times on delivering SAFE Results, adjusting actions and behaviours accordingly to suit the situation. Across the Group, a learning culture is being developed with a number of knowledge sharing sessions held between Malaysia and the UK to promote good practices, resulting in greater collaboration during 2019 with further integration of health and safety arrangements planned in 2020.

Further evidence of our ongoing commitment to continual improvement was demonstrated through the following activities in 2019:

### UK North Sea

- Continued raising workforce awareness of SAFE behaviours and control of major accident hazards ('MAH') via workshops, which provide a lasting demonstration of the potential consequences of hydrocarbon releases;
- Delivered the internal audit programme as planned, noting a number of audits were extended into the first quarter of 2020 due to business priorities on Heather, Thistle and at SVT. The learning opportunities identified throughout the assurance framework will further enhance our business performance in 2020, with additional opportunities identified to improve the MAH assurance process;
- Achieved a 55% reduction in the number of overdue and deferred safety critical repair orders compared to 2018;
- Continued with the roll-out of life-saving rules to underline the importance of maintaining standards and encouraging procedural compliance in our high-risk activities;
- Supported industry groups such as Step Change in Safety and Oil & Gas UK with our ongoing commitment to simplification initiatives;
- Exceeded the target for site safety-leadership visits. Leadership engagement is an important part of the safety programme and the quality and depth of these visits continues to increase, with a focus on process safety, workforce engagement, control of work and wellbeing. Members of the Aberdeen team took part in the 'boots on for safety' campaign, visiting the offshore assets, SVT, Aberdeen and Dubai offices with senior leaders from our contracting organisations; and

- Targeted wellbeing as an area of improvement for the EnQuest workforce with a number of initiatives successfully delivered, including: establishing a wellbeing committee to co-ordinate activities; almost 100 onshore personnel participated in a global health challenge; almost 400 personnel participated in the offshore fitness challenge 'RigRun'; and 84 personnel were trained on mental health and wellbeing matters.

### Malaysia

- Excellent overall workplace safety performance was achieved with zero LTI's and a Total Recordable Injury Frequency ('TRIF') of 0.4 per million man hours (2018 TRIF: 1.0 per million man hours);
- PM8/Seligi achieved a milestone of nine years without an LTI and EnQuest Malaysia remained LTI free since its inception as an operator in March 2014, with Tanjong Baram also remaining incident free since the start of the fields development;
- A greater than 60% reduction in reported hydrocarbon loss of pressure containment events, with zero major hydrocarbon releases;
- Continued improvement in awareness of MAH Barrier management;
- Significantly reduced the proportion of safety critical maintenance deferrals, indicating excellent performance in relation to the maintenance of safety critical systems;
- Achieved zero overdue safety critical actions at the end of the year;
- Made excellent progress with the closeout of actions from the 2016 and 2018 Integrated Operational Asset Integrity Assurance ('IOAIA') audits, with 100% closure of the 2016 IOAIA and around two-thirds closure of the actions, ahead of plan, from the 2018 audit;
- Received awards from PETRONAS for excellence in offshore self-regulation and the 100% closure of 2016 IOAIA actions;
- Continued operation of the Malaysia HSE Committee and held the inaugural HSE representatives forum (for all HSE committee representatives from onshore and offshore);
- Held the third annual contractor HSE management forum, with an increased attendance from our valued partners;
- Held the first employee HSE forum in Malaysia, which will be incorporated with the contractor HSE forum from 2020; and
- Held a two-day media crisis-communications training course attended by all of the Malaysia leadership team.

## Environment

EnQuest welcomes the drive for increased governance and transparency in relation to climate change, and discloses its assessment of associated potential risks to the execution of its strategy within the risks and uncertainties section of this report (see page 44). The Company's place within the wider energy transition is to improve performance and efficiencies at producing assets through short-cycle investments, avoiding the need for costly, carbon intensive and long-dated new developments. EnQuest recognises that industry, alongside other key stakeholders such as governments, regulators and consumers, must contribute to reduce the impact of carbon-related emissions on climate change. As such, the Group aims to reduce carbon and other atmospheric emissions from its operations where practicable. At present, the Group

endeavours to do so through improving operational performance, minimising flaring and venting where possible, and applying appropriate improvement initiatives, noting the ability to reduce carbon emissions is constrained by the original design of our later-life assets where the main sources of atmospheric emissions come from combustion plant associated with power generation and flaring.

Current legislation requires the UK to achieve net-zero by 2050. EnQuest is committed to contribute positively towards achieving this target and in 2020, a systematic programme of work is being undertaken to put in place plans that will deliver a pathway to support this. These plans will include specific, measurable emissions reduction targets, supported by specific projects, which will form the basis of our 2021 corporate targets. EnQuest will engage internally with

our operational and commercial teams and externally with industry bodies, such as Oil and Gas UK, to understand how we can make a difference in our emissions performance. With its low-sulphur content, demand for Kraken oil increased through 2019 and into 2020 as buyers in the maritime industry recognised it is playing a valuable part in reducing sulphur emissions in accordance with the International Maritime Organisation's new regulations that limit the sulphur content of bunker fuel. By selling directly to the fuel oil market, Kraken cargoes also avoid refining-related emissions. In Malaysia, EnQuest reduced flaring rates to approximately 45% below the regulatory limit as a result of high levels of compression uptime and enhanced optimisation of high gas:oil ratio wells. At the Sullom Voe Terminal, the Group's transformation programme includes plans to reduce emissions by approximately 80% by materially reducing the size of the onsite power plant and importing wind powered energy to meet the terminal's future needs. The Group will continue to report its greenhouse gas emissions as required.

There were no major spills to sea in either the UK or Malaysia. During 2019, the UK published its environmental compliance manual which, along with training and awareness sessions, has been designed to inform the workforce of our environmental responsibilities and help to improve environmental performance. EnQuest is an active member of Oil Spill Response Limited which provides a global response to oil spills through response and intervention services. It is the largest international cooperative funded by industry. In Malaysia, the Group is also a member of the Petroleum Industry of Malaysia Mutual Aid Group, which provides oil spill response and associated training for its members.

In Shetland, we remain committed to the continuing protection of the outstanding natural environment around the terminal through our support of the Shetland Oil Terminal Environmental Advisory Group ('SOTEAG'). Over four decades, SOTEAG has helped to ensure that Sullom Voe's special geographical and biological features remain unspoiled through high-quality marine environmental monitoring and management. EnQuest acknowledges the environmental sensitivities at SVT and the surrounding area. SVT operates under a Pollution Prevention and Control ('PPC') permit, granted by the Scottish Environmental Protection Agency ('SEPA').



## Corporate responsibility review continued

### People

#### A fair and rewarding work environment

We recognise our people are critical to our success and are committed to ensuring that EnQuest is a great place to work. Following the re-launch of our Company Values (which are outlined on page 7 of this report) in early 2019, our teams have been working hard to embed them into a number of our processes, such as our Human Resources appraisal and development procedures, and our way of working. A number of our employees received recognition for actively demonstrating our Values in the delivery of their objectives and we are developing further recognition initiatives for exceptional performance delivered in alignment with our Values.

We have made a firm commitment to provide our teams with growth and learning opportunities and our people development programmes have focused content aligned to our five Values. For example, the Group's Leadership Excellence Programme is designed to enhance our leaders' capabilities in delivering in their current and future roles within EnQuest. Learning and development also includes a focus on diversity, with unconscious bias training delivered to senior managers, while a training course on understanding and managing mental wellbeing is under development.

In our Malaysian offshore organisation, ensuring we continue to develop appropriate competency levels remains a priority. Job levels for the Group's offshore operations have been redefined, creating growth, learning and leadership opportunities. Eighty offshore operations employees embarked on a three-year competency enhancement programme during 2019. This programme is being run by INSTEP, a PETRONAS subsidiary service specialising in training and development of upstream oil and gas personnel. For our onshore personnel, an e-learning platform providing access to training modules in topics relevant to their areas of work has been made available, enabling employees to gain information and knowledge throughout the year at a self-defined pace. Completion will be monitored as part of the onshore competency assurance process. Reflecting the commitment EnQuest has displayed to developing its people, PETRONAS has approved a further one-year extension of EnQuest's Privilege Programme status.

In the UK, we standardised our offshore structures and implemented a consistent offshore rota pattern

“ We understand the importance of encouraging a culture of respect and openness and strive to create an environment where all individuals, teams and the Company as a whole can learn, develop and improve.

for all EnQuest employees in operations, maintenance and core safety positions. We also converted over 150 technicians from one of our contract service providers to EnQuest employees as part of these standardisation plans. These changes combined are expected to facilitate development and personnel movements and a better work-life balance.

#### Engagement

Throughout 2019, we have continued our structured programme of engagement through, for example, electronic communications, town halls, business briefings and meetings between top talent individuals and the Board. In addition, we established a Group-wide employee forum to establish a direct channel between the Board and our most valuable asset, our employees, as well as to improve further workforce engagement across the Company. The forum is jointly chaired by two Non-Executive Directors, Laurie Fitch and Phil Holland, and comprises 12 employee representatives from across the Group's onshore and offshore facilities. A total of four meetings were held during 2019 at which the members discussed a variety of topics including operational effectiveness, process enhancements, wellbeing, communications, people development and Company culture. Conclusions from these meetings are actively reported to and discussed by the

Board and the leadership teams.

The forum has already resulted in recommendations and measurable improvements in EnQuest's way of working and we believe the Company and its shareholders are better served as a result. Ongoing action plans continue to be developed and implemented over the near term, primarily focused on diversity, flexible working, workforce wellbeing, internal communications, personal development and maximising efficient working practices.

In November, the Group launched a Group-wide employee survey in order to better measure and understand the organisation to assist in the ongoing development of EnQuest, targeting any improvements that matter to our people. The survey closed in early January 2020 and more than 70% of our employees provided valued feedback. The results were presented to the Board in late January and rolled out to local leadership teams and managers in February. Employee communications and action plans were subsequently developed, with various focused activities planned to support highlighted areas for improvement across the business as required.

As part of the Group's transformation programme at the onshore Sullom Voe Terminal ('SVT'), significant progress has been made whilst staying focused on SAFE Results. The teams have been enthusiastic in shaping



the terminal's future and the Oil & Gas Authority endorsed the revised SVT owner's strategy to extend the life of the facility in support of maximising economic recovery for the 33 offshore fields that currently export crude oil through the terminal. During 2019, EnQuest entered into a consultation with employees on a controlled reduction to the existing workforce and better alignment of employees' terms and conditions with market rates. The consultation period ended in September, with the required workforce reduction achieved through a combination of voluntary redundancies and the redeployment of employees across EnQuest's assets. Many of these changes came into effect in the first quarter of 2020 through a structured and controlled management of change. EnQuest has also been in negotiation with UNITE, the union ('UNITE'), with respect to some specific proposed changes to terms and conditions for their members. In March, UNITE informed EnQuest that they will ballot their members on the Company's offer, with a recommendation that it is accepted.

The Aberdeen-based wellbeing committee, established in 2019, enjoyed an active year organising two mental health awareness courses for parents and carers at which more than 40 staff participated. In addition, the committee ran three training courses on managing anaphylaxis attended by over 35 people and led the move to become the main sponsor of the Corporate Games 2020 in Aberdeen, which will see teams from 30 companies compete in ten different sporting events throughout the year.

EnQuest Malaysia strongly encourages a healthy lifestyle for all employees and initiated a 'Let's Get Fit' programme in collaboration with Petronas Malaysia Petroleum Management ('MPM') and Petroleum Arrangement Contractors ('PACs'). Staff were invited to participate in 17 wellness classes to stay healthy and keep fit. 2019 also saw the establishment of a Sports and Recreational Club committee to promote the health and wellbeing of our workforce, while growth and learning was encouraged through a programme of knowledge sharing sessions with both internal and external speakers drawn from a wide variety of professional disciplines. These sessions included presentations from the Malaysia Nature Society, the Inland Revenue Board and the Employee Provident Fund as well as talks covering waste management, HSE, 'Wells for Dummies' and a briefing on cyber security.

### Diversity and inclusion

In early 2019, our revised Diversity and Inclusion Policy, incorporating our new Values, was launched. We encourage a culture of respect and openness which values the diversity of all our people. We also expect to see collaborative and inclusive teamwork where we combine our collective capabilities to deliver SAFE Results. We wish to create an environment where all individuals, teams and the Company as a whole can learn, develop and improve. We recognise that people from different backgrounds, experience and abilities can bring fresh ideas, perspectives and innovation to improve our business and working practices. Furthermore, EnQuest is committed to improving workforce diversity across the Company. During 2020, enhanced diversity balance will continue to be a core driver of our recruitment, employment and training policies in how we attract, retain and develop a wide range of talent in our organisation as well as continuing our STEM outreach in local schools. The goal will be not only to establish improved ratios in 2020 and beyond, but importantly, to demonstrate that viable pipelines to far greater diversity balance in EnQuest have been established for the future.

Our people and organisational strategy is to ensure that we have the right people, in the right roles, driving performance and delivering efficiencies as we continue to pursue our strategy for growth, and so we ensure our processes are open and transparent, providing equal opportunity for applicants. EnQuest is committed to diversity, including diversity of skills, experience, nationality and gender in its appointments to the Board and within the executive and senior management teams. EnQuest will continue with this approach, recruiting individuals on merit and their suitability for the role and cognisant of the skills and experience of the rest of the executive and senior management.

EnQuest also remains committed to fair treatment of people with disabilities in relation to job applications. Full consideration is given to applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. EnQuest is committed to ensuring that the needs of staff members with disabilities are addressed. As set out in the Equal Opportunities & Dignity at Work Policy, the Company encourages individuals with a disability, or who develop a disability at any time during their employment, to speak to their line

manager about their condition. This will enable the Company to provide support and prevent unfavourable treatment. Careful consideration is given to whether any reasonable adjustments can be made in order to assist individuals with a disability in the performance of their roles.

### Our gender pay gap

We have seen improvements in all our gender pay gap statistics over the previous reporting period, with the average bonus gap reduced by almost half and, for the first time, more women than men receiving a bonus. These improvements reflect changes to the Group's workforce and the efforts the Company has made to redress the imbalance in its gender pay gap figures, although we recognise we still have more to do.

### Putting it into context

We operate in an industry where the talent pool and labour market is predominantly male. The representation of women across our UK business is also imbalanced with 10% of roles held by women. The level of representation reduces in roles of higher seniority. As is the case across our industry, we recognise that any improvements in this disparity cannot be resolved immediately but with commitment and actions over time.

As such, we continue to look for opportunities where we can further develop and enhance our business practices to support and encourage more gender diversity in the workplace. For example, in Malaysia, one-quarter of the leadership team are female, yet we have a larger gender imbalance in the UK at leadership level. In an effort to understand this imbalance and develop appropriate remedies, we recently signed up to the UK AXIS Network pledge. We have also been active in raising awareness of the importance of women in engineering. Through our UK internship programme, which was launched in 2018, we have seen a substantial increase in the pool of female students applying for an internship and, in 2019, we successfully placed all of our female applicants within our technical services, health and safety and operations functions. We ran a successful social media campaign aligned with the 'International Women in Engineering' day and sponsored the 'Empowering women in engineering and technology' workshop in Malaysia, both of which highlighted the opportunities the industry and EnQuest has to offer.

## Corporate responsibility review continued



### Our gender pay gap results

The information collected was based on the relevant pay period of:

- the month of April 2019, for the purposes of calculating salary earned; and
- the year April 2018 – March 2019 for the purposes of calculating bonus paid.

The results show improvements on all metrics. The average rate of total pay for women is 23.0% below the average rate of total pay for men compared to the 29.5% difference reported last year. The average bonus gap for women is 28.5% below the average bonus paid for men, which represents a material decrease when compared to the percentage difference reported last year of 53.9%. On the comparison of median total pay, the percentage gap difference also reduces, to 17.1% from 22.9%, while in the last reporting period, the

statistics showed a complete switch in the median bonus received by women which was 15.3% higher than men. Previously, the difference was a 33.9% difference in favour of men. Similarly, a higher percentage of women than men received a bonus (92% of women and 75% of men) for the first time during the latest reporting period.

### Our ongoing commitment

We are committed to delivering equal pay to our employees and to further narrowing our gender pay gap. We will do this through living our Values, which incorporate respect and openness, regular benchmarking exercises to ensure that our salaries are comparable regardless of gender, and that our recruitment and promotion processes are fair and balanced, focused on having the right people in the right roles. In 2020, we will be focusing on:

- the imbalance of women in leadership roles across EnQuest and what steps we can take to establish pathways to career progression;
- acting where appropriate on the feedback received from our employee forum and the global employee engagement survey; and
- seeking out ways that EnQuest can be a proactive member in our industry on diversity and inclusion initiatives.

### Community

Making a positive contribution to the communities in which we live and work around the world remains a key part of our activities at EnQuest, and we continue to build on the strong relationships we have established with a variety of charities and partner organisations.

### North Sea

Across our North Sea operational base, we support a diverse range of charities through active engagement and funding. In 2019, we raised a total of £95,000. This was achieved primarily through two initiatives. The first is offshore in the North Sea, where strong HSE performance over an extended period on each asset, including no health and safety incidents, environmental compliance and process availability, enables a donation to be made to charities and community groups of the installation's choice. This raised £75,000 in 2019, which was presented to the charities in January 2020.

The second is a similar project onshore at SVT in Shetland, where EnQuest is the operator. A 30-day period of strong HSE performance at the terminal triggers a donation to be pledged to local charities and worthy causes nominated by staff. This raised £20,000 and was disbursed in Shetland during 2019 on behalf of the SVT owners.

We have maintained our involvement with our two charities of choice this year in Aberdeen: CLAN Cancer Support, which offers specialised support to cancer patients, their families and carers in the Aberdeen area; and Archway, which is focused on support for young people and adults with learning disabilities. Funding was raised through a number of scheduled activities throughout the year, including a bake sale at Annan House and the Global Challenge, Virgin Pulse's turnkey wellbeing challenge, which saw our 14 teams competing against thousands of other corporate teams over 100 days. Our 'Wells Being' team came an impressive 763rd out of over 32,500 teams and were the top UK team within the UK Energy sector.

In Shetland, EnQuest has continued as a key sponsor of a number of important local community programmes, including the SVT Participant's Tenth Anniversary Education Trust, established to promote and encourage the education of the island residents studying a discipline that is likely to contribute to the economic or social development of Shetland. In addition, EnQuest has continued to support important local community events on the islands in 2019, including an annual beach clean-up, Shetland Folk Festival Special Needs concert, the Shetland Youth Volunteering Awards, and local career events to introduce the oil and gas industry to high school students on the islands.

### Malaysia

Our Malaysia operations continue to support a very active programme of local community initiatives and charities, and we have seen the development of a strong sponsorship programme in 2019 for both internships and graduates.

In 2019, EnQuest Malaysia engaged with a total of 17 students drawn from our pool of internships and graduates. We selected 12 local university students for internship placements in a variety of disciplines ranging from Operations to Wells, HSEA, Supply Chain Management as well as Finance and HR, as part of our graduate recruitment process. We also hired three new graduates through the joint 'Prodigy' programme, an industry-driven collaboration between PETRONAS MPM and PACs, ultimately converting them from contract hire to permanent positions within the Company. In addition, we hired two graduates for a variety of placements in the disciplines of Finance and Engineering.

Through a scholarship programme, EnQuest Malaysia is also supporting two undergraduate students, one jointly with The Amjad and Suha Bseisu Foundation, in geoscience and engineering at the University Malaya, as part of our commitment to promote STEM (Science, Technology, Engineering and Mathematics) subjects in education.

EnQuest Malaysia has maintained its strong links with the Sungai Pergam Orang Asli Primary School in Terengganu throughout 2019, focusing its efforts on the 'Love My School' student bursary programme. This initiative is in collaboration with the MyKasih Foundation, a non-profit organisation that helps low-income families through food aid and education, providing 69 students with funds to pay for school meals and

learning essentials including books and stationery.

We also continue to offer support to the Good Samaritan House orphanage, hosting a Christmas party and movie trip for 35 orphaned children and underprivileged young adults. Some members of our team joined with the children for a choral performance at an end-of-year event for staff, and the children received their specially selected gifts from a 'Wishing Tree' provided by members of our team.

### Business conduct

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

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

The Group's induction procedures cover the Code of Conduct and the Group runs both ad hoc and scheduled periodic training for personnel to refresh their familiarity with relevant aspects of the Code of Conduct and specific policies and procedures which support it (such as the Group's anti-corruption programme).

As part of the Group's Risk Management Framework, the Board is supplied annually with an 'assurance map' that provides an insight into the status of the main sources of controls and assurance in respect of the Group's key risk areas (see pages 44 to 53 for further information on how the Group manages its key risk areas). Whilst this provides some formal assurance as to how the Group reinforces its requirements in respect of business conduct, the Board also recognises the importance of promoting the right culture within the Group and this remains an area of focus for the Group.

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

The Code of Conduct includes a confirmation of EnQuest's commitments to adhere to applicable tax laws (including the corporate offence of failure to prevent the criminal facilitation of tax evasion) as well as the Group's stance against slavery and human trafficking. The Group has zero tolerance of such practices and expects the same of all with whom it has business dealings; for example, in relation to procurement, by requiring suppliers to confirm their commitment to anti-slavery before being qualified to supply the Group. The Group has supplemented its procedures to provide further assurance that it is able to identify and manage human rights risks in its supply chain and publishes its modern slavery statement on its website at [www.enquest.com](http://www.enquest.com), under Corporate responsibility.

Further detail on EnQuest's corporate responsibility policies and activities, including the area of business conduct, is also available on the Corporate responsibility section of EnQuest's website at [www.enquest.com](http://www.enquest.com). This is updated as required during the year.



## Corporate responsibility review **continued**

### Task force on climate-related financial disclosures

The Group welcomes the initiative for increased governance and transparency in general, and specifically in relation to climate change. The Board recognises the increasing societal, media and investor focus on climate change, and the desire to understand its potential impacts on the oil and gas industry through improved disclosure, utilising mechanisms such as those proposed by the Task Force on Climate-related Financial Disclosures ('TCFD'). The table below provides information relevant to each of the four TCFD recommendations, and the Group will continue to evolve these disclosures over time.

TCFD framework	EnQuest disclosures	Reference
<b>Governance</b> <ul style="list-style-type: none"> <li>Describe the Board's oversight of climate-related risks and opportunities.</li> <li>Describe management's role in assessing and managing climate-related risks and opportunities.</li> </ul>	<p>EnQuest's purpose is to enhance hydrocarbon recovery and extend the useful lives of assets in a profitable and responsible manner, helping to fulfil energy demand requirements as part of the transition to a sustainable lower-carbon world. The Board takes seriously its roles in promoting the long-term success of the Group, generating value for shareholders and having regard to the interests of other stakeholders.</p> <p>The Board has established a Risk Management Framework ('RMF') to enhance effective risk management within the Board approved statement of risk appetite, while the Group's Safety and Risk Committee (a sub-Committee of the Board) provides a forum for the Board to review selected individual risk areas in greater depth and climate change related issues are considered within the context of a number of risk areas. During 2020, the Committee will consider whether 'climate change' should be categorised as a discrete principal risk in its own right in addition to the recognition already accorded to climate change related issues across the existing principal risk areas.</p> <p>The Executive Committee reviews and updates the Group Risk Register quarterly based on the individual risk registers of the business.</p> <p>As part of its strategic, business planning and risk processes, the Group considers how a number of macro-economic themes (of which several are increasingly influenced by climate change) may influence its principal risks.</p> <p>In 2019, an ESG steering group, comprising members of the Executive Committee and other appropriate managers, was established with the responsibility to consider how the Company could improve its greenhouse gas emissions, looking at measurement, appropriate metrics and methodology. From this work, specific emissions-related project opportunities and targets will be established, recognising the ability to reduce carbon emissions is constrained by the original design of the Group's later-life assets.</p>	Pages 44 to 53, 58 to 92 and 96 to 101

TCFD framework	EnQuest disclosures	Reference
<p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</li> <li>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</li> <li>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</li> </ul>	<p>EnQuest's business model is distinct from companies that have a material exploration component to their business and it is, therefore, less exposed to the much longer duration of exploration, discovery, development and production. EnQuest primarily acquires mature and underdeveloped assets from other industry participants and drives performance improvements, including the reduction of carbon intensity and emissions, through short-cycle, quick payback investments. As majors and other operators continue to shift their focus from mature basins such as the North Sea and Malaysia, there will be further opportunities for the Company to access additional resources. The combination of short cycle-investments and long-term energy demand scenarios forecasting hydrocarbons to remain an important part of the energy mix, there is a reduced risk of 'stranded assets' within EnQuest's business model.</p> <p>The most material risk factor to EnQuest's business model is the oil price, and climate change is one of many potential influencing factors on the oil price. EnQuest's planning and investment decision processes cater for low oil price scenarios, and include a carbon cost associated with forecast emissions.</p> <p>In the short term, EnQuest reviews the impact of different oil prices in its going concern and viability statements.</p>	<p>Pages 2 to 25, 32 to 33 and 48</p>
<p><b>Risk Management</b></p> <ul style="list-style-type: none"> <li>Describe the organisation's processes for identifying and assessing climate-related risks.</li> <li>Describe the organisation's processes for managing climate-related risks.</li> <li>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</li> </ul>	<p>As outlined within the Governance section above, the Group has robust risk management and business planning processes that are overseen by the Board and the Executive Committee in order to identify, assess and manage climate-related risks. Through Oil &amp; Gas UK and other industry associations, the Group engages with government and other appropriate organisations in order to keep abreast of expected and potential regulatory and/or fiscal changes.</p>	<p>Pages 44 to 53</p>
<p><b>Metrics and targets</b></p> <ul style="list-style-type: none"> <li>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</li> <li>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks.</li> <li>Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.</li> </ul>	<p>EnQuest has reported on all of the emission sources within its operational control, as 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.</p> <p>In the UK, we publish our annual Environmental Statement in line with the regulatory requirement under the OSPAR recommendation 2003/5. These statements, which can be found in the Corporate responsibility section on our website <a href="http://www.enquest.com">www.enquest.com</a>, are an open and transparent representation of our environmental performance across our offshore operations.</p> <p>The ESG steering group is in the process of developing specific emissions-related project opportunities and targets, recognising the ability to reduce carbon emissions is constrained by the original design of the Group's later-life assets. These are anticipated to be published later in 2020.</p>	<p>Pages 35 to 37 and 100 to 101</p>