Board of Directors

G R T

Martin Houston

Non-Executive Chairman

Appointed 1 October 2019

Key strengths and experience

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

Martin joined BG Group plc in 1983 and enjoyed a 32-year career before retiring as chief operating officer and a member of the board of directors. He holds, and has held, many FTSE and international board or senior advisory positions. Martin's other interests include being a council member of the National Petroleum Council of the United States of America 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 (a private company). Non-executive director of BUPA Arabia, listed in Saudi Arabia. In an advisory capacity, he is the global energy chairman of Moelis & Company.

G

Amjad Bseisu

Chief Executive

Appointed 22 February 2010

Key strengths and experience

- Extensive energy industry and leadership experience

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

Principal external appointments

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

Jonathan Swinney

Chief Financial Officer

Appointed 29 March 2010

Key strengths and experience

- Significant capital markets and merger and acquisition transactional experience

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

Principal external appointments

None.

R A G T

Howard Paver

Senior Independent Director

Appointed 1 May 2019

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, 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

Non-executive director of OGL Geothermal Ltd.

A R

Farina Khan

Non-Executive Director

Appointed 1 November 2020

Key strengths and experience

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

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

Principal external appointments

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

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

S T

Philip Holland

Non-Executive Director
Appointed 1 August 2015

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

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

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

A S

Carl Hughes

Non-Executive Director
Appointed 1 January 2017

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

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

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

T

Rani Koya

Non-Executive Director
Appointed 1 January 2022

Key strengths and experience
- A variety of technical, project management and executive management roles in major energy companies across the globe

Rani has more than 20 years' experience working within large multinational, independent and start-up energy companies. These include Shell International, Hess and Tullow and have involved a variety of technical, project management and executive management roles across Europe, Asia, the Americas and Africa. Between 2017 and 2020 Rani was chief petroleum engineer at Tullow. She has led multi-billion dollar projects across the globe, from unconventional shales in the US to oil developments in East Africa.

Principal external appointments
CEO of OGL Geothermal Ltd., a geothermal development company focused on Europe, the Middle East and Africa. Fellow of the Institution of Mechanical Engineers. Trustee for the Oxford Food Hub, Director of South Essex College and the International Women's Forum UK.

A S

Liv Monica Stubholt

Non-Executive Director
Appointed 15 February 2021

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

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

Principal external appointments
Partner at the Oslo-based law firm Selmer. Sits on a number of private company boards, industrial boards and academic committees, including as chairperson of Fortum Oslo Varme and Silex Gas Norway.

T S

John Winterman

Non-Executive Director
Appointed 7 September 2017

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

John is a member of the American Association of Petroleum Geologists. He 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 has provided strategic advice to international oil and gas companies.

Principal external appointments
Non-executive director of CC Energy.

Executive Committee

Bob Davenport

Managing Director – North Sea

Key strengths and experience

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

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

Richard Hall

Managing Director – Malaysia

Key strengths and experience

- Significant international experience
- Senior positions held in operations, field development and project roles for both operators and service companies

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

Salman Malik

Managing Director, Corporate Development, Infrastructure and New Energy

Key strengths and experience

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

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

Janice Mair

Director of People, Culture & Diversity

Key strengths and experience

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

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

Stefan Ricketts

Commercial and Legal Director. Company Secretary

Key strengths and experience

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

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

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.

EnQuest's Aberdeen office, Annan House

Chairman's letter

"Corporate governance is an essential part of our overall framework, supporting both risk management and the Group's core Values."

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. Due to the ongoing impact of COVID-19, 2021 proved to be another year with much work taking place virtually. However, the Board members were able to meet in person in October 2021 for two days, comprising a strategy session and a Board meeting. This finally allowed our new Directors to meet their fellow Board members in person for the first time since appointment. This year I hope that our shareholders will also have the opportunity to meet with the Directors at the Company's Annual General Meeting ('AGM'), due to be held on 19 May 2022 at Sofitel London St James.

A lot of the Board's time in 2021 was spent discussing the acquisition of Golden Eagle and the new reserves based lending facility for the Group. I was impressed with the focus of our workforce in completing the transaction against the backdrop of the pandemic, which has continued to significantly impact working patterns. I congratulate and thank all staff involved in making this happen and of course my Board colleagues for their continued input and counsel.

The Governance and Nomination Committee, on behalf of the Board, has continued its work on Board composition and both Board and Executive succession planning over the past year. In January 2022 we welcomed Rani Koya to the Board. Rani has extensive energy industry experience and is the CEO of a UK-based renewable energy company, which will be of great help as we look at lower-carbon opportunities for EnQuest. As reported in the 2020 Annual Report and Accounts, Laurie Fitch stepped down as a Director in January 2021 and Liv Monica Stubholt joined in the same month.

This year, as part of our planned rotation of Directors, Philip Holland will be leaving the Board in May 2022 and will therefore not be offered for re-election at the AGM. Philip is the Chair of the Safety, Climate and Risk Committee, a post he has successfully steered since its inception in 2016. Liv Monica will be assuming the role of Chair. In respect of senior management succession planning, we held a full Board discussion in October 2021 and evaluated the internal talent pipeline and the capabilities within the organisation.

With respect to diversity, the Board has formally adopted the recommendations of both the Hampton-Alexander and Parker Reviews and set targets reflecting these reports. I am pleased that the Board already adheres to the Parker recommendations and will, on Philip Holland's departure, also be in line with the original Hampton-Alexander recommendations. Diversity has always been a key consideration for our recruitment, both at the workforce and Board levels, so appropriate targets have been set at leadership level and emerging targets, such as those of the FTSE Women Leaders Review, are monitored.

EnQuest was recognised for its efforts through its nomination as a finalist at the 2021 OGUK awards in the category of Diversity and Inclusion. More details, including the results of an employee survey to gauge staff sentiment, can be found on page 40.

This year, the Board evaluation was facilitated externally. It concluded that the Board continues to be effective and performs well. In particular, the skills and diversity of the Board were highlighted as very positive. The results of the evaluation can be found on page 95.

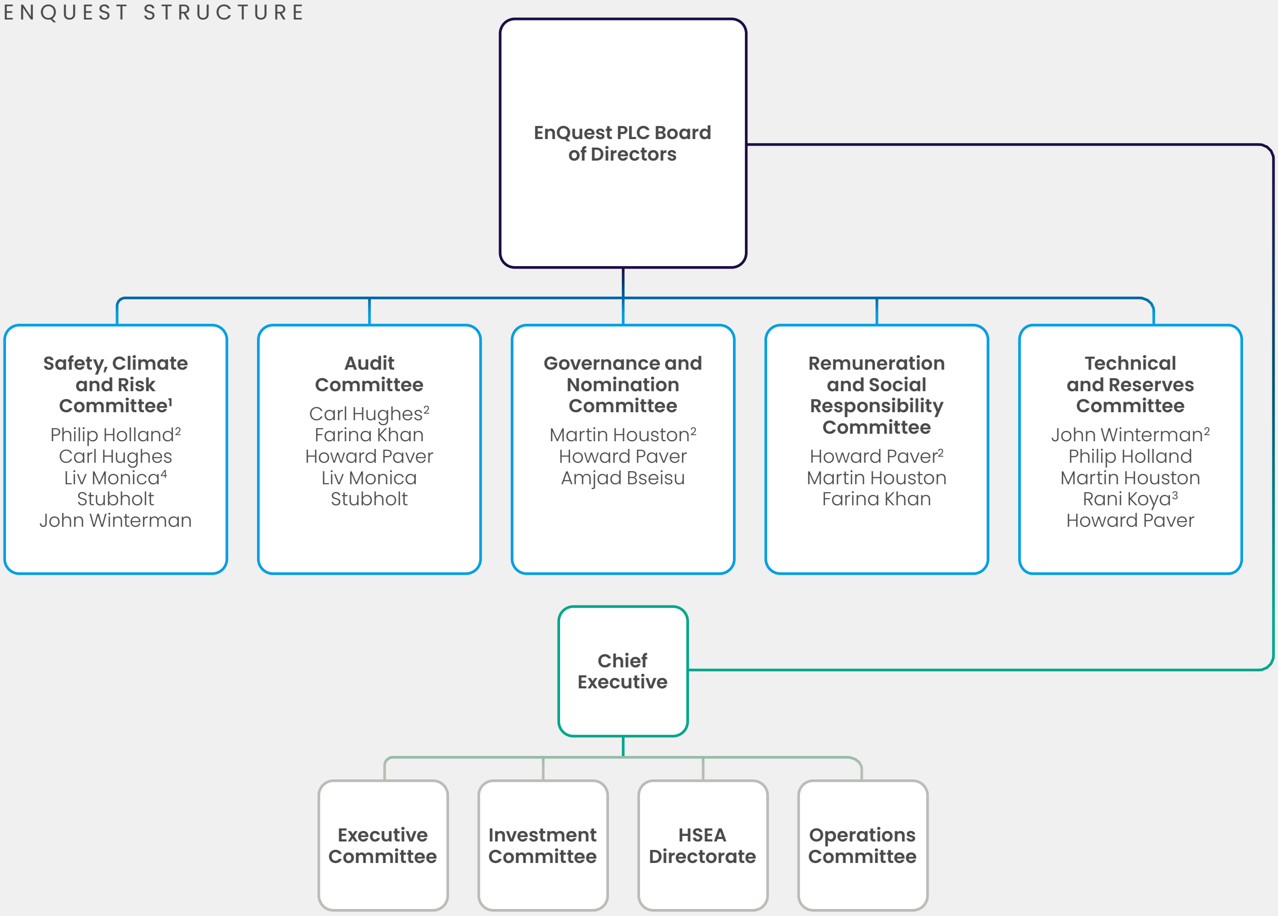
Corporate governance is an essential part of our overall governance framework, supporting both risk management and the Group's core Values. This framework also contains non-Board Committees which provide advice and support to the Chief Executive on the development, implementation and monitoring of the Group's strategy. Further information relating to the operation of the Board and its Committees can be found in the following governance pages of this Annual Report and Accounts. Individual Committee reports are on pages 69 to 75 (Audit), pages 76 to 93 (Remuneration and Social Responsibility), pages 94 to 96 (Governance and Nomination), pages 97 to 98 (Safety, Climate and Risk) and page 99 (Technical and Reserves). During 2021 the Committees of the Board, which had expanded their remits towards the end of 2020, enhanced their activities in their areas of increased delegation. In particular, the Safety, Climate and Risk Committee had a particular focus on asset integrity and EnQuest's emissions reduction efforts, while the Remuneration and Social Responsibility Committee oversaw the Group's external engagement in the areas of sustainability and supporting education.

Martin Houston
Chairman
23 March 2022

Key corporate governance activities in 2021

Succession planning and Board composition	Appointments of Liv Monica Stubholt and Rani Koya Senior leadership succession planning
Transactional activities	Acquisitions of Golden Eagle and Bentley New reserves based lending facility
Stakeholder engagement	Presentation by EnQuest charitable beneficiary to the Board Investor perceptions study presented to the Board Chairman meetings with shareholders
Employee workforce and employee culture	Annual survey and separate diversity survey Streamlining staff training and staff compliance activities Regular reports from the Employee Forum

ENQUEST STRUCTURE



1 Farina Khan stepped down from the Safety, Climate and Risk Committee on 2 February 2022
2 Committee Chair
3 Rani Koya was appointed as a Non-Executive Director of the Board on 1 January 2022
4 Liv Monica Stubholt will become Chair of the Safety, Climate and Risk Committee in May 2022

Corporate governance statement

Statement of compliance

The Board believes that the manner in which it conducts its business is important and it is committed to delivering the highest standards of corporate governance for the benefit of all of its stakeholders. The Directors are cognisant of their duties to stakeholders under Section 172 of the Companies Act 2006 and considerations related to stakeholders are reflected throughout this Annual Report and Accounts. The Section 172 Statement can be found on page 6. The Company complies with the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code 2018 (the 'Code') which was effective for accounting periods beginning on or after 1 January 2019. The Code can be found on the Financial Reporting Council's website at www.frc.org.uk. Detailed below is EnQuest's application of, and compliance with, the Code. In order to avoid duplication, cross-references to appropriate sections within the Annual Report and Accounts ('2021 ARA') are provided.

The manner in which the Company has applied the principles of the Code can be found in the following sections:

Board leadership and company purpose	• Corporate Governance (page 64) • Strategic report (page 8)
Division of responsibilities	• Corporate Governance (page 67)
Composition, succession and evaluation	• Governance and Nomination Committee report (page 95)
Audit, risk and internal control	• Strategic report (page 42) • Audit Committee report (page 69) • Safety, Climate and Risk Committee report (page 97)
Remuneration	• Directors' Remuneration Report (page 76)

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 10.

The Board is responsible for:

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

Board agenda and key activities throughout 2021

During 2021, the majority of Board meetings were held by videoconference. However, an in-person meeting was convened in October 2021.

Directors' attendance at Board meetings in 2021

	Meetings attended
Scheduled meetings 2021	6
Executive Directors	
Amjad Bseisu	6
Jonathan Swinney	6
Non-Executive Directors	
Martin Houston	6
Farina Khan	6
Howard Paver	6
Philip Holland	6
Carl Hughes	6
Liv Monica Stubholt[1]	5/5
John Winterman	6

1 Liv Monica Stubholt was appointed a Director on 15 February 2021

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 each meeting	Key activities for the Board throughout 2021			
	Strategy	Operations	Governance	Stakeholders
• 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	• Strategy session held in October • Growth opportunities • ESG strategy and emissions reduction • Financing • Golden Eagle transaction • Organisational effectiveness • Infrastructure and New Energy	• COVID-19 considerations • 2021 performance and 2022 budget reviews • Compliance with debt covenants and liquidity • Sullom Voe Terminal operations • Decommissioning activities • Asset integrity review	• Risk, going concern and long-term viability review • Risk Management Framework • Annual anti-corruption review • Succession planning • Periodic updates on corporate regulatory changes and reporting requirements • Board and employee diversity, including strategy • S.172 principal decisions • Board evaluation • Board composition	• Employee matters such as training, diversity and succession • Charitable activities • Shareholder considerations in relation to Golden Eagle • Structuring debt for banks, sureties and bondholders • Shareholder approval of the equity raise • Relations with Petronas in Malaysia • Change of co-venturer in Kraken • UK NSTA interactions

Committees

The Board has five Committees which meet on a regular basis and report back to the Directors at each Board meeting. This allows for the Board to be apprised of important Committee business and, if necessary, to discuss issues should they need to be escalated to Board level. There are formal terms of reference for each Committee which set out the scope of authority of the Committee, satisfy the requirements of the Code and are reviewed and approved on an ongoing basis by the Board. Copies of the terms of reference are available on the Group's website, www.enquest.com. Membership of each Committee can be found on page 63 and the dedicated Committee pages, details of which are found below:

Governance and Nomination Committee

The Governance and Nomination Committee leads the process for appointments and regularly reviews the structure, size and composition of the Board. It also considers succession planning for the Executive Committee and has expanded its remit to cover all aspects of the Governance Code. The work of the Governance and Nomination Committee, including information regarding the Board's diversity and associated policy, recruitment and the Board annual evaluation process, is on pages 94 to 96.

Audit Committee

The work of the Audit Committee is on pages 69 to 75.

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

- Reviewing the effectiveness of the Group'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 Group's internal audit capability in the context of the Group's overall risk management system.

Remuneration and Social Responsibility Committee
The Remuneration and Social Responsibility Committee has assessed the Group's performance for 2021 in determining the appropriate performance-related compensation and has continued its assessment of institutional shareholder guidelines. In 2021, it received shareholder approval for the updated Remuneration Policy. The Committee has also reviewed the Group's social responsibility programme, both outward-looking (how the Group engages in its communities) and within (employee engagement and a positive workforce culture). The work of the Remuneration and Social Responsibility Committee is set out on pages 76 to 93.

Safety, Climate and Risk Committee
The Safety, Climate and Risk Committee continues to progress its comprehensive Risk Management Framework and has had oversight of the asset integrity review and conducted a robust assessment of the principal risks facing the Group; see pages 36 to 38 of the Strategic report for further information. The work of the Committee, which includes monitoring HSEA issues and oversight of decarbonisation matters, is on pages 97 to 98.

Technical and Reserves Committee
The Technical and Reserves Committee provides the Board with additional technical insight when making Board decisions. The work of the Committee can be found on page 99.

Culture
The Board ensures that the culture of the Group is aligned with its purpose, Values and strategy. EnQuest's Values embody the ethos of the Group and the Board carefully monitors and promotes a positive culture. The Board believes that engaged and committed employees are integral to the delivery of the Group's business plan and, to assist this, an employee survey is held on a regular basis. The survey is used by the Board as a baseline from which to enhance and improve the culture of the Group. In addition, the Employee Forum, which was established in 2019 to ensure continued engagement with the workforce, met several times over the year. The Board receives updates following each Forum meeting from Farina Khan and Philip Holland, who attend as the designated Board representatives. In 2022, Rani Koya will replace Farina Khan as a representative. Over the past year, the Board has discussed return-to-work requirements and workload matters as a result of the Forum meetings, directing management to address as appropriate. The output from these meetings and other culture activities is reported on pages 40 to 41 of this 2021 ARA.

EnQuest's Code of Conduct underpins the governance and ethos of the Group. All personnel are required to be familiar with the Code of Conduct, which sets out the behaviours that the organisation expects of those who work at and with the Group. 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.

Workforce concerns
Through the Employee Forum, regular briefings, which include an opportunity for the workforce to ask questions to management, the promotion of its Code of Conduct and Values and various communication media, the Group seeks to set positive, appropriate standards of conduct for its people within an open, dynamic and inclusive culture. The Group 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, allowing for anonymous reporting through an independent third party. Where concerns are raised, these are investigated by the Group's General Counsel and reported to the Chairman of the Audit Committee, with follow-up action taken as soon as practicable thereafter.

Conflicts of interest and compliance
The Group has procedures in place which identify and, where appropriate, manage conflicts or potential conflicts of interest with the Group's interests. In accordance with the provisions relating to Directors' interests in the Companies Act 2006, all Directors are required to submit details to the Company Secretary of any situations which may give rise to a conflict or potential conflict. The Board is satisfied that formal procedures are in place to ensure that authorisation for potential and actual conflicts of interest are operated efficiently. Directors are required to obtain Board approval before accepting any further external appointments and demands on a Director's time are taken into account before approval is given.

The Group is committed to behaving fairly and ethically in all of its endeavours and has policies which cover anti-bribery, anti-corruption and tax evasion. The anti-bribery and corruption programme is reviewed annually by the Board and a compulsory online anti-corruption training course is required to be completed by all staff. Additional information can be found on page 54 and in the Code of Conduct which is available on the Group's website.

Board education
All Directors receive an induction pack and meet with management on joining the Company. They are also offered Director training and memberships of organisations which deliver knowledge and training to Non-Executive Directors. Education is provided from time to time by the Company Secretary; for example, a session was held with external counsel to discuss the Board's specific responsibilities in relation to the Golden Eagle transaction and separate training has been provided on corporate governance matters pertinent to the discharge of their duties.

Stakeholder engagement
As COVID-19-related restrictions have continued to impact on face-to-face meetings, engagement activities were primarily conducted virtually through the use of video and telephone conference calls. EnQuest continued to have an active and constructive dialogue with its shareholders throughout the year.

This was conducted through a planned programme of investor relations activities, including meetings with:

- significant shareholders with regard to the Group's acquisition of the Golden Eagle assets and associated equity fund raise and refinancing of its secured debt facility, performance against guidance and its overall debt management strategy;
- several of the Group's shareholders who were invited to participate in an independent investor perception study undertaken by Rothschild & Co. The findings were reported to the Board, and provided useful insights which will be incorporated into future programmes of investor relations activities; and
- a selection of the Group's larger shareholders who were invited to meet with the Group's Chairman.

Throughout 2021, a number of equity and debt investor and research analyst engagements were undertaken. The Group also delivered presentations alongside its half-year and full-year results, copies of which are available on the dedicated section of the Group'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. These meetings, which take place throughout the year, other than during closed periods, are organised directly by the Company, via brokers and in response to direct investor requests.

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

The Board is also kept informed of relevant developments relating to other stakeholder groups such as suppliers, regulators, partners and governments, as required by the Executive Directors and/or the appropriate functional management, and considers potential impacts on these groups of principal decisions made during the course of the year (see pages 06 to 07 for more details).

2021 Annual Report and Accounts

The Directors are responsible for preparing the 2021 ARA and consider that, taken as a whole, the 2021 ARA are fair, balanced and understandable, and provide the necessary information for shareholders to assess the Company and Group's position and performance, business model and strategy.

Annual General Meeting ('AGM')

The Company's AGM is ordinarily attended by the Directors and executive and senior management and is open to all EnQuest shareholders to attend.

Division of responsibilities

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

Chairman

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

Chief Executive

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

Senior Independent Director

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

Non-Executive Directors

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

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.

Independence
The Chairman was independent on appointment and the Board considers that all the Non-Executive Directors and newly appointed 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 58 to 59.

Audit Committee report

"The Committee continued to focus on the integrity of the Group's disclosures in light of climate change and macro-environment uncertainty, as well as monitoring the Group's system of internal control, risk management and work of key functions."

Carl Hughes
Chairman of the Audit Committee

Dear fellow shareholder

I am pleased to present the Audit Committee report for the year ended 31 December 2021, covering our activities over the course of the year.

The Audit Committee oversees and monitors the Group's financial reporting (including reporting on the financial aspects related to climate change), external and internal audit, the effectiveness of the risk management framework and system of internal controls.

More information on the role and responsibilities of the Committee and its terms of reference can be found at www.enquest.com/investors/corporate-governance.

In addition to the standing agenda items for the year, the Committee also considered a variety of other focus areas, including: refinancing of the Group's senior debt facility, reviewing the accounting for the Golden Eagle acquisition, responding to the BEIS consultation 'Restoring trust in audit and corporate governance', a review of the internal control processes of the marketing and trading function, enhancing climate change disclosures in financial reporting and monitoring the impacts of COVID-19 on the Group's 2021 financial reporting. Members of the Committee carried out site visits to the Sullom Voe Terminal and EnQuest's various operational and finance functions in London and Aberdeen. These site visits contribute to the Committee's understanding of the risks and opportunities at key locations and provide the opportunity for members of the Committee to engage with a diverse range of EnQuest staff in each location and to hear directly from them.

In February 2021, we welcomed Liv Monica Stubholt to the Board and Committee. Liv Monica's significant oil and gas knowledge from an extensive legal career is extremely beneficial to the Committee and EnQuest.

Subsequent to the publication of the EnQuest Annual Report and Accounts 2020, EnQuest received a letter request for information from the Council for Swedish Financial Reporting Supervision ('the Council'). The Committee considered the letter and EnQuest's detailed response thereto, which enabled the Council to close its enquiries.

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

Carl Hughes
Chairman of the Audit Committee
23 March 2022

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 58 and 59. The Board is satisfied that the Chairman of the Committee, Carl Hughes, previously an energy and resources audit partner of Deloitte, and a Fellow of the Institute of Chartered Accountants in England and Wales, meets the requirement for recent and relevant financial experience.

Membership of the Committee, appointment dates and attendance at the four scheduled meetings held during 2021 is provided in the table below:

Member	Date appointed Committee member	Attendance at meetings during the year
Carl Hughes	1 January 2017	4
Howard Paver	1 May 2019	4
Farina Khan	1 November 2020	4
Liv Monica Stubholt[1]	15 February 2021	4

Note:
1 Liv Monica Stubholt was appointed as a Non-Executive Director on 15 February 2021, becoming a member of the Audit Committee

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

Audit Committee report continued

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

Audit Committee meetings

There were four Committee meetings in 2021. All members attended each meeting. A summary of the main items discussed in each meeting is set out in the table below:

Agenda item	March 2021	May 2021	August 2021	December 2021
Audit Committee self-evaluation assessment of its effectiveness		✓		
Audit Committee terms of reference		✓		
Discussed significant matters arising from completed internal audits	✓	✓	✓	✓
Internal audit progress against 2021 plan, including findings since last meeting	✓	✓	✓	✓
Independence and objectivity of Internal audit		✓		
Internal audit and assurance plan for 2022			✓	✓
Joint venture audit plan for 2021, including summary findings since last meeting	✓			✓
Cyber security update	✓			✓
Considered the annual external audit plan				✓
Approve external (Deloitte) audit fees subject to the audit plan				✓
Review the level of non-audit service fees for Deloitte	✓	✓	✓	✓
Evaluate quality, independence and objectivity of Deloitte	✓	✓		✓
Review the effectiveness of Deloitte as external auditors		✓		
Evaluate the viability assessment	✓			
Appropriateness of going concern assumption	✓		✓	
Review of half-year or full-year regulatory press release and results statements	✓		✓	
Corporate governance update		✓		
UK audit and governance environment update in context of CMA, BEIS, Kingman and Brydon reviews		✓		✓
Briefings on regulatory developments				✓
Key risks, judgements and uncertainties, including the consideration of climate change, impacting the half-year or year-end financial statements (reports from both management and external auditor)	✓		✓	✓
Bond refinancing strategy		✓		
Presentation on the reserves audit and evaluation of the Competent Person's independence and objectivity	✓			
Finance strategy and organisation update		✓		
Consideration of tax strategy, policy and compliance				✓
Assessed management's response to significant audit findings, recommendations and notable control weaknesses, including potential improvements and agreed actions			✓	✓
Review of process and controls relating to the development of the Group's internal control framework	✓	✓	✓	✓

Fair, balanced and understandable

A key requirement of the Group's Annual Report and Accounts is for the report to be fair, balanced and understandable. In addition, the Annual Report should contain: sufficient information to enable the position, performance, strategy and business model of the Company to be clearly understood, details of measurable key performance indicators and explanations of how the Company has engaged with all of its stakeholders (as set out in the Group's Section 172 Statement on page 6). The Committee and the Board are satisfied that the Annual Report and Accounts meet these requirements, with appropriate weight being given to both positive and negative developments in the year.

With regard to these requirements, the Committee has considered the robust process which operates when compiling the Annual Report and Accounts, including:

- Clear guidance and instructions are provided to all contributors;
- Revisions to regulatory requirements, including the Code, are communicated and monitored;
- A thorough process of review, evaluation and verification of the content of the Annual Report and Accounts is undertaken to ensure accuracy and consistency;
- External advisers, including the external auditors, provide advice to management and the Audit Committee on best practice with regard to the creation of the Annual Report and Accounts; and
- A meeting of the Committee was held in March 2022 to review and recommend the approval of the draft 2021 Annual Report and Accounts in advance of the final sign-off by the Board.

Financial reporting and significant financial statement reporting issues

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

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

These items are considered by the Committee, together with reports from both management and its external auditor, at each Committee meeting. The Committee also reviewed and approved the clarification and treatment of certain items within the Group's Alternative Performance Measures ('APMs') to improve further the transparency and consistency of reporting. The significant accounting and reporting areas considered, including those related to EnQuest's 2021 Consolidated Financial Statements, are set out below:

Significant financial statement reporting issue	Consideration
Acquisition of Golden Eagle Upon acquisition, EnQuest reviewed the guidance under IFRS 3 – Business combinations to assess whether or not the assets acquired and liabilities assumed met the definition of a business. EnQuest determined that the acquisition of the Golden Eagle asset is an asset acquisition and not a business combination by applying the optional concentration test in IFRS 3. Under this test, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, an entity can conclude that the acquisition is not a business combination. Where an asset that does not constitute a business is acquired (as in the case of the Golden Eagle acquisition), it is required to be accounted for at cost.	The Committee received information to explain the reasoning for the asset acquisition basis of accounting, with a focus on the allocation of cost across the identifiable assets acquired and liabilities assumed, and supported management's conclusions including the final valuation of property, plant and equipment recognised on acquisition.
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 2022 business plan and forecasts; • The oil price assumption, based on a forward curve of \$75/bbl (2022), \$70/bbl (2023), \$70/bbl (2024) and \$60/bbl thereafter; and • In the case of the viability statement, refinancing of both the High Yield and Retail Bonds in the second quarter of 2023.	The Committee reviewed and considered the Directors' half-year and full-year statements with respect to the going concern basis of accounting. The Board also 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 2022 meeting. This analysis was considered and challenged by the Committee, including, but not limited to, the appropriateness of the period covered, that planning scenarios and macroeconomic assumptions were realistic, stress tests were appropriate and mitigations achievable to ensure that the Group has sufficient headroom to continue as a going concern. The Committee also considered the resilience of the Group to the impacts of the COVID-19 pandemic. The Committee supported the going concern basis of accounting. The disclosures in the Annual Report concerning the viability statement and going concern assumption (see pages 30 to 31) were reviewed and approved at the March 2022 meeting for recommendation to the Board.

Audit Committee report continued

Significant financial statement reporting issue	Consideration
Potential misstatement of oil and gas reserves The Group has total proved and probable reserves as at 31 December 2021 of 194 MMboe. The estimation of these reserves is essential to: • The valuation of the Group; • The assessment of going concern and viability; • Impairment testing; • Decommissioning liability provisions; and • The calculation of depreciation.	During the March 2022 meeting, management presented the Group's 2P reserves, together with the report from Gaffney, Cline & Associates, the Group's reserves auditor. The Committee considered the scope and adequacy of the work performed by Gaffney, Cline & Associates and their independence and objectivity and concurred that the estimation of reserves had been consistently applied to the financial statements.
Impairment of tangible and intangible assets The recoverability of asset carrying values is a significant area of judgement. These impairment tests are underpinned by assumptions regarding: • 2P reserves; • Oil price assumptions (based on an internal view of forward curve prices of \$75/bbl (2022), \$70/bbl (2023), \$70/bbl (2024) and \$60.0/bbl real thereafter); • Life of field production profiles and opex, capex and abandonment expenditure; and • A post-tax market discount rate derived using the weighted average cost of capital methodology. See also note 2 Critical accounting judgements and key sources of estimation uncertainty: recoverability of asset carrying values, and notes 10, 11 and 12 for more details. Impairment testing has been performed, resulting in a net pre-tax non-cash impairment reversal of \$39.7 million.	At the March 2022 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, including the potential impacts of climate change and energy transition, in line with the challenges performed as part of the going concern and viability review. The Committee considered the impacts of the global COVID-19 pandemic on the Group's full-year 2021 financial reporting, including the implications for oil price assumptions. Sensitivity analysis and disclosures estimating the effect of price reductions were reviewed. Consideration was also given to Deloitte's view of the work performed by management.
Contingent consideration Any contingent consideration included in the consideration payable for a business combination or asset acquisition is recorded at fair value at the date of acquisition. These fair values are generally based on risk-adjusted future cash flows discounted using appropriate discount rates. The Group calculates contingent consideration payable in respect of its Magnus and Golden Eagle acquisitions. See note 22 for further details.	At the March 2022 meeting, the key assumptions and results of the fair value calculations, along with an explanation of movements in the year, were presented to the Committee. Consideration was also given to Deloitte's view of the work performed by management. It was noted that the assumptions are consistent with those used in the impairment assessment (see above). The Committee concluded that the assumptions and inputs for contingent consideration payable were reasonable and the related liabilities recorded were appropriate.

Significant financial statement reporting issue	Consideration
Climate change in financial reporting While the Group's view of evolving climate risks continues to develop, the potential financial implications, along with appropriate disclosure, are an area of focus for the Committee. Climate change and the transition to a lower-carbon economy may have significant impacts on the currently reported amounts of the Group's assets and liabilities and on similar assets and liabilities that may be recognised in the future. See note 2 Use of judgements, estimates and assumptions: Climate change and energy transition.	The Committee was informed of and acknowledged global trends, including increased disclosure within financial statements. The Committee considered financial statement disclosures, including TCFD reporting, and how the Group's climate change scenarios are reflected in the Group's key judgements and estimates used in the preparation of the Group's FY2021 finance statements. This included a review of management's best estimate of oil price assumptions for fair value less cost of disposal ('FVLCD') impairment testing. The Committee reviewed the approach proposed by management to provide additional disclosure in relation to the potential financial statement impacts of climate change, including testing the Group's resilience under the International Energy Agency's Sustainable Development scenario and Net Zero Emissions by 2050 scenario. The Committee, recognising the evolving nature of climate change risks and responses, concluded that climate change has been appropriately considered by management in key judgements and estimates and concurred with the disclosures proposed by management.
Appropriateness of the decommissioning provision The Group's decommissioning provision of $835.7 million at 31 December 2021 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. See note 2 Critical accounting judgements and key sources of estimation uncertainty: provisions.	The Committee reviewed the report by management summarising the key findings and their impact on the provision. Sensitivity analysis and disclosure estimating the effect of a change in discount rates was reviewed. Regard was also given to the observations made by Deloitte as to the appropriateness of the estimates made.
Taxation At 31 December 2021, the Group carried deferred tax balances comprising $703.0 million of tax assets (primarily related to previous years' tax losses) and $3.4 million of tax liabilities. The recoverability of the tax losses has been assessed by reference to future profit estimates derived from the Group's impairment testing. Ring-fence losses totalling $2,728.1 million ($1,091.2 million tax-effected) have been recognised. The main drivers of the tax provision are the deferred tax asset impairment and the Ring Fence Expenditure Supplement ('RFES') uplift. The RFES claim in 2021 is the last claim available to the Group. Given the complexity of tax legislation, risk exists in respect of some of the Group's tax positions. Subsequent to the publication of the Group's 2020 consolidated financial statements, the Group determined there was an inconsistency in the calculation of the deferred tax asset recognised on the balance sheet associated with Magnus contingent consideration and the relevant estimated future cash flows used in the calculation of future taxable profits to support the recognition of this deferred tax asset and the deferred tax asset associated with other available tax losses. This has resulted in a restatement of the 2020 financial statements. See note 2 Basis of preparation – Restatements.	The Committee received a report from the Group's Head of Tax, outlining all uncertain tax positions, and discussed management's assumptions of future profit estimates and evaluated the amount of deferred tax assets recognised. It was noted that the assumptions are consistent with those used in the impairment assessment (see above). The Committee also took into account the views of Deloitte as to the appropriateness of the Group's tax balances. An evaluation of the transparency of the Group's tax exposures was undertaken, reviewing the adequacy and appropriateness of tax disclosures presented by management. Regard was also given to the observations made by Deloitte as to the appropriateness of the disclosures made. The Committee appraised and approved the restatement of the prior period deferred tax balances. The Committee reviewed management's analysis of the restatement and concurred with their recommendations. As part of the review, management has implemented a number of improvements in the process of transferring cash flows from the Group impairment model to the Group tax model in order to assess the amount of deferred tax to be recognised.

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 44 provides more detail on how the Board, and its Safety, Climate and Risk Committee, has discharged its responsibility in this regard. The Audit Committee Chairman is also a member of the Safety, Climate and Risk Committee.

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

Obtaining assurance on the internal control environment
The Committee received reports from internal audit at each Committee meeting in 2021 and meets privately with the internal audit manager from time to time. The Committee continued to review the effectiveness and capabilities of internal audit and monitor its independence during the year. The Group will continue to outsource to PwC or other experts specialist areas of the internal audit programme, such as cyber-security. The internal audit manager reports functionally to the Chair of the Committee and administratively to the Commercial and Legal Director.

In 2021, internal audit established an internal audit charter, which was reviewed and approved by the Committee. The internal audit manager maintains an internal quality assurance and improvement programme covering all aspects of internal audit's activities, and evaluates the conformance of these activities with the Chartered Institute of Internal Auditors' Standards.

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

In respect of the work performed by internal audit, an internal audit plan is approved by the Committee each year. When setting the plan, recommendations from management and internal audit are considered, and take into account the particular risks impacting the Group, which are reviewed by the Board and the Safety, Climate and Risk Committee. During 2021, internal audit activities were undertaken for various areas, including reviews of:
- The Group's cyber-security;
- General Data Protection Regulation;
- Maintenance of critical spares;
- Compliance with Joint Operating Agreements;
- Compliance with UK anti-bribery and corruption regulations;
- Internal control processes of the Marketing and Trading function;
- Emissions reporting;
- Thistle decommissioning readiness; and
- Internal control processes of the Financial Accounting and Reporting function.

Detailed results from internal audit were presented to management and a summary of the findings was presented to the Committee, together with copies of all internal audit reports. Where potential control enhancements were identified as being required, the Committee agreed appropriate actions with management and assessed management's response to the findings.

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

The Committee considered the external audit plan, in particular to gain assurance that it was tailored to reflect changes in circumstances from the prior year. The significant audit risks addressed during the course of the 2021 audit were:
- Impairment of oil and gas assets and goodwill;
- Contingent consideration;
- Decommissioning provision;
- Deferred tax;
- Revenue recognition – crude oil cut-off; and
- Management override of controls.

Deloitte regularly updated the Committee on the status of their procedures during the year, including how they had challenged the Group's assumptions. The Committee and Deloitte discussed how risks to audit quality were addressed, key accounting and audit judgements, material communications between Deloitte and management and any issues arising from them.

Taking into account management's review and its own experiences with the external auditor, the Committee concluded that the audit team was providing the required quality in relation to the provision of audit services in its second year as auditor and has maintained its independence and objectivity. As required under UK auditing standards, Deloitte confirmed their independence to the Committee.

The Committee considers the reappointment of the external auditor each year, including consideration of the advisability and potential impact of conducting a tender process for the appointment of a different independent public accounting firm. The Committee is also responsible for making a recommendation to the Board for it to put to the Company's shareholders for approval at the AGM, to appoint, reappoint or remove the external auditor. At the AGM in May 2021, the shareholders approved a resolution to reappoint Deloitte as external auditor. The Company has complied with the Code and FRC Guidance in respect of audit tendering and rotation, under which the Company will be required to tender for the audit no later than the 2030 financial year. The Committee regularly reviews auditor performance and may elect to carry out the tender earlier than the 2030 financial year if it determined it would be in the interests of the Company's shareholders to do so.

Use of external auditors for non-audit services

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

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

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

The Committee regularly reviews reports from management on the audit and non-audit services reported in accordance with the policy or for which specific prior approval from the Committee is being sought.

Delegated authority by the 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

In each case where the audit or non-audit service contract does not exceed the relevant threshold, the matter is approved by management by delegated authority from the Committee and is subsequently presented for approval by the Committee at the next meeting.

The scope of the non-audit services contracted with the external auditor in 2021 consisted mainly of the interim review and audit-related assurance services associated with the Golden Eagle acquisition.

Directors' Remuneration Report

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

Howard Paver
Chair of the Remuneration and
Social Responsibility Committee

Dear fellow shareholder

On behalf of the Board and my fellow members of the Remuneration and Social Responsibility Committee, I am pleased to present EnQuest's Directors' Remuneration Report ('DRR') for the financial year ended 31 December 2021.

Overview

Following the development of a new three-year Remuneration Policy (the 'Policy') in 2020, which was put to shareholder vote at the 2021 Annual General Meeting with 95.35% of votes cast in favour, Committee focus in 2021 has included matters of social responsibility, which we incorporated into the Committee terms of reference in December 2020, and a review of the distribution of PSP in the broader workforce. This was in addition to ongoing assessment of the appropriateness of the Group's total compensation package available for Executive Directors to ensure it remains aligned with our agreed remuneration principles, and compliance with the UK Corporate Governance Code (the 'Code'). The Policy is summarised on page 79; no amendments or revisions have been made to the Policy during 2021.

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

The Committee believes that the current remuneration structure is clear, simple and appropriately aligned with the Group's strategy, risk appetite and culture, and that incentives are appropriately capped.

In line with the 2019 and 2020 reports, the chosen calculation for the 2021 CEO pay ratio was in line with single figure methodology, also known as 'Option A', resulting in a CEO pay ratio of 13:1.

Within the Strategic report, the Group has set out its intent to contribute positively towards the objective under the UK's current legislation to achieve 'net-zero' emissions by 2050. Emissions reduction targets have been included in the three-year PSP performance conditions.

The DRR has three sections:

1. This annual summary statement;
2. A summary of the Policy which is presented for information; and
3. The Annual Report on Remuneration of the Executive Directors and Non-Executive Directors for 2021, which will be subject to an advisory shareholder vote at the 2022 AGM.

Shareholder consultation

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

Performance and remuneration outcomes for 2021

While production performance was disappointing, the Group delivered well across all other measures included in the CPC, with all results above target and some exceeding the stretch targets set. Delivery of the Golden Eagle acquisition was the principal driver in the strong performance against the liquidity management and reserves replacement measures. This was a very positive acquisition for the business that will, we believe, deliver significant shareholder value in the future. The culture, Values and ESG objective achieved just over the target level, with the creation and communication of a Group-wide Diversity and Inclusion Strategy that includes gender and ethnicity targets in leadership, stable employee engagement, and an outstanding emissions reduction performance all contributing. The asset integrity and safety plan was independently assessed as having achieved its stretch target, and confirmed at the Safety, Climate and Risk Committee meeting in January 2022. Finally, expenditure measures that included operating, capital and abandonment expenditure achieved just over the target level as a result of strong financial discipline across the business.

2021 annual bonus – payable in 2022

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) and Jonathan Swinney (CFO) was based solely on achievement against the CPC. The 2021 target and maximum bonus potential for Executive Directors was 75% and 125% of salary, respectively. 2021 bonus awards equal to 81.80% of base salary (65.44% of maximum) have been made for both Amjad Bseisu and Jonathan Swinney. The Committee believes that these levels of award, which were generated directly from the CPC outcome, are appropriate and representative of the performance of senior management when balanced against the shareholder and employee experience, and that further discretionary adjustment was not required. Full details of how these awards were determined is included on pages 84 to 86 of this report.

Performance Share Plan

The 2019 PSP award made to Executive Directors will vest on 24 April 2022. The three-year performance period ended on 31 December 2021 and the award will vest at 43.89% of the original award. The Committee agreed it was appropriate that the performance calculation included production and reserves growth arising out of the non-equity funded element of the 2018 acquisition of the additional 75.0% interest in Magnus. No benefit was included in relation to the portion of the acquisition funded from the net rights issue proceeds. A further adjustment was made to both targets and outturn in relation to assets decommissioned following the strategic decision taken in the second quarter of 2020 to close production early at the Heather and Thistle assets. This action will result in additional cash flow and value to shareholders in the longer term. The impact of the Golden Eagle acquisition, which completed in October 2021, was excluded from both targets and outturn for the purposes of PSP performance on the grounds that completion was achieved in month 34 of a 36-month performance period. Taking the above adjustments into account, the production growth and reserves growth targets (30% and 10% weighting, respectively) did not achieve threshold. Total Shareholder Return ('TSR') vested at 13.89% out of a possible 30.0%, while the net debt target, with a weighting of 30.0%, was achieved in full. Full details of actual performance against the four performance conditions of TSR, production growth, reserves growth and net debt targets are on pages 86 and 87 of this report.

A PSP award calculated at 250% of salary for both Amjad Bseisu and Jonathan Swinney was made on 10 September 2020, based on a 12-month average share price. Awards are typically based on the three-day average share price ahead of the award date. The impact of this adjustment to share price was an effective reduction in award value of c.27%, and was applied to ensure that Executive Directors did not benefit from 'windfall gains' as a result of the share price impact of oil price volatility and COVID-19 experienced in 2020. Performance of this award will be measured on the basis of relative TSR over the three-year performance period until 31 December 2022, with the award vesting in September 2023.

For 2021, reflecting feedback received from shareholders and a stronger focus on environmental considerations, the proportion of award measured against relative TSR was reduced to 80% of the award, with the remaining 20% measured against the achievement of an emissions reduction target. The Committee approved an award of 250% of salary for both Amjad Bseisu and Jonathan Swinney.

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.

Change in personnel

Following year end, it was announced that Jonathan Swinney had tendered his resignation and would be leaving EnQuest after 13 years. Jonathan will continue to work with the Group for a period to ensure an orderly handover to his successor.

Executive Director remuneration in 2022

2022 base salaries

For 2022, the Committee has increased the Chief Executive Officer's salary by 3%, in line with the UK workforce. The salary of the Chief Financial Officer is unchanged for the current incumbent. Remuneration for the incoming Chief Financial Officer will be agreed in due course and disclosed in the 2022 DRR.

2022 annual bonus

For 2022, annual bonus for the Chief Executive Officer will be based 100% on the 2022 CPC outcome, with a target level of 75% of salary and a maximum of 125% of salary.

2022 PSP awards

The Committee has decided to make an award of PSP to Amjad Bseisu at 250% of salary; no award will be made to Jonathan Swinney. The 2022 award will be made in April 2022 and will be subject to two performance targets, relative TSR and emissions reduction.

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

Howard Paver
Chair of the Remuneration and Social Responsibility Committee
23 March 2022

Governance

General governance

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

Remuneration Policy

The following sections of this report set out a summary of our Directors' Remuneration Policy (the 'Policy'), which was approved by shareholders at the 2021 Annual General Meeting ('AGM') in accordance with section 439A of the Companies Act 2006.

Remuneration principles

In determining the Policy approved at the 2021 AGM and summarised below, the Group reviewed its overall remuneration principles to ensure that it continues to be aligned with the Group's strategy and stakeholder interests. EnQuest's strategic objective is to be the operator of choice for maturing and underdeveloped hydrocarbon assets, focused on enhancing hydrocarbon recovery and extending the useful lives of these assets in a profitable and responsible manner, while exploring the opportunities presented by the energy transition.

EnQuest's remuneration principles remain clear and simple: to ensure that the Group operates with the appropriate culture, strengthening the link between reward and performance and emphasising the importance of its Purpose and Values.
In summary, the principles underpinning the Policy are that remuneration for Executive Directors should:

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

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

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

Executive Directors

General approach

The remuneration of the Executive Directors comprises base salary, participation in an annual bonus plan (paid partly in cash and partly in deferred shares), a long-term incentive plan (referred to as the Performance Share Plan ('PSP')), private medical insurance, life assurance, personal accident insurance, and a modest cash allowance 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 Group performance, employment conditions for other employees in the Group, and the external marketplace. Comparative data for our sector is obtained from a variety of independent sources.

The following table summarises EnQuest's remuneration policy which became binding on 12 May 2021 with 95.35% of votes cast in favour. The full policy can be viewed in the 2020 Annual Report which can be found on the Group's website, www.enquest.com:

Component	Operation/key features	Maximum potential opportunity	Applicable performance measures
Salary and fees	• Set at or below median when compared to a comparator group and reviewed by the Committee annually.	• Increases in excess of the general workforce by exception only.	None.
Pension and other benefits	• Pension delivered as cash in lieu, with remaining benefits provided by the Group. • Participation in Sharesave permitted. • Additional benefits offered when required, in line with local practice. • Reasonable business-related expenses permitted. • Benefits reviewed periodically.	• Maximum pension allowance is lesser of 10% of salary or £50,000[1]. • Private medical and personal accident insurance. • Life assurance.	None.
Annual bonus	• Bonus in excess of 100% of salary deferred into EnQuest shares for two years, otherwise paid in cash. • Committee discretion to allow dividend equivalent on deferrals. • Cash and share elements both subject to malus and clawback for up to three years post payment.	• Target award: 75% of salary. • Maximum award: 125% of salary.	• Scorecard including key performance objectives set annually by the Committee and measured against threshold, target and stretch levels with bonuses accruing on a sliding scale from 0% at threshold.
Performance Share Plan ('PSP')	• Awarded annually. • Three-year vesting dependent on achievement of performance conditions. • Further two-year holding period. • Awards can be conditional, nil cost options or joint interests in shares. • Dividend equivalent on unvested awards permitted in shares. • Subject to malus and clawback.	• Normal maximum: 250% of salary. • Exceptional maximum: 350% of salary.	• A blend of measures including, but not limited to, relative TSR and ESG measures. • Maximum of 25% vesting at threshold. • Performance conditions detailed in the Annual Report on Remuneration. • The number, type and weighting of measures may vary in the future in line with business priorities. • Shareholder consultation will normally take place before material changes are made.
Shareholding requirements	• Executive Director shareholding of at least 200% of salary, with a requirement this level is achieved within five years from appointment. • Shareholding to be retained at the lower of actual shareholding or 200% of salary for two years post-employment, including both vested and unvested.	n/a	None.
Chairman and Non-Executive Director fees	• Reviewed annually considering comparator group fee levels, time commitment and employee salary increases. • Non-Executive Directors receive base fees with additional fees paid to Committee Chairs and the Senior Independent Director. • Additional fees can be paid if there is a material increase in commitment. • Reasonable business-related expenses are permitted. • Not eligible for Group benefits or incentive schemes. • Chairman receives an all-inclusive fee set by the Senior Independent Director.	• Reviewed periodically and limited by the Company's Articles of Association.	None.

Note:
1 Pension allowance for Amjad Bseisu was 10.4% of salary in 2021 and will be 10.1% of salary in 2022 and will continue to reduce as a percentage with normal salary increments

Changes to policy
No changes have been made to the policy since its adoption at the 2021 AGM.

Performance measures and targets
Annual bonus
The key performance indicators in the Group scorecard that also determine a significant proportion of the annual bonus of Executive Directors include, but are not limited to, the following categories:
- Environment, Social and Governance ('ESG');
- Financial (including opex, capex and net debt);
- Operational performance/production;
- Growth; and
- Financial management.

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 Group and the performance conditions of the Group's PSP. In addition to measuring performance against objectives, the Committee will consider the overall quality of the Group's financial performance and other factors, particularly HSEA, when determining annual performance pay awards.

Bonus objectives for both Amjad Bseisu and Jonathan Swinney are normally based solely on the Company Performance Contract ('CPC') of EnQuest, but can include personal business objectives up to a maximum of 25%.

Annual bonus and share deferrals

Executive Directors will normally receive any applicable annual bonus in cash or deferred shares. In particular, any amount above 100% of salary is delivered in EnQuest shares deferred for two years. These vest subject to continued employment. In exceptional circumstances, bonuses may be paid entirely in cash.

Performance Share Plan

The PSP is typically awarded annually and has a minimum vesting period of three years. Awards granted from 2019 onwards are subject to an additional two-year holding period which, unless the Committee determines otherwise, will apply up to the fifth anniversary of the date of grant. The performance conditions attached to the awards granted in 2021 are relative TSR measured against a comparator group of oil and gas companies and absolute emissions reductions over a three-year period.

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 Group. 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 Group'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 Group's approved Policy at the time. Different performance objectives 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 Group.

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

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

Service contracts

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

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

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

Non-Executive Directors' letters of appointment	Date of appointment	Notice period	Initial term of appointment
Martin Houston	1 October 2019	3 months	3 years
Carl Hughes	1 January 2017	3 months	3 years
Philip Holland	1 August 2015	3 months	3 years
John Winterman	7 September 2017	3 months	3 years
Howard Paver	1 May 2019	3 months	3 years
Farina Khan	1 November 2020	3 months	3 years
Liv Monica Stubholt	15 February 2021	3 months	3 years
Rani Koya	1 January 2022	3 months	3 years

External directorships

EnQuest 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 EnQuest. 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 and Social Responsibility 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 and Social Responsibility 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 adjudication of performance against targets 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.

Directors' Remuneration Report continued

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.

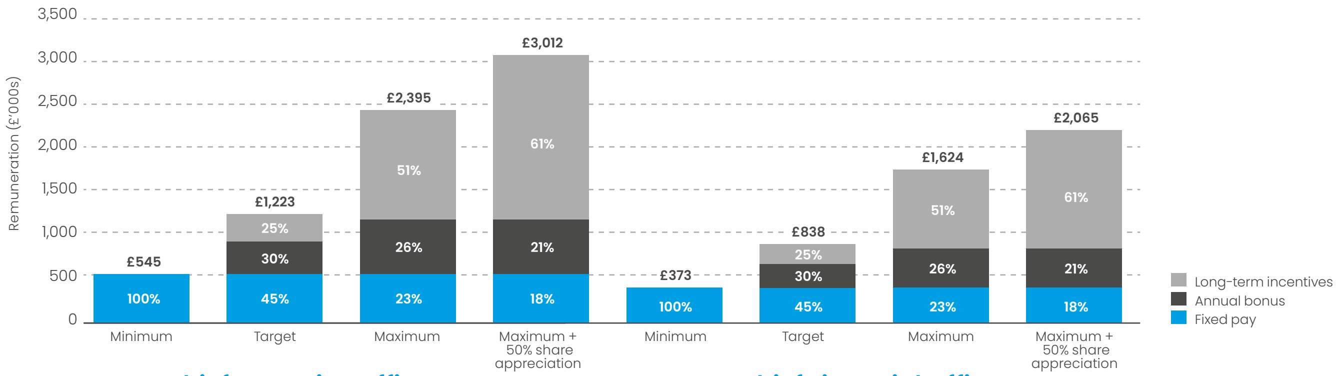
If tax liabilities arise from an error or omission by the Group that is outside of the control of the Executive Directors, the Committee will have the ability to reimburse any such tax liabilities.

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 below set out an illustration of the remuneration arrangements for 2022 in line with the Policy. These charts provide an illustration of the proportion of total remuneration made up of each component of the Policy and the value of each component.

In accordance with the remuneration reporting requirements, four 2022 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



Chief Executive Officer **Chief Financial Officer**

Notes:
For the Chief Executive Officer, fixed pay comprises salary from 1 January 2022, a pension allowance of £50,000 plus medical insurance benefit of £1,217.
For the Chief Financial Officer, the chart shown reflects the fixed pay and incentive opportunities currently provided to Jonathan Swinney. As noted on page 77, Jonathan will be leaving EnQuest during the year and accordingly will not be eligible for annual bonus or PSP during 2022.

Statement of consideration of employment conditions elsewhere in the Group
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 and Social Responsibility Committee welcomes and values the opinions of EnQuest's shareholders with regard to the structure and levels of remuneration for Directors. The 2020 DRR was voted on at the AGM held in May 2021, where 97.72% of the votes cast were in favour. The Policy, where 95.35% of votes cast at the AGM held in May 2021 were in favour, incorporated shareholder feedback following consultation.

Annual Report on Remuneration for 2021
Terms of reference
The Committee's terms of reference are available either on the Group 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 Group.

Meetings in 2021
The Committee has four scheduled meetings per year. During 2021, it met on four occasions as scheduled to review and discuss base salary adjustments for 2022, the setting of Group performance conditions and related annual bonus for 2021, PSP performance conditions, UK Corporate Governance Code provisions and the approval of share awards.

Committee members, attendees and advisers

Member	Date appointed Committee member	Attendance at scheduled meetings during the year
Howard Paver	1 May 2019	4
Martin Houston	15 October 2019	4
Farina Khan	1 November 2020	4

Advisers to the Remuneration and Social Responsibility 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 Group 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 2021, together with comparative figures for 2020.

Single total figure of remuneration – Executive Directors

		'Single figure' of remuneration – £'000s[1]							
Director	Year	Salary and fees[2]	All taxable benefits	Pension[3]	Total fixed pay	Annual bonus[4]	LTIP[5]	Total variable	Total fixed and variable
Amjad Bseisu	**2021**	**479**	**1**	**50**	**530**	**392**	**496**	**888**	**1,418**
	2020	455	1	50	507	359	379	738	1,244
Jonathan Swinney	**2021**	**338**	**1**	**34**	**373**	**277**	**348**	**624**	**998**
	2020	321	1	43	365	254	247	500	865
Total	**2021**	**817**	**3**	**84**	**904**	**669**	**844**	**1,512**	**2,416**
	2020	777	3	93	872	613	626	1,239	2,110

Notes:
1 Rounding may apply
2 Salary and fees reflect voluntary 20% salary reduction applied in April, May and June 2020
3 Cash in lieu of pension
4 The annual bonus for 2020 for Amjad Bseisu and Jonathan Swinney was based on base salary levels and payment was made in respect of the full financial year. The amount stated is the full amount (including any portion deferred). Any Executive Director bonus for Amjad Bseisu and Jonathan Swinney that is above 100% of their respective salary is paid in EnQuest PLC shares, deferred for two years, and subject to continued employment
5 **PSP awarded on 24 April 2019 which will vest on 24 April 2022:** the LTIP value shown in the 2021 single figure is calculated by taking the number of performance shares that will vest (43.89%) multiplied by the average value of the EnQuest share price between 1 October 2021 and 31 December 2021, as the share price on 24 April 2022 is not known at the time of this report. This number of shares has been adjusted in line with the open offer dated 26 July 2021, further details of which are included on page 88
PSP awarded on 24 April 2018 which vested on 24 April 2021: the LTIP value shown in the 2020 single figure is calculated by taking the number of performance shares that vested (63.94%) multiplied by the actual share price of 16.52 pence on the next business day following the vesting date of 24 April 2021, as the vesting date was a weekend in the UK. The 2020 value of the vested shares in the remuneration table has been updated from last year's value to represent the actual value received on the date of vesting

Single total figure of remuneration – Non-Executive Directors

The remuneration of the Non-Executive Directors for the year ended 31 December 2021 was as follows, together with comparative figures for 2020:

	'Single figure' of remuneration – £'000s					
Director	**Salary and fees 2021[1]**	Salary and fees 2020[1]	**All taxable benefits 2021**	All taxable benefits 2020	**Total for 2021**	Total for 2020
Martin Houston	**200**	190	**–**	–	**200**	190
Howard Paver[2]	**80**	70	**–**	–	**80**	70
Laurie Fitch[3]	**–**	61	**–**	–	**–**	61
Carl Hughes	**70**	67	**–**	–	**70**	67
Philip Holland	**70**	67	**–**	–	**70**	67
John Winterman	**70**	67	**–**	–	**70**	67
Farina Khan[4]	**60**	10	**–**	–	**60**	10
Liv Monica Stubholt[5]	**45**	–	**–**	–	**45**	–
Helmut Langanger[6]	**–**	18	**–**	–	**–**	18
Total	**595**	548	**–**	–	**595**	548

Notes:
1 Salary and fees paid in April, May and June 2020 were subject to a voluntary 20% reduction
2 Howard Paver was appointed as Senior Independent Director on 31 March 2020 and Chair of the Remuneration and Social Responsibility Committee on 21 May 2020. His fees were pro-rated
3 Laurie Fitch stepped down from the role of Chair of the Remuneration and Social Responsibility Committee on 21 May 2020. Her fees were pro-rated
4 Farina Khan was appointed to the Board and became a member of the Audit Committee and Safety, Climate and Risk Committee on 1 November 2020. Her fees for 2020 were pro-rated. Farina became a member of the Remuneration and Social Responsibility Committee in February 2021.
5 Liv Monica Stubholt was appointed to the Board on 15 February 2021. Her fees were pro-rated
6 Helmut Langanger retired from the Board on 31 March 2020. His fees were pro-rated

Annual bonus 2021 – paid in 2022

The Committee's belief is that any short-term annual bonus should be tied to the overall performance of the Group. 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 2021 as a percentage of base salary was 125% for Amjad Bseisu and Jonathan Swinney.

For both Amjad Bseisu and Jonathan Swinney, the annual bonus for 2021 was wholly based on the CPC results.

Company Performance Contract ('CPC')

The details of the CPC for both Amjad Bseisu and Jonathan Swinney are set out in the following tables, showing the performance conditions and respective weightings against which the bonus outcome was assessed.

Performance measure	Weighting	Performance targets and payout[1]		Amjad Bseisu and Jonathan Swinney
Production[2] (Kboed)	20.00%	Threshold: 49.3 Maximum: 53.7	Maximum bonus % available	25.00%
		Actual: 44.4	**Actual % payout**	**0.00%**
Expenditure[2] Cash opex/capex/abex ($ million)	20.00%	Threshold: 428.1 Maximum: 385.4	Maximum bonus % available	25.00%
		Actual: 397.0	**Actual % payout**	**16.67%**
Asset Integrity Deliver AI and safety plan to the Board evaluated by the Safety, Climate and Risk Committee	10.00%	Threshold: Low Maximum: High	Maximum bonus % available	12.50%
		Actual: High	**Actual % payout**	**12.50%**
Culture/Values/ESG Design and communicate a Diversity & Inclusion Strategy; Improve employee engagement as measured by survey outcomes; and Achieve progress towards three-year objective of 10% emissions reduction	10.00%	Diversity & Inclusion Strategy was delivered in good time and communicated across the business; Employee engagement was stable; Emissions fell by over 14%	Maximum bonus % available	12.50%
		Actual: Between target and stretch	**Actual % payout**	**8.75%**
Liquidity Management Deliver accretion through acquisition based on Gaffney, Cline & Associates Competent Persons Report	20.00%	Threshold: $100 million NPV10 Maximum: $150 million NPV10	Maximum bonus % available	25.00%
		Actual: $170m NPV10	**Actual % payout**	**25.00%**
M&A and Reserves Closing a transaction that delivers significant value and reserves replacement	20.00%	Threshold: 100% reserves replacement Maximum: 130% reserves replacement	Maximum bonus % available	25.00%
		Actual: 117.8%	**Actual % payout**	**18.88%**
Total bonus outturn (% of salary)				**81.80%**

Notes:
1 Rounding may apply
2 Production and Expenditure targets were adjusted to take account of the Golden Eagle acquisition which completed in October 2021. The completion date of this transaction could not have been foreseen when targets were initially set. The adjustment did not affect the outturn on either measure

Any payout against the CPC may be subject to an additional underpin based on the Committee's assessment of the Group's HSEA performance. Following above-target performance in relation to HSEA metrics, it was the view of the Committee that the scorecard outcome was a reasonable representation of Executive Director performance and did not require further adjustment.

The annual bonus summary for the Executive Directors for 2021 is shown in the table on the following page based on the achievement of the performance conditions against the CPC for both Amjad Bseisu and Jonathan Swinney.

Directors' Remuneration Report continued

Performance measure[2]	Weighting	Amjad Bseisu and Jonathan Swinney Max	Actual outturn % of salary[1]
Production (Kboed)	20.00%	25.00%	0.00%
Expenditure – opex/capex/abex ($ million)	20.00%	25.00%	16.67%
Asset Integrity	10.00%	12.50%	12.50%
Culture/Values/ESG	10.00%	12.50%	8.75%
Liquidity Management ($ million)	20.00%	25.00%	25.00%
M&A and Reserves	20.00%	25.00%	18.88%
Sub-total	**100.00%**	**125.00%**	**81.80%**
Personal objectives	n/a	n/a	n/a
Total outturn (%)	**100.00%**	**125.00%**	**81.80%**
Total payout (%)			**81.80%**
Total payout (% of maximum)			**65.44%**
Total 2021 bonus award (£) – Amjad Bseisu			**£391,910**
Total 2021 bonus award (£) – Jonathan Swinney			**£276,705**

Notes:
1 Rounding may apply
2 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

2019 PSP awards that vest in 2022

The LTIP award made to Executive Directors on 24 April 2019 was based on the performance to the year ended 31 December 2021 and will vest on 24 April 2022.

Targets applying to the 2019 PSP award were set at the start of the performance period and took into account both internal and external expectations at the time, but not the impact of early decommissioning of Heather and Thistle assets. In 2020, the Group decided to decommission these assets early, resulting in additional cash flow and value for shareholders in the longer term. The Committee considered the impact of this on outstanding PSP cycles and decided the fairest approach was to exclude the production and reserves growth from the decommissioned assets in both the targets and the level of performance achieved. Any impact from the Golden Eagle acquisition has been excluded from the performance outturn below. This acquisition completed in month 34 of a 36-month assessment period and, on this basis, the Committee took the decision to exclude it.

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

Grant date	Vesting date	Performance period	Performance conditions and weighting Relative TSR	Production growth[1]	Reduction in net debt	Reserves growth[1]	Total award
24 Apr 2019	24 Apr 2022	1 Jan 2019 – 31 Dec 2021	30.00%	30.00%	30.00%	10.00%	100.00%
Below threshold				39,158 Boepd	$1,774.5 million	195.2 MMboe	
Threshold			Median	52,119 Boepd	$1,330.9 million	204.8 MMboe	
Maximum			Upper quartile	67,665 Boepd	$1,153.4 million	214.5 MMboe	
Actual performance achieved			**7th position**	**38,947 Boepd[1]**	**$1,046.9 million**	**174.7 MMboe**	
Percentage meeting performance conditions and total vest			**13.89%**	**0.00%**	**30.00%**	**0.00%**	**43.89%**

Note:
1 Adjusted to include the impact of the strategic decision taken early in 2020 to close the Heather and Thistle assets earlier than planned. Production and reserves relating to the assets closed early have been excluded from both target and achievement of these measures. Additionally, no impact of the Golden Eagle acquisition has been reflected in the PSP outcome. This transaction closed at the end of month 34 of a 36-month performance period, and only the non-equity funded portion of the Magnus acquisition has been included in production and reserves outcomes, in line with previous years.

The table below shows the number of nil cost options awarded on 24 April 2019 that will vest on 24 April 2022 and their value as at 31 December 2021. This figure is calculated by taking the average closing share price on each trading day of the period 1 October 2021 to 31 December 2021 and is used as the basis for reporting the 2021 'single figure' of remuneration. The actual value of these shares recorded in the remuneration table will be updated in 2022 to represent the actual value received on the day of vesting.

Name	Original number of shares	Adjusted number of shares[1]	Portion vesting	No. of shares vesting	Average share price £	Value at 31 Dec 2021 £
Amjad Bseisu	5,215,886	5,240,006	43.89%	2,299,838	0.2156	495,845
Jonathan Swinney	3,658,260	3,675,117	43.89%	1,613,035	0.2156	347,770

Note:
1 Following an adjustment made in relation to the open offer of 26 July 2021. Full details on page 88

The 2019 PSP award granted was based on the average middle market quotation of the three dealing days immediately preceding the date of grant of 24 April 2019 of 22.07p. Compared to the average value of the EnQuest share price between 1 October 2021 and 31 December 2021 of 21.56p, this represents a 2.3% 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 43.89%, the value would be 2.3% higher than currently estimated using the average value of the EnQuest share price between 1 October 2021 and 31 December 2021. 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 Group. No discretion has therefore been exercised in relation to this fall in share price.

April 2021 PSP award grant

After due consideration of business performance in 2020, the Remuneration and Social Responsibility Committee awarded the Executive Directors the following performance shares on 27 April 2021:

	Face value (% of 2020 salary)	Face value at date of grant £	Original no. of shares[1]	Adjusted no. of shares[2]	Performance period
Amjad Bseisu	250%	1,197,840	7,407,792	7,442,048	1 Jan 2021 – 31 Dec 2023
Jonathan Swinney	250%	845,725	5,230,210	5,254,396	1 Jan 2021 – 31 Dec 2023

Notes:
1 Based on the middle market quote for the three days preceding the date of grant of 22.07 pence
2 Following an adjustment made in relation to the open offer of 26 July 2021. Full details on page 88

Summary of performance measures and targets – April 2021 PSP grant

The 2021 PSP share awards granted on 27 April 2021 will be measured 80% against a relative TSR performance condition over a three-year financial performance period and 20% based on emissions reduction over the same period.

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

The performance period for the award will be 1 January 2021 to 31 December 2023, with the awards vesting on 26 April 2024.

2021 PSP – schedule for vesting in 2024

	Relative TSR weighting 80%		Emissions reduction weighting 20%	
	Performance	Vesting	Performance	Vesting
Below threshold	Below median	0%	<10%	0%
Threshold[1]	Median	25%	10%	25%
Maximum[1]	Upper quartile	100%	12% or more	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 2021:

Year of grant	Production growth – base level	Reserves growth – base level	Net debt – base level	Emissions – base level
2019 – pre-adjustment for decommissioned assets	55,447 Boepd	245.2 MMboe	$1,774.5 million	n/a
2019 – post-adjustment for decommissioned assets	39,158 Boepd	195.0 MMboe	$1,774.5 million	n/a
2020 100% relative TSR	n/a	n/a	n/a	n/a
2021 80% relative TSR/20% emissions reduction	n/a	n/a	n/a	1,343 $ktCO_2e$

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

FTSE 350	FTSE All-Share	FTSE AIM – Top 100	NASDAQ OMX Stockholm	Other
Capricorn Energy[1] Tullow Oil	Harbour Energy[2] Pharos Energy	Hurricane Energy Rockhopper Exploration Bowleven Serica	Africa Oil Lundin Petroleum Aker BP ASA	Genel Energy

Notes:
1 Capricorn Energy was previously known as Cairn Energy
2 Harbour Energy was previously known as Premier Oil

The comparator group companies for the TSR performance condition relating to the 2021 PSP award are as follows:

FTSE 250	FTSE AIM – Top 100	FTSE Small Cap	NASDAQ OMX Stockholm	Oslo Bors	Other
Capricorn Energy[1] Diversified Energy Energean Harbour Energy	Jadestone Serica	Pharos Energy Tullow Oil	Africa Oil Lundin Petroleum	Aker BP ASA BW Energy DNO Okea	Genel Energy Hibiscus Hurricane Energy Kosmos Maurel & Prom Santos

Note:
1 Capricorn Energy was previously known as Cairn Energy

The number of PSP awards outstanding as at 31 December 2021 is as follows:

	Total shares awarded	Adjusted shares awarded	Performance period	Performance conditions (and weighting)	Vesting date
Grant date – April 2019				TSR (30%)	24 Apr 2022
Amjad Bseisu	5,215,886	5,240,006	1 Jan 2019–31 Dec 2021	Production growth (30%)	
Jonathan Swinney	3,658,260	3,675,177		Reserves growth (10%)	
				Net debt reduction (30%)	
Grant date – September 2020				TSR (100%)	9 Sep 2023
Amjad Bseisu	7,057,406	7,090,042	1 Jan 2020–31 Dec 2022		
Jonathan Swinney	4,949,819	4,972,708			
Grant date – April 2021				TSR (80%)	26 Apr 2024
Amjad Bseisu	7,407,792	7,442,048	1 Jan 2021–31 Dec 2023	Emissions reduction (20%)	
Jonathan Swinney	5,230,210	5,254,396			

Firm placing, placing and open offer adjustment
On 30 June 2021, EnQuest PLC issued a prospectus setting out details of a firm placing, placing and open offer to qualifying shareholders in the Company. The open offer, having been approved by shareholders on 23 July 2021, took effect on 26 July 2021. The Committee subsequently exercised its discretion to make an adjustment to unexercised employee share awards. This was to ensure that rights under the various share schemes were not adversely affected by the open offer. In the case of the PSP, awards were adjusted by a factor of 1.0046[1] (rounded down to the nearest whole share).

Note:
1 Adjustment factor shown to four decimal places

Pension allowance
Executive Directors do not participate in the EnQuest pension plan and instead receive cash in lieu. Amjad Bseisu received £50,000 and Jonathan Swinney received £33,829 in 2021. This was equivalent to 10.4% of Amjad Bseisu's 2021 salary and 10.0% of Jonathan Swinney's 2021 salary.

Statement of Directors' shareholding and share interests

The interests of the Directors in the share capital of the Company as at 31 December 2021 are shown below:

In 2021, the following awards were granted, lapsed and adjusted for the Executive Directors

PSP	31 December 2020	Granted	Lapsed	Adjusted[1]	31 December 2021	Vesting period	Expiry date
Amjad Bseisu	3,587,060		1,293,494	10,606	2,304,172	24 Apr 2018 – 24 Apr 2021	24 Apr 2028
	5,215,886			24,120	5,240,006	24 Apr 2019 – 24 Apr 2022	24 Apr 2029
	7,057,406			32,636	7,090,042	10 Sep 2020 – 9 Sep 2023	9 Sep 2030
		7,407,792		34,256	7,442,048	27 Apr 2021 – 26 Apr 2024	26 Apr 2031

PSP	31 December 2020	Granted	Lapsed	Adjusted[1]	31 December 2021	Vesting period	Expiry date
Jonathan Swinney	2,335,759		842,275	6,906	1,500,390	24 Apr 2018 – 24 Apr 2021	24 Apr 2028
	3,658,260			16,917	3,675,177	24 Apr 2019 – 24 Apr 2022	24 Apr 2029
	4,949,819			22,889	4,972,708	10 Sep 2020 – 9 Sep 2023	9 Sep 2030
		5,230,210		24,816	5,254,396	27 Apr 2021 – 26 Apr 2024	26 Apr 2031

Note:
1 Adjustment relates to the open offer of 26 July 2021. Full details on page 88

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

Statement of Directors' shareholdings and share interests

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

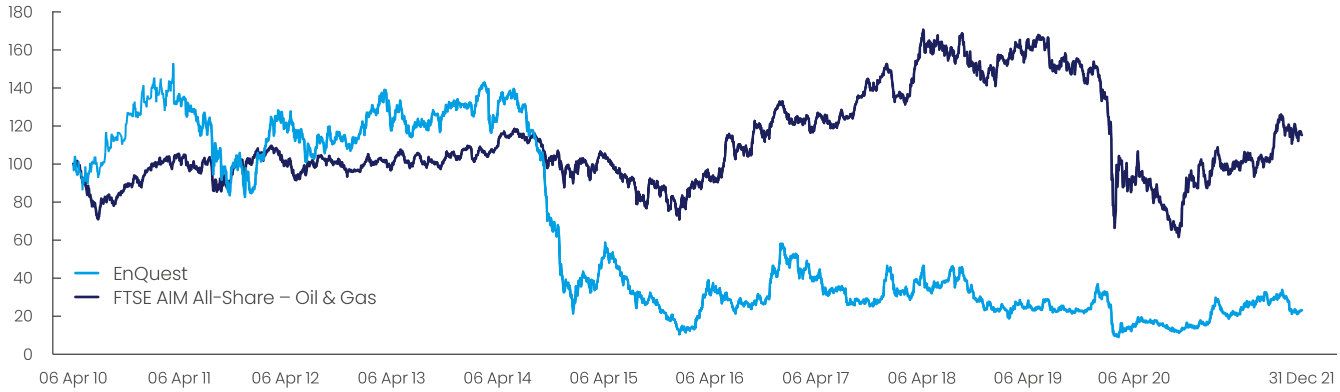
	Legally owned (number of shares)	Value of legally owned shares as % of salary[1]	Unvested and subject to performance conditions under the PSP	Vested but not exercised under the PSP	Vested but not exercised under the RSP	Sharesave	Executive deferrals	Total at 31 December 2021	Value of shareholding as a % of salary[1]
Amjad Bseisu	215,823,042[2]	9,712%	19,772,096	2,304,172	–	–	72,475	237,971,785	10,708%
Jonathan Swinney	960,446	61%	13,902,281	4,968,028	–	–	2,205,323	22,036,078	1,404%
Martin Houston	528,085	n/a	n/a	n/a	n/a	n/a	n/a	528,085	n/a
Howard Paver	457,617	n/a	n/a	n/a	n/a	n/a	n/a	457,617	n/a
Philip Holland	295,605	n/a	n/a	n/a	n/a	n/a	n/a	295,605	n/a
Carl Hughes	109,390	n/a	n/a	n/a	n/a	n/a	n/a	109.390	n/a
Farina Khan	211,235	n/a	n/a	n/a	n/a	n/a	n/a	211,235	n/a
Liv Monica Stubholt	–	n/a	n/a	n/a	n/a	n/a	n/a	–	n/a
John Winterman	221,123	n/a	n/a	n/a	n/a	n/a	n/a	221,123	n/a

Notes:
1 Shares are valued by taking the average closing share price on each trading day of the period 1 October 2021 to 31 December 2021
2 As at 31 December 2021, 188,833,544 shares were held by Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu. 26,812,583 shares were also held by The Amjad and Suha Bseisu Foundation and the remaining 176,959 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 2021 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:

	2015	2016	2017	2018	2019	2020	**2021**
'Single figure' of total remuneration (£'000s)	884	941	998	1,306	1,275	1,244	**1,418**
Annual bonus (as a % of maximum)	27	33	57	79	81	60	**65**
Long-term incentive vesting rate (as a % of maximum PSP)	77	56	11	56	50	64	**44**

CEO pay ratio 2021

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 2021 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)
2021	A	STFR	15:1	13:1	11:1
2020	A	STFR	14:1	12:1	10:1
2019	A	STFR	23:1	14:1	11:1

Total remuneration is as defined in the single total figure of remuneration for Executive Directors. EnQuest has determined the P25, P50 and P75 individuals with reference to a ranking of total remuneration and by identifying those employees with the most typical pay structure of a UK-based employee. All employees have been included as at 31 December 2021, 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)
2021	A	STFR	£1,418,141	£92,108	£106,862	£128,860
2020	A	STFR	£1,118,892	£78,729	£92,508	£110,817
2019	A	STFR	£1,448,480	£62,717	£104,769	£129,558
2021	A	Base salary	£479,136	£65,500	£69,960	£89,920
2020	A	Base salary	£455,179	£52,346	£75,833	£70,874
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, differences exist in the quantum of variable pay that is achievable by the senior executive team and by individuals at senior management levels within the Group At these levels, where there is a greater opportunity to influence Group performance, there is a greater emphasis on aligning executives with shareholders. Based on this distinction, the Group 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:

	2020 $ million	**2021 $ million**
Adjusted EBITDA[1]	551	**743**
Net debt[1]	1,280	**1,222**
Distribution to shareholders	0	**0**
Total employee pay	118	**103**

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

Change in Directors' pay relative to the workforce between 2020 and 2021

	Base salary/fees[1] %	Bonus %	Benefits %
Amjad Bseisu	5	9	0
Jonathan Swinney	5	9	(20)
Martin Houston	5	–	n/a
Howard Paver[2]	14	–	n/a
Philip Holland	5	–	n/a
Carl Hughes	5	–	n/a
Farina Khan[3]	0	–	n/a
Liv Monica Stubholt[4]	n/a	–	n/a
John Winterman	5	–	n/a
UK employees (average)[5]	0	3	0

Notes:
UK employees have been chosen as the most appropriate comparator group as the majority of the EnQuest workforce is UK based and their pay structure is comparable to the Directors' pay based on annualised actual amounts paid in 2020 and 2021. Benefits include employer pension contribution and/or allowance

1 All Directors in role during April, May and June 2020 took a voluntary 20% salary and fee reduction for that period in light of the uncertainty relating to the COVID crisis. No uplift to salary or fees was applied in 2021; the change shown above represents a full year without the voluntary reduction
2 Howard Paver was appointed as Senior Independent Director on 31 March 2020 and Chair of the Remuneration ans Social Responsibility Committee on 21 May 2020
3 Farina Khan was appointed to the Board and became a member of the Audit Committee and the Safety, Climate and Risk Committee on 1 November 2020. Her fees for 2020 have been annualised. Farina became a member of the Remuneration and Social Responsibility Committee in February 2021
4 Liv Monica Stubholt was appointed to the Board on 15 February 2021
5 The vast majority of UK-based employees directly support the North Sea business and have a proportion of their bonus based on the performance of this business unit. The North Sea performed less well than Malaysia and overall Group performance during 2021

Statement of implementation of the remuneration policy for the year ending 31 December 2022

Base salary and 2022 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 Group grows, as well as the performance of the Executive Director. The table below shows the changes applied to salaries for 2022.

Name	Salary for 2021 £	Salary for 2022 £	Increase %
Amjad Bseisu	479,136	493,500	3
Jonathan Swinney	338,290	338,290	0

The average salary uplift for Group employees was 3%, although individual uplifts varied according to market position, and individual experience and performance. In light of his resignation, Jonathan Swinney will not receive a base salary increase for 2022.

Pension and other benefits

The Group will continue to pay a cash benefit in lieu of pension of the lesser of 10% of salary or £50,000 (the CEO continues to receive pension benefit at the capped level). The Group 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 2022, the target and maximum annual bonus opportunities for the Chief Executive Officer will continue to be 75% of salary at target and 125% of salary at maximum.

The annual bonus scheme for 2022 is structured as follows:
- Awards will be determined based on a balanced combination of financial and operational performance measures;
- Executive Directors (and other executive management) will have threshold, target and stretch performance levels attributed to key performance objectives;
- Executive Directors' bonuses will be determined predominantly by the performance of the Group;
- 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 2022 metrics and weightings, which will determine the level of short-term incentive awards for the CEO, are set out below.

Group 2022 performance measures scorecard

Metric	Weighting
Production	25%
Expenditure	15%
ESG, Culture and D&I	15%
Liquidity Management	25%
Growth – Organic and Inorganic	20%

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

In light of his resignation, Jonathan Swinney will not earn bonus during 2022.

Performance share awards
2022 PSP awards
After due consideration of business performance in 2021 and the performance of the Executive Directors, as well as other factors, the Remuneration and Social Responsibility Committee decided to award a grant equal to 250% of salary to Amjad Bseisu, to be granted in April 2022. In light of his resignation, Jonathan Swinney will not receive a PSP award in 2022.

Summary of 2022 PSP performance measures and targets
The PSP share awards granted in 2022 will have two performance metrics, both measured over a three-year financial period:
- 80% of the award relates to relative TSR against a comparator group of 20 oil and gas companies; and
- 20% relates to emissions reduction over three years.

2022 PSP – schedule for 2025 vesting

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

2022 PSP award TSR comparator group

Africa Oil	Genel Energy	Maurel & Prom
Aker BP	Harbour Energy	Okea
BW Energy	Hibiscus	Pharos Energy
Capricorn Energy	Hurricane Energy	Santo
Diversified Oil and Gas	Jadestone	Serica Energy
DNO	Kosmos	Tullow Oil
Energean	Lundin	

Non-Executive Directors
The fees for the Non-Executive Directors with effect from 1 January 2022 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. The decision was taken not to increase Director fees in 2022 following the benchmark review.

Advisers to the Committee
Mercer Kepler provided advice to the Remuneration and Social Responsibility 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 Group.

The fees in respect of 2021 paid to Mercer Kepler totalled £57,040 (excluding VAT). These fees were charged on the basis of the number of hours worked.

Statement of voting at the Annual General Meeting
The table below summarises the voting at the AGM held on 12 May 2021 in respect of the Remuneration Policy and 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 (2021)	741,982,160	95.35%	36,162,580	4.65%	778,144,740	23,130,306
Remuneration Report (2021)	755,467,860	97.72%	17,623,710	2.28%	773,091,570	28,183,476

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

Howard Paver
Chair of the Remuneration and Social Responsibility Committee
23 March 2022

Governance and Nomination Committee report

"Good governance is more than a requirement, it is the key to business success."

Martin Houston
Chairman of the Governance and Nomination Committee

Dear fellow shareholder

In 2021, the Committee focused on Board composition and tenure. We recommended to the Board that Rani Koya be invited to join the Company as a Non-Executive Director and also as a member of the Technical and Reserves Committee. The recruitment process relating to her appointment can be found below. Rani has worked extensively in major energy companies in a variety of technical, project management and executive management roles across the globe and is currently the CEO of a renewable energy company. Her extensive technical experience will be of great value to our team and her experiences running a renewable energy company will deepen our Board capabilities in this crucial area.

Additional changes, which I highlighted in the 2020 Annual Report and Accounts, are that Liv Monica Stubholt was appointed to the Board in January 2021, while Laurie Fitch stepped down from the Board in the same month.

As mentioned in my letter on page 62, Philip Holland, currently Chairman of the Safety, Climate and Risk Committee, has served on the Board of the Company for six years and will be stepping down as a Director at the Company's 2022 Annual General Meeting. I thank Philip for his valuable contributions over the years and excellent steering of the Safety, Climate and Risk Committee, which has significantly increased in scope since its inception. Liv Monica Stubholt will replace Philip as Chair of the Committee in May 2022.

The Board evaluation for 2021 was conducted externally by Grant Thornton and BoardClic using both traditional methods and online questionnaires, more information on which can be found in the main body of this report. I am encouraged by their findings which, as with all such processes, illuminated where we can improve. Our Board has made great strides in the past two years and I believe we now have a very good mix of diversity and skills.

Martin Houston
Chairman of the Governance and Nomination Committee
23 March 2022

Governance and Nomination Committee membership

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

Member	Date appointed Committee member	Attendance at meetings during the year
Martin Houston	1 October 2019	5
Amjad Bseisu	22 February 2010	5
Howard Paver	15 October 2019	5

Main responsibilities

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

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

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

Committee activities during the year

The Governance and Nomination Committee met five times in 2021. Its key activities included:

Appointment of Non-Executive Director

The Committee launched a Board search process in 2021 to recruit an additional Director. The Company appointed Ridgeway, who were cognisant of the Company's Board diversity policy, to lead the process. A skills matrix mapping the experience of the existing Directors was prepared to identify the requirements for a new Director. The Committee met to review the longlist of candidates, before selecting a shortlist to interview. Interviews were mainly conducted over Microsoft Teams and, after a successful selection process, Rani Koya was invited to meet Board members. Following discussion at the December 2021 Board meeting there was unanimous approval for Rani to join the Board as a Director and she was appointed on 1 January 2022. Rani was deemed independent on appointment.

In making an appointment, the Committee actively considers Board diversity in all its forms as part of its thorough review of each candidate, including the balance of skills, knowledge and level of independence they would bring to the Board, and screens for potential conflicts of interest. The Committee also gives careful consideration to other existing commitments a candidate may have and whether they will be able to devote the appropriate amount of time in order to fully meet what is expected of them.

Structured Board succession planning

Succession planning is an important part of both the Committee and the Board's deliberations. This includes for both senior management and the wider organisation, such as individuals who are considered as having high potential. This ensures that the Board has oversight of the Group's talent pipeline and future leaders and can progress and support development within the organisation. A workforce succession framework has been developed and this will be reviewed on an annual basis.

In considering the composition of the Board which will best serve the strategy, Values and purpose of the Company into the future, the Board has adopted diversity targets. Its membership represents a spread of experience which covers the oil and gas and other industries, including diverse approaches to the energy transition. See pages 58 to 59 for Board biographies.

Development and employee succession planning

The Board and the Governance and Nomination Committee remain satisfied that the individuals currently fulfilling key executive and senior management positions in the Group have the requisite depth and breadth of skills, knowledge and experience, to ensure that orderly succession to the Board and Executive Committee can take place. Over the course of the year, the Committee has considered executive and senior management development and succession planning is regularly discussed. The Board has also discussed such matters at the recommendation of the Committee, including particularly at the Board's annual Strategy Day. The Group continues to work to identify capability strengths and development gaps and to develop the process for encouraging and supporting high-potential employees.

Annual evaluation

During 2021, an external Board evaluation was held in accordance with the requirements of the Corporate Governance Code. In line with the Chartered Governance Institute's voluntary principles of good practice, the Governance and Nomination Committee convened to choose a provider and after meeting with individuals and companies providing such services, agreed to appoint Grant Thornton in association with BoardClic. Grant Thornton was deemed independent on appointment and prior to this evaluation had not been previously used for evaluation purposes. BoardClic's online survey was previously used in 2020 to facilitate the Company's internal annual Board review.

The evaluation comprised of a review of the Board papers for 2021, an online survey facilitated by BoardClic and one-to-one interviews. Interviews were held with each Director and, to gain an additional perspective, interviews were also held with the Company's management team, brokers, auditor and a major shareholder. Grant Thornton, who conducted the interviews, also observed the December 2021 Board and Committee meetings. The final results of the evaluation were reported to the Board at the February 2022 Board meeting.

It was concluded that the Board was well-performing and that it benefited from a strong group of individuals who brought significant subject matter expertise and corporate experience to the table. Increasing diversity in the Board's composition was providing fresh perspectives, technical expertise and market knowledge which added value to the Board's thinking around strategy, sustainability and ESG.

Following the results of the evaluation it was agreed that the areas of key focus for 2022 would include reviewing the Board dynamics to optimise the individual Board members' strengths; to continue to refine the Group's strategy; and to provide oversight of the evolving organisational culture.

While Grant Thornton took into account the Chairman's performance as part of its broader Board evaluation, the SID also conducted a formal performance review following consultation with all other Directors; their observations were subsequently provided by the SID to the Chairman. It was concluded that the Chairman exercises his role and carries out his duties in a first-rate manner.

Progress against the 2020 internal evaluation was reviewed during the year and matters such as diversity were addressed through the appointment of additional Board members in 2021 and the planned retirement by Philip Holland. Strategic matters were discussed at the October Strategy Day, which was attended by the Executive Committee and Directors. The results of the previous evaluation were also provided to Grant Thornton to provide them with context when conducting their external review.

Re-election to the Board

Following a review of the effectiveness of the Board, the Governance and Nomination Committee confirms that it is satisfied with both the performance and the time commitment of each Director throughout the year. The Committee also remains confident that each of them is in a position to discharge their duties to the Company in the coming year and that together they continue to bring the necessary skills required to the Board. Board approval is required should a Director wish to accept a further external role. Detailed biographies for each Director, including their skills and external appointments, can be found on pages 58 to 59.

Governance and Nomination Committee report continued

Priorities for the coming year

As well as addressing those issues highlighted in the annual evaluation, the main focus of the Committee in 2022 will be to consider the optimal structure for leadership of operational matters across the Group and succession planning to best match such a structure.

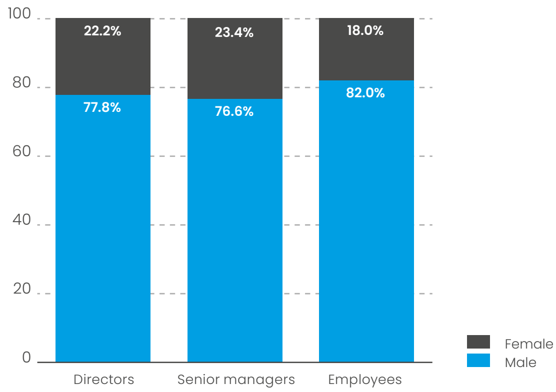
Boardroom diversity

Much work over the year has been on enhancing the Group's diversity strategy in order to have the most effective Board possible and to be able to discharge its duties and responsibilities to the highest standard. The Board is absolutely committed to recruiting a diverse boardroom and therefore the Committee recommended, with the approval of the Board, that the Hampton-Alexander Review target of 33% representation of women on FTSE 350 Boards and that the Parker Review target of at least one Director of colour both be met. The Company has met the Parker Review target and will reach the Hampton-Alexander Review's target on Philip Holland's departure in May 2022. While the Company is outside the FTSE 350, the Committee is mindful of the recently released targets of the FTSE Women Leaders Review and will be reviewing them as a continuing element of the Board's succession planning process.

The Board has also agreed diversity targets for leadership roles (including the Executive Committee, Aberdeen Leadership Team and Malaysia Leadership Team) by 2025 of: 30% of management roles to be occupied by women and 15-20% of management roles to be occupied by ethnic minorities. The Group's diversity policy can be found on the Group's website at www.enquest.com/environmental-social-and-governance/social/people.

In addition, the EnQuest-wide Diversity and Inclusion Policy aligns with the Company's Values, which incorporate both respect and openness. The Group seeks diversity in its employee base, recognising that those from different backgrounds, experience and abilities can bring fresh ideas, perspectives and innovation to improve the business and working practices. Activities within the Group to encourage awareness of diversity considerations include a staff-wide diversity survey and education of the workforce.

The chart below illustrates gender breakdown among EnQuest's Directors and workforce as at 31 December 2021[1].



Note:
1 Breakdown of percentages: Directors (2 female, 7 male), Senior managers (15 female, 49 male), employees (129 female, 587 male)

On 1 January 2022, Rani Koya was appointed as a Director; the breakdown of the Directors is therefore now 30% female and 70% male.

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

Safety, Climate and Risk Committee report

"The Group continues to positively evolve its processes for identifying and managing risks and mitigating their impact."

Philip Holland
Chairman of the Safety, Climate and Risk Committee

Dear fellow shareholder

On behalf of the Board and my fellow Committee members, I am pleased to present EnQuest's Safety, Climate and Risk Committee report. During 2021, the COVID-19 pandemic and climate change have been high on the agenda for everyone, particularly with the 26th Conference of the Parties being hosted in Scotland.

As always, the health and safety of our personnel remained our key priority and we achieved 'LTI free' status for the entire year in the North Sea, which is an impressive performance. Accordingly, as outlined in this report, throughout 2021, we continued to undertake detailed analysis of specific risk areas and associated controls.

In conjunction with a variety of stakeholders, including industry and medical organisations, the Group continued to monitor the evolving situation with regard to the potential impact of COVID-19 on its workforce and operations. Appropriate actions, including practical support and guidance, were implemented in accordance with expert advice and the level of risk (please see pages 36 to 38 for more details), in particular, as the 'Omicron' variant of COVID-19 was understood to be more transmissible and therefore could have presented additional challenges for the Group. Clearly, this will remain an ever-evolving focus area for the organisation in 2022.

Throughout 2021, the Committee continued to consider the impact of the energy transition on the Group, particularly given the changing regulatory environment reflected in the UK Government's North Sea Transition Deal ('NSTD') requiring the industry to deliver material, progressive CO_2 equivalent reductions by 2025, 2027 and 2030 against a 2018 baseline. Progress was reported to the Committee in relation to the Group's own emissions reduction performance and the identification of economically viable emissions savings opportunities that are aligned to EnQuest's emission management strategy. These initiatives facilitate the delivery of the Group's own emission reduction target and those set out by the NSTD. A deep dive of the Group's standalone 'climate change' risk to assess that the controls and risks associated with it remain accurate was undertaken in the year, with the results to be reported to the Committee in early 2022.

In 2021, an independent asset integrity review was undertaken across the Group looking at people, plant and process aspects in relation to the management of risk. The outcome was a more transparent and robust approach to cost allocation in key risk areas that could impact asset integrity. EnQuest received improvement notices at the Sullom Voe Terminal ('SVT') and Magnus in relation to the management of deadlegs and the manual draining of a relief valve that contained liquid hydrocarbons, respectively. The Committee will continue to ensure that the Group strives for continuous improvement, such that personal integrity and asset integrity are never compromised and that personnel are not exposed to any danger to life or liberty. Throughout the year, the Committee has continued to receive regular HSEA reports. Although disappointed with the improvement notices, I am pleased that the HSEA key performance indicators that were evolved in early 2021 have contributed to an improvement in overall HSEA performance in terms of preventing injuries and hydrocarbon releases. Good progress has continued to be made with HSEA arrangements in place across the Group and a capability review has provided greater capability, particularly for assurance and career progression. This has been achieved through better structural alignment internally across the North Sea and Malaysia HSEA functions.

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

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

Philip Holland
Chairman of the Safety, Climate and Risk Committee
23 March 2022

Safety, Climate and Risk Committee report continued

Safety, Climate and Risk Committee membership

Membership of the Committee and attendance at the four meetings held during 2021 is provided in the table below:

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

Notes:
1 Farina Khan stepped down from her position on the Committee on 2 February 2022
2 Liv Monica Stubholt became a member of the Committee at the same time as her appointment to the Board on 15 February 2021

Safety, Climate and Risk Committee responsibilities

The main responsibilities of the Committee are to:

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

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

Committee activities during the year

During 2021, the Committee:

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

For further information on these risks, please see the Risks and uncertainties section on pages 42 to 53.

Priorities for the coming year

In 2022, the Committee is continuing its focus on undertaking detailed analysis of key risk areas, including those relating to HSEA, the results of the asset integrity review and 'climate change', in particular emissions reductions. Ongoing assessment of existing and emerging risks, and the associated controls in place, will ensure that their potential effects continue to be identified, considered and risk assessed appropriately within the Group's Risk Management Framework. Additionally, the Committee will monitor progress of the project to further automate the Group's Risk Management Framework.

Technical and Reserves Committee report

"The Committee remains focused on providing technical expertise to the Board to assist in its decisions."

John Winterman
Chairman of the Technical and Reserves Committee

Dear fellow shareholder

On behalf of the Board and my fellow Committee members, I am pleased to present the Technical and Reserves Committee report. The Committee was established in October 2019 and since then has continued to support management and the wider Board in their decision making in relation to technical matters. As in 2020, much employee and Committee interaction over 2021 has necessarily been virtual, but this has not impacted on the quality of the discussions that have taken place.

As highlighted in my 2020 report, for confidentiality reasons I am unable to report on the details of the various business development opportunities which have been recommended to the Committee for further in-depth discussion over the year, however they did include the agreement to purchase Suncor's entire 26.69% non-operated equity interest in the Golden Eagle area. The Committee also held several deep dives on existing assets into various aspects of the business, including on Kraken and also on the 2022 drilling and workover programmes in both Malaysia and at Magnus.

Finally, I would like to welcome Rani Koya, our most recently appointed Board member, to the Committee, and also give my thanks to Philip Holland who will be stepping down as a Board member in May 2022. Rani's previous experience of working within large multinational, independent and start-up energy companies will both enhance and complement the existing skills of the Committee members and will ensure that on Philip's departure the effectiveness of the Committee remains robust. Philip has been a member of the Committee since it was established in 2019 and I thank him for his valuable work and contribution during his tenure.

John Winterman
Chairman of the Technical and Reserves Committee
23 March 2022

Technical and Reserves Committee responsibilities

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

Technical and Reserves Committee membership

Membership of the Committee and attendance at the five meetings held during 2021 is provided in the table below. Rani Koya joined the Committee on 1 January 2022.

Member	Date appointed Committee member	Attendance at meetings during the year
John Winterman	15 October 2019	5
Philip Holland	15 October 2019	5
Martin Houston	15 October 2019	5
Howard Paver	15 October 2019	5

Committee activities during the year

During 2021, the Committee:
- Reviewed the Group's annual reserves report;
- Provided input into the 2021 Business Plan;
- Considered business development opportunities; and
- Held several deep dives.

Priorities for the coming year

In 2022, the Committee will continue to focus on supporting the business, in particular when assessing new opportunities, reserve and resource maturation and asset integrity management across its assets. Deep dives, with presentations by asset personnel, will remain a key part of this process.

Directors' report

"The Directors of EnQuest present their Annual Report together with the Group and Company audited financial statements for the year ended 31 December 2021."

Stefan Ricketts
Company Secretary

Directors

The Directors' biographical details are set out on pages 58 to 59. Rani Koya will offer herself for election at the Annual General Meeting ('AGM') on 19 May 2022, with the other Directors, with the exception of Philip Holland who will step down from the Board following the AGM, offering themselves for re-election.

Directors' indemnity provisions

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

Substantial interests in shares

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

Name	Number of Ordinary shares held at 31 December 2021	% of issued share capital held at 31 December 2021[2]	Number of Ordinary shares held as at 23 March 2022	% of issued share capital held as at 23 March 2022[2]
Bseisu consolidated interests[1]	215,823,042	11.44	215,823,042	11.44
Aberforth Partners LLP	159,159,438	8.44	156,238,438	8.28
Baillie Gifford & Co Ltd	114,661,665	6.08	111,347,662	5.90
Schroders Plc	105,391,117	5.59	104,271,672	5.53
Hargreaves Lansdown Asset Management	87,594,029	4.64	88,699,742	4.70
Cobas Asset Management	74,925,880	4.97	80,235,468	4.25
Dimensional Fund Advisors	65,677,293	3.48	65,886,272	3.49
Avanza Fonder AB	58,166,854	3.08	55,361,355	2.94

Notes:
1 188,833,544 shares are held by Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu. 26,812,539 shares are also held by The Amjad & Suha Bseisu Foundation and 176,959 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 2021	At 23 March 2022
Amjad Bseisu[1]	215,823,042	215,823,042
Martin Houston	528,085	528,085
Carl Hughes	109,390	109,390
Philip Holland	295,605	295,605
Farina Khan	211,235	211,235
Rani Koya	n/a	0
Howard Paver	457,617	457,617
Liv Monica Stubholt	0	0
Jonathan Swinney	960,446	960,446
John Winterman	21,123	221,123

Note:
1 188,833,544 shares are held by Double A Limited, a company beneficially owned by the extended family of Amjad Bseisu. 26,812,539 shares are also held by The Amjad & Suha Bseisu Foundation and 176,959 shares are held directly by Amjad Bseisu

Share capital

The Company's share capital during the year consisted of Ordinary shares of £0.05 each ('Ordinary shares'). Each Ordinary share carries one vote. Prior to the shareholder-approved firm placing, placing and open offer, there were 1,695,801,955 Ordinary shares in issue. Following admission to the market of an additional 190,122,384 Ordinary shares on 26 July 2021, there were 1,885,924,339 Ordinary shares in issue. No further shares have been issued subsequent to that date. 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 149. No person has any special rights with respect to control of the Company.

The Company did not purchase any of its own shares during 2021 or up to and including 23 March 2022, being the date of this Directors' report. At the 2022 AGM, shareholders will be asked to renew authorities relating to the issue and purchase of Company shares. Details of the resolutions are contained in the Notice of AGM, which can be found on the Company's website www.enquest.com/shareholder-information/annual-general-meetings.

Company share schemes

The trustees of the Employee Benefit Trust ('EBT') did not purchase any Ordinary shares in the Company during 2021, except for 2,159,903 Ordinary shares which were acquired through the open offer, having been funded by a loan from EnQuest Britain Limited of £410,382. At year end, the EBT held 2.14% of the issued share capital of the Company (2020: 2.8%) for the benefit of employees and their dependants. The voting rights in relation to these shares are exercised by the trustees.

Employee engagement

EnQuest operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. Employees are informed about significant business issues and other matters of concern via regular business briefings, country-level Town Hall meetings, Global Town Hall meetings (whereby staff in all geographic locations are invited to attend), email and other electronic communications, particularly the Company's intranet and internal 'Yammer' channel. Face-to-face briefing meetings would also normally take place; however, during the continuing COVID-19 pandemic, reliance has through necessity been placed on virtual communications. 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 in line with the Corporate Governance Code and information on its activities can be found on page 41. EnQuest offers employees the opportunity to participate directly in the success of the Company through participation in share schemes, such as the Save As You Earn ('SAYE') Share Scheme. 70% of eligible employees currently participate in SAYE. Eligibility for participation in other share schemes depends on a number of factors, such as seniority.

Articles of Association

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

Annual General Meeting

The Company's AGM will be held at Sofitel London St James, 6 Waterloo Place, London SW1Y 4AN on 19 May 2022. Formal notice of the AGM, including details of special business, is set out in the Notice of AGM which is due to be published in April 2022. It will be available on the Group's website at www.enquest.com/shareholder-information/annual-general-meetings.

Registrars

In connection with the Ordinary shares traded on the London Stock Exchange, the Company's share registrar is Link Asset Services. For the Ordinary shares traded on NASDAQ OMX Stockholm, the Company's share registrar is Euroclear Sweden. Full details of both registrars can be found in the Company information section on page 174.

Political donations
At the 2021 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 2021 by the Company, or any of its subsidiaries.

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

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

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

(c) the deeds of indemnity, originally dated 10 June 2021, pursuant to which the sureties have agreed to consider requests to issue, procure or participate in surety bonds, each include provisions that, upon a change of control, permit each surety to require the indemnitors to provide cash cover in respect of the liability assumed by the sureties (and costs and fees of the sureties) in relation to the Company and the other indemnitors under the deeds;

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

(e) under the indenture governing the Company's high yield notes originally due 2022, which at the date of this report have an aggregate nominal amount of approximately $827.2 million, including capitalised interest, if the Company undergoes certain events defined as constituting a change of control, each holder of the high yield notes may require the Company to repurchase all or a portion of its notes at 101% of their principal amount, plus any accrued and unpaid interest.

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

Responsibility statements under the DTR
The Directors who held office at the date of the approval of the Directors' report confirm that, to the best of their knowledge, the financial statements, prepared in accordance with UK-adopted IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss 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
Having reviewed the independence and effectiveness of the auditor, the Audit Committee has recommended to the Board that the existing auditor, Deloitte, be reappointed. Deloitte has expressed its willingness to continue as auditor. An ordinary resolution to reappoint Deloitte as auditor of the Company and authorising the Directors to set its remuneration will be proposed at the forthcoming AGM. Information on the Company's policy on audit tendering and rotation is found on page 74 to 75.

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 2 to 57. The financial position of the Group, its cash flow, liquidity position and borrowing facilities are described in the Financial review on pages 26 to 31. The Board's assessment of going concern and viability for the Group is set out on pages 30 to 31. In addition, note 27 to the financial statements on pages 157 to 159 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.

		2021		2020		2015[1]
Emissions		SECR (Operational Control) Scope	ISO-14064 Verified Scope	SECR (Operational Control) Scope	ISO-14064 Verified Scope	Baseline
	Total Emissions tCO_2e[2]	1,145,273	733,043	1,342,765	921,804	1,149,743
Scope 1	Extraction Emissions tCO_2e[2]	1,046,579	634,700	1,232,911	812,750	868,287
Scope 2	Extraction Emissions tCO_2e[2]	787	435	1,394	594	1,405
	Extraction Intensity ratio $kgCO_2e$/Boe[2]	48.21	35.18	40.63	31.69	45.65
Scope 1	Terminal (SVT) Emissions tCO_2e[2,3]	29,296	29,296	31,125	31,125	152,191
Scope 2	Terminal (SVT) Emissions tCO_2e[2,3]	68,612	68,612	77,335	77,335	127,680
	Terminal (SVT) Intensity ratio $kgCO_2e$/Boe[2] throughput[3]	2.09	2.09	4.31	4.31	6.87

		2021		2020	
Energy Consumption[4]		SECR (Operational Control) Scope	ISO-14064 Verified Scope	SECR (Operational Control) Scope	ISO-14064 Verified Scope
	Total kWh	4,819,664,098	3,107,301,989	5,594,120,915	3,856,964,264
Scope 1	Extraction kWh	4,290,105,255	2,578,230,766	5,019,083,379	3,283,035,465
Scope 2	Extraction kWh	2,446,472	1,958,852	3,577,499	2,468,762
	Extraction Intensity ratio kWh/Boe[2]	197.60	142.93	165.34	128.01
Scope 1	Terminal (SVT) kWh[2,3]	143,280,355	143,280,355	151,047,275	151,047,275
Scope 2	Terminal (SVT) kWh[2,3]	383,832,016	383,832,016	420,412,762	420,412,762
	Terminal (SVT) Intensity ratio kWh/Boe[2] throughput[3]	11.24	11.24	22.70	22.70

		2021		2020	
UK & Overseas Breakdown		SECR (Operational Control) Scope	ISO-14064 Verified Scope	SECR (Operational Control) Scope	ISO-14064 Verified Scope
Scope 1	UK On-shore tCO_2e	29,318	29,318	31,146	31,146
	UK Off-Shore tCO_2e	634,678	634,678	812,730	812,730
	Non-UK tCO_2e	411,878	0	420,160	0
Scope 2	UK On-shore tCO_2e	69,019	69,019	77,901	77,901
	UK Off-Shore tCO_2e	0	0	0	0
	Non-UK tCO_2e	380	28	828	28
Scope 1	UK On-shore kWh	143,390,072	143,390,072	151,149,442	151,149,442
	UK Off-shore kWh	2,578,121,049	2,578,121,049	3,282,933,298	3,282,933,298
	Non-UK kWh	1,711,874,489	0	1,736,047,914	0
Scope 2	UK On-shore kWh	385,749,524	385,749,524	422,840,180	422,840,180
	UK Off-shore kWh	0	0	0	0
	Non-UK kWh	528,964	41,344	1,150,081	41,344

Notes:
1 When it is considered that the portfolio of assets under a Company's operational control has changed significantly, the baseline, which is based on Verified Scope data, is recalculated to an appropriate comparative period for which good data is available. As such, the baseline is currently 2015
2 tCO_2e = tonnes of CO_2 equivalent. $kgCO_2e$ = kilogrammes of CO_2 equivalent. Boe = barrel of oil equivalent. EnQuest is required to report the aggregate gross (100%) emissions for those assets over which it has operational control. As such, the extraction intensity ratio is calculated by taking the aggregate gross (100%) reported Scope 1 and 2 $kgCO_2e$ from those assets divided by the aggregate gross (100%) hydrocarbon production from the same assets. The throughput ratio is calculated by taking the aggregate gross (100%) reported Scope 1 and 2 $kgCO_2e$ from SVT divided by the aggregate total throughput at the terminal
3 Note on uncertainty: The uncertainty for total emissions within the verified scope is calculated as 3.95%. SVT emissions in isolation are not with 5% due to the steam and electricity meters for SVT not having supportable uncertainties
4 Kilo-watt hour (kWh) data is reported on a net calorific value basis throughout

Directors' report continued

Energy efficiency strategy
A number of emission reduction opportunities have previously been identified via energy saving workshops and developed as projects. These include compressor remapping on Kittiwake and the commissioning of Waste Heat Recovery Units on Kraken, both completed during 2020 with ongoing reductions achieved in 2021. It is recognised that improved environmental performance is a continuous process, and during 2021, the Group established an Infrastructure and New Energy business with overall responsibility for delivering the Group's emission reduction and other decarbonisation ambitions. A number of projects, which range from minor modifications, such as 'right-sizing' export pumps, to material technical alterations, such as flaring reconfiguration, are currently being assessed against a range of criteria. Additional workshops will be scheduled to ensure the correct projects continue to be identified, shortlisted and progressed to realise further emission reduction opportunities across the Group's portfolio of assets.

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

ISO-14064 verified scope
EnQuest has again voluntarily opted to have its 2021 emissions reported within the SECR scope verified to the internationally recognised ISO 14064-1 standard by a UKAS accredited verification body. This verification, dated 3 March 2022, was conducted to a reasonable level of assurance and increases the robustness of the reported emissions and provides the reader with more confidence in the stated figures. This goes beyond the minimum requirements of the SECR guidance. Some data for the Group's Malaysian assets (Seligi and associated land-based offices) do not currently meet ISO 14064-1 requirements, and so are excluded from the ISO 14064-1 reported figures. Efforts are being made to improve data quality with the objective of including these assets within the ISO 14064-1 verified scope in future years.

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

Disclosure	Page number
Future developments	15
Acquisitions and disposals	24-25, 139
Fair treatment of disabled employees	40
Anti-slavery disclosure	54
Corporate governance statement	64-68
Gender diversity	40-41, 96
Financial risk and financial instruments	157-159
Important events subsequent to year end	n/a
Branches outside of the UK	160
s.172 statement and stakeholder engagement	6-7
Research and development	n/a
Related party transactions	156

The Directors' report was approved by the Board and signed on its behalf by the Company Secretary on 23 March 2022.

Stefan Ricketts
Company Secretary

Statement of Directors' Responsibilities for the Group Financial Statements

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare Group financial statements for each financial year. Under that law, the Directors are required to prepare Group financial statements under International Financial Reporting Standards ('IFRS') as adopted by the UK.

Under Company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the Group financial statements, International Accounting Standard 1 ('IAS') requires that the Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directors' Report, the Directors' Remuneration Report and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

Fair, balanced and understandable

In accordance with the principles of the UK Corporate Governance Code, the Directors are responsible for establishing arrangements to evaluate whether the information presented in the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and making a statement to that effect. This statement is set out on page 70 of the Annual Report.