

# Our Strategy and Related KPIs

Hunting's strategic priorities are based on a business model designed to deliver sustainable long-term shareholder value while recognising our corporate responsibilities.

## Overview

### Growth

Our aim is to continue to develop our global presence and supply a comprehensive range of products used in the wellbore and by expanding into complementary non-oil and gas sectors. We will grow through capital investment in existing businesses and through acquisition.

### Strategic Focus Areas

- Extend global presence and enter new markets
- Acquire complementary businesses
- Enhance existing capacity
- Develop new products

### 2022 Progress

- Construction commenced on a premium threading facility in India to service domestic and regional energy markets. Production is due to commence in Q2 2023.
- The Subsea Spring business won a number of orders from ExxonMobil to supply titanium stress joints to FPSOs. This is a new application for this product and opens up new global markets for the technology.
- The Group formed an Energy Transition global sales group to pursue opportunities in geothermal and carbon capture markets.

### Operational Excellence

We operate in a competitive and cyclical sector, which is high profile and strongly regulated. To be successful we must deliver reliable products, which are quality assured to the highest industry standards and which offer improved cost efficiencies.

- Leverage strong brand
- Maintain and enhance quality control
- Maintain operational flexibility
- Leverage lean manufacturing
- Strengthen relationships with customers and suppliers

- The Group completed field trials of the H-4 Perforating System™, which is a self orientating system. This product complements Hunting's other systems for well completions.
- Progress was made to commercialise the Organic Oil Recovery technology, with new trials being completed.
- The rollout of the D365 ERP system continued in the year, improving efficiencies and standardising our IT systems across all our global businesses.

### Strong Returns

In normal phases of the oil and gas cycle, our business has the capability to produce high levels of profitability, strong cash generation and good returns on capital leading to growing dividends to shareholders.

- Extend global presence
- Acquire complementary businesses
- Enhance existing capacity
- Develop new products

- In Singapore, Hunting consolidated its facilities from three locations to a single manufacturing site. This will decrease operating costs and lower carbon emissions.
- The Group returned to profitability and increased dividend distributions in the year to reflect the Group's improving financial performance.

### ESG and Sustainability

We are committed to acting with high standards of integrity and creating positive, long-lasting relationships with our customers, suppliers, employees and the wider communities in which we operate.

- Retain experienced senior management team
- Skilled workforce
- Safe operations
- Protect the environment
- Compliance

- HSE performance continues to be a key strategic priority for the Group, with management focused on the training of new employees in Hunting's stringent safety procedures.
- Hunting published data relevant to the SASB reporting framework in March 2022 to support the Group's ESG reporting. Hunting engaged Standard & Poor's Trucost to provide assurance services on Hunting's published carbon data. This is the first step in the process of setting science-based carbon reduction targets.



### Related Risks

- Geopolitics
- Competition
- Climate change
- Product quality
- Commodity prices
- Shale drilling

### Related KPIs

Revenue (\$m)	Non-Oil and Gas Revenue (\$m)	Adjusted Profit (Loss) from Operations* (\$m)
<b>2022</b> 725.8	<b>2022</b> 47.6	<b>2022</b> 14.6
2021 521.6	2021 37.6	-35.1 2021
2020 626.0	2020 39.8	-16.4 2020

- Product quality
- Key executives
- Competition

ISO 9001:2015 (Quality) Accredited Operating Sites (%)	Quality Assurance – Manufacturing Reject Rate (%)	Operating Footprint (m sq ft)
<b>2022</b> 74	<b>2022</b> 0.13	<b>2022</b> 2.7
2021 80	2021 0.13	2021 2.8
2020 71	2020 0.24	2020 2.8

- Commodity prices
- Competition

Dividends Declared (cents)	Adjusted Operating Margin* (%)	Return on Average Capital Employed* (%)
<b>2022</b> 9	<b>2022</b> 2	<b>2022</b> 1
2021 8	-7 2021	-4 2021
2020 9	-3 2020	-2 2020

- Key executives
- Health, safety and environment

Total Recordable Incident Rate	Scope 1 and 2 GHG Emissions (tonnes CO <sub>2</sub> e)	Intensity Factor (kg/\$k)
<b>2022</b> 0.97	<b>2022</b> 22,422	<b>2022</b> 30.2
2021 0.99	2021 18,859	2021 36.2
2020 0.67	2020 25,416	2020 40.6

# Key Performance Indicators

## Our Progress

A number of key performance indicators are used to compare Hunting's business performance and position as well as the delivery of the strategic objectives of the Group. These are regularly reviewed to ensure they remain appropriate.

Overview	2022	2021	2020
<b>Countries with active operations</b> Countries in which Hunting has an active operating site or distribution centre.	11	11	11
<b>Operating footprint (sq ft)</b> Operation and distribution site square footage at year-end. This closely corresponds to "roofline" and includes administrative space within operating units.	2.7m	2.8m	2.8m
<b>ISO 9001: 2015 (Quality) accredited operating sites</b> Percentage of operating sites with ISO 9001: 2015 accreditation.	74%	80%	71%
<b>Internal manufacturing reject rate</b> Percentage of parts rejected during manufacturing processes.	0.13%	0.13%	0.24%
<b>CO<sub>2</sub> intensity factor</b> Scope 1 and 2 carbon dioxide equivalent metric, reported as kilogrammes per \$k of revenue.	30.2	36.2	40.6
<b>Year-end employees</b> The year-end headcount for employees includes part-time staff.	2,258	1,949	1,923
<b>No. of recordable incidents</b> An incident is recordable if it results in death or serious injury resulting in absence from work.	23	19	16
<b>Total Recordable Incident rate (OSHA method)</b> The US Occupational Safety and Health Administration ("OSHA") incident rate is calculated by multiplying the number of recordable incidents by 200,000 and then dividing that number by the number of labour hours worked.	0.97	0.99	0.67

Financial performance is measured on an adjusted basis from operations and, other than revenue, these measures are non-GAAP measures.

➔ For details on the movements of these metrics, please refer to the Group Review on pages 36 to 41.

### Revenue (\$m)

Revenue is earned from products and services sold to customers from the Group's principal activities (see notes 2 and 3).

<b>2022</b>	<b>725.8</b>
2021	521.6
2020	626.0

### EBITDA (\$m)\*

Results before share of associates' and joint ventures' post-tax results, interest, tax, depreciation, impairment and amortisation (see NGM C).

<b>2022</b>	<b>52.0</b>
2021	3.1
2020	26.1

### Adjusted Profit (Loss) from Operations (\$m)\*

Adjusted profit (loss) from operations before net finance costs and tax (see NGM B).

<b>2022</b>	<b>14.6</b>
-35.1	2021
-16.4	2020

### Adjusted Operating Margin (%)\*

Adjusted profit (loss) from operations as a percentage of revenue.

<b>2022</b>	<b>2</b>
-7	2021
-3	2020

### Adjusted Diluted Earnings (Loss) Per Share (cents)\*

Adjusted earnings (loss) attributable to Ordinary shareholders, divided by the weighted average number of Ordinary shares in issue during the year adjusted for all potentially dilutive Ordinary shares (see NGM B).

<b>2022</b>	<b>4.7</b>
-27.1	2021
-10.0	2020

### Capital Investment (\$m)\*

Cash spend on tangible non-current assets (see NGM M).

<b>2022</b>	<b>16.4</b>
2021	6.6
2020	14.7

### Inventory Days\*

Inventory at the year-end divided by adjusted cost of sales for the last three months of the year multiplied by 92 days (see NGM F).

<b>2022</b>	<b>159</b>
2021	163
2020	270

### Return on Average Capital Employed (%)\*

Adjusted profit (loss) before interest and tax, amended to include the share of associates' and joint ventures' post-tax results, as a percentage of average gross capital employed (see NGM R).

<b>2022</b>	<b>1</b>
-4	2021
-2	2020

### Free Cash Flow (\$m)\*

All cash flows before transactions with shareholders and investment in non-current assets (see NGM O).

<b>2022</b>	<b>-38.4</b>
54.4	2021
47.8	2020

### Total Cash and Bank (\$m)\*

Total cash and bank comprises cash at bank and in hand, fixed term funds, short-term deposits with less than three months to maturity and money market funds less bank overdrafts (see NGM J).

<b>2022</b>	<b>24.5</b>
114.2	2021
101.7	2020

# Our Business Model

Hunting's financial and operational resources enable us to leverage our core competencies in systems design and production, precision engineering and quality print-part manufacturing. This allows us to add value for our stakeholders.



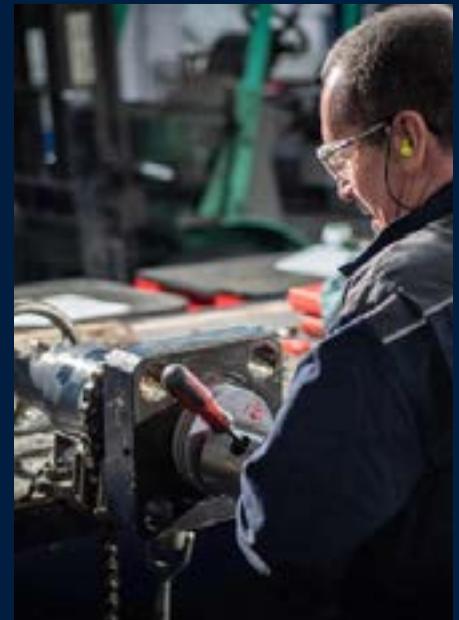
## We have a strong brand and reputation

Hunting's standing in the global oil and gas industry is supported by our skilled employees, our manufacturing and safety policies, and our aim to be close to where our customers operate. A key part of our strategy for growth and ambition for a high calibre reputation is through our commitment to our clients, with many oil service and exploration and production companies relying on our expertise.



## We have skilled manufacturers

The training and development of our employees helps us deliver for our customers. We operate complex machinery, underpinned by rigorous Health and Safety and Quality Assurance protocols, which support our service and products offering.



## We add value for our customers

A common theme across all of our businesses is our ability to add value for our customers, which is achieved by providing high-technology products that lower the cost of operation, resolve technical problems, or simply enable a job to be completed more quickly or safely, without compromising on quality.



## We develop proprietary technology

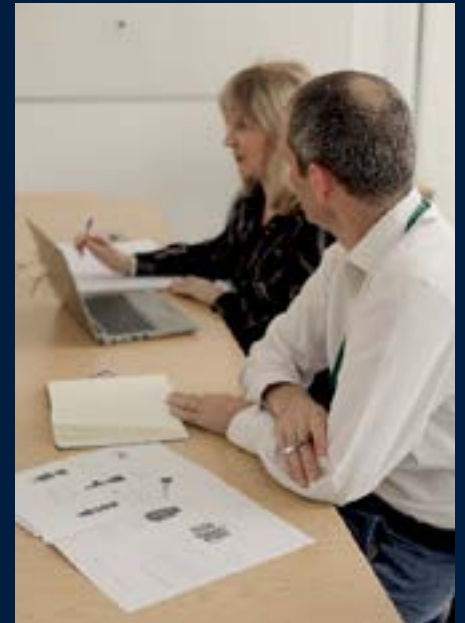
Developing our own proprietary technologies has been a strategic objective for the Group. Through the development of our proprietary know-how, we are well positioned to secure market share by utilising our intellectual property.

## We strategically source critical materials

The Group has a strategy of ensuring that critical materials are not sourced from a single supplier, which provides assurance to our customers that we will always be in a position to deliver. Long lead-time material supplies are regularly reviewed to ensure market pricing remains competitive. Hunting's strategic sourcing includes working with a wide range of suppliers with regular two-way dialogue on quality expectations.

## Strong stakeholder engagement

Our engagement activities with our customers, suppliers and employees enable the Board to understand the needs of all our key stakeholders, and allow us to execute our strategy more efficiently. The discussions with our customers help us shape our new product development strategy, as clients seek to commercialise oil and gas reserves as safely and cost effectively as possible.



## We train and develop our people

The Group has a strong reputation for being a responsible employer, which is reflected in the average tenure and voluntary workforce turnover rate. This demonstrates Hunting's commitment to its employees and its drive to nurture a mutually beneficial relationship between the Company and its employees.

## Significant capital resources

The Group retains a strong balance sheet, supportive shareholders and a \$150m Asset Based Lending facility, which was finalised in February 2022. This financial strength will assist us in our growth strategy in the coming years.

# Our operational resources, products and services drive value creation for our stakeholders.

## 01. Our Resources

Our financial capital and operational resources, including our human capital, enable us to be a critical supplier in the oil and gas supply chain.

These resources are also being applied to energy transition and non-oil and gas sectors.

### Financial

#### Shareholders

→ For more information, see pages 61 and 62

#### Lenders

→ For more information, see page 62

### Operational

#### Facilities

→ For more information, see page 55

#### Quality Assurance

→ For more information, see page 55

#### Intellectual Property

→ For more information, see page 55

#### Employees

→ For more information, see pages 62 and 63



## 02. Our Operating Segments

Our global presence enables us to deliver for a client wherever our expertise is required.

Hunting's leading Quality Assurance protocols and robust Health and Safety practices help us leverage our position in the supply chain.

### Health, Safety and Environment ("HSE")

#### Hunting Titan

#### North America

#### Europe, Middle East and Africa ("EMEA")

#### Asia Pacific

### Quality and Operational Excellence

→ For more information, see pages 55 to 57



# 03. Our Products and Services

Hunting’s diverse product portfolio enables us to participate in most oil and gas projects undertaken by our clients.

Our intellectual property portfolio supports our position in the supply chain and is a barrier to entry for other potential suppliers.

**Oil Country Tubular Goods (“OCTG”)**

**Perforating Systems**

**Advanced Manufacturing**

**Subsea**

**Intervention Tools**

**Other**

➔ For more information, see pages 58 and 59



# 04. Our Stakeholders

Our stakeholders enable us to deliver our business strategy. Our employees work closely with customers and suppliers and through that engagement we help to position the Company for the future.

**Shareholders and Lenders**

**Customers**

**Employees**

**Suppliers**

**Environment**

**Governments**

**Communities**

➔ For more information, see pages 60 to 67





# 01. Our Resources



A significant portion of our manufacturing occurs in high-end, specialist facilities utilising sophisticated machines.”

**29**

Operating sites

**2.7m sq ft**

Operating footprint

**1,317**

Machines

**\$256.7m**

Net book value PPE

**74%**

ISO 9001: 2015 (Quality) accredited facilities



Our skilled workforce assists us in adding value for our customers.

**Management Principles**

Our approach to managing the Group’s operations is based on four core principles:

**Develop Our People**

People are at the heart of our business. Our broad product portfolio demands experienced machining and production engineers across our manufacturing disciplines and facilities. Our administration, finance and sales staff are also encouraged to develop their skills through training and professional development programmes.

**Empower Our Business Units**

Our chosen industries of focus are fast-paced sectors where product requirements and customer demands can operate on short lead times. Our business leaders are empowered to react quickly to local market conditions and opportunities when they arise.

**Apply Unified Operating Standards and Procedures**

Demanding health, safety and quality assurance policies are developed centrally and then applied locally. We continually monitor and raise our operating standards.

**Maintain a Strong Governance Framework**

The Group’s senior managers and their teams operate within a tight framework with short chains of command to the Chief Executive.

**Operational Facilities**

The Group has an established global network of operating sites and distribution centres located close to our customers and within the main global oil and gas producing regions. Our operating sites are used for the manufacture, rental, trading and distribution of products.

The manufacture of goods and the provision of related manufacturing services is, by far, the main source of income for the Group. A significant portion of our manufacturing occurs in high-end, specialist facilities utilising sophisticated machines. In Hunting’s rental businesses it is critical that an appropriate range of equipment is stored and maintained. Generally, this must be configured to meet specific customer requirements.

In certain product lines, particularly OCTG, Hunting holds inventory to support its customers’ requirements and to take advantage of particular market opportunities. Our distribution centres are primarily used in the Hunting Titan and intervention tools business groups, where close proximity to drilling operations is important.

**Quality Assurance**

Hunting’s reputation and standing within the global energy industry is supported, in part, by the provision of strongly quality-assured products.

Each product line manufactured by the Group has a bespoke quality assurance programme, which operates under Group-level principles.

Detailed policies are implemented within all facilities and are reported to the Board at each meeting of Directors, in addition to more detailed reports being presented to the Ethics and Sustainability Committee, which supports the Group’s wider ESG and sustainability objectives.

In 2022, the Group’s manufacturing reject rate was 0.13% (2021 – 0.13%).

**Quality Assurance / Manufacturing Reject Rate (%)**

2022	0.13
2021	0.13
2020	0.24

**Facility ISO 9001: 2015 Accreditations (%)**

2022	74
2021	80
2020	71

**Facility ISO Accreditations**

The Group is committed to enhancing its production and operational quality, with a number of facilities being certified ISO 9001: 2015 (quality), ISO 14001 (environment) and ISO 45001 (occupational Health and Safety management) compliant, indicating that globally recognised standards and systems are in place. In 2022, the Group consolidated its facilities in Singapore, leading to the reduction noted.

More facilities across the Group are working towards these ISO accreditations, continuing the Group’s commitment to monitoring and enhancing quality, while reducing the environmental impact of our operations and improving Health, Safety and Environmental (“HSE”) standards.

Hunting’s Quality Management System (“QMS”) is certified and accredited for these ISO standards. Operational and production excellence is a key driver of our engagement and relationship with customers.

Quality assurance for each component manufactured is a key differentiator in our drive to be an industry-leading provider of critical components and measurement tools.

**Intellectual Property**

Developing our own proprietary technologies is a strategic objective for the Group. Through the development of our technologies and proprietary know-how, we are well positioned to secure market share by protecting our intellectual property (“IP”). Our substantial IP portfolio provides us with a competitive advantage and allows us to enjoy better margins and more operational flexibility.



**Our Quality Assurance procedures underpin Hunting’s standing and reputation within the oil and gas industry.**

# 02. Our Operating Segments

Hunting reports its performance mainly based on its key geographic operating regions. Hunting Titan is a large, separate division, which is reported as a stand-alone segment that operates in several geographic locations.



1



2



3



4

#### Image key

- 1 Precision engineered parts are the basis of our revenue.
- 2 An Enpro FAM unit being deployed.
- 3 Hunting Dearborn manufactures complex components.
- 4 Skilled engineers underpin our reputation.

## Hunting Titan

Hunting Titan manufactures and distributes perforating products and accessories. The segment's products include perforating gun systems, shaped charge technologies, detonation cord and well completion instrumentation.

The business has four manufacturing facilities in the US and one facility in Mexico, supported by 12 distribution centres, primarily located in Canada and the US.

### North America

The North America segment supplies OCTG, premium connections, subsea equipment, intervention tools, electronics and complex deep hole drilling and precision machining services for the US and overseas markets.

The North America segment has 13 operating facilities, mainly located in Texas and Louisiana.

### Europe, Middle East and Africa ("EMEA")

The EMEA segment derives its revenue from the supply of OCTG, pipe storage, threading services and the manufacture of intervention tools. The segment has operations in the Netherlands, Norway, Saudi Arabia, the UK and the UAE.

The segment also acts as a sales hub for other products manufactured globally by the Group, including OCTG and perforating systems.

### Asia Pacific

Revenue from the Asia Pacific segment is primarily derived from the manufacture of premium connections and accessories and OCTG supply. Manufacturing facilities are located in China, Indonesia and Singapore. The facility in China also manufactures perforating guns for Hunting Titan.

Through its joint venture with Jindal SAW, the segment is also establishing a new threading facility in India.

	Operational sites	Distribution centres	Year-end employees
<b>Hunting Titan</b>	<b>5</b> (2021 – 5)	<b>12</b> (2021 – 12)	<b>656</b> (2021 – 517)
<b>North America</b>	<b>13</b> (2021 – 14)	<b>2</b> (2021 – 2)	<b>973</b> (2021 – 836)
<b>Europe, Middle East and Africa (“EMEA”)</b>	<b>8</b> (2021 – 8)	<b>0</b> (2021 – 0)	<b>247</b> (2021 – 224)
<b>Asia Pacific</b>	<b>3</b> (2021 – 4)	<b>0</b> (2021 – 0)	<b>309</b> (2021 – 302)

**Image key**

- 1** Our products are used in many parts of the wellbore.
- 2** High end CNC machinery is a critical part of our manufacturing base.

<b>Total</b>	<b>29</b> (2021 – 31)	<b>14</b> (2021 – 14)	<b>2,258</b> (2021 – 1,949)
--------------	--------------------------	--------------------------	--------------------------------

Total year-end employees includes 73 (2021 – 70) head office and corporate personnel.

# 03. Our Products and Services

## Overview

### Oil Country Tubular Goods (“OCTG”)

Operating Basis:  
Manufacturing  
Trading



OCTG are steel alloy products and comprise casing and tubing used in the construction and completion of the wellbore. Hunting machines threads to connect OCTG using flush or semi-flush joints and can manufacture premium and semi-premium connections and accessories using our own technologies such as SEAL-LOCK™, WEDGE-LOCK™ and TEC-LOCK™.

We are licensed to apply a variety of third-party thread forms and generic API threads. We source OCTG products from a significant number of major global steel producers and have strong, long-term relationships in the US, Canada, Europe and Asia Pacific. Hunting also trades pipe, which is a lower margin activity, to help support customer relationships.

### Perforating Systems

Operating Basis:  
Manufacturing



Hunting Titan manufactures perforating systems, energetics, firing systems and logging tools. Products are mainly used in the completion phase of a well. The production, storage and distribution of energetics is highly regulated and there are significant barriers for new entrants to the market.

The business mainly “manufactures to stock” and hence uses a wide distribution network. Some manufacturing is done to order, sourced from international telesales.

### Advanced Manufacturing

Operating Basis:  
Manufacturing



Advanced Manufacturing includes the Hunting Dearborn business, which carries out deep hole drilling and precision machining of complex measurement-while-drilling/logging-while-drilling (“MWD/LWD”) and formation evaluation tool components.

The Hunting Electronics business manufactures printed circuit boards capable of operating in extreme conditions. These businesses work collaboratively with customers implementing their designs to their specifications.

### Subsea

Operating Basis:  
Manufacturing



The Subsea division produces high quality products and solutions for the global subsea industry covering titanium and steel stress joints, hydraulic couplings, chemical injection systems, valves, weldment services, flow access modules and plug and abandonment products.

Hunting’s Subsea Technologies business group is focused on deep water developments, with customers ranging from integrated majors to deep water OEM equipment providers.

From 1 January 2023, the Subsea Technologies businesses will be reported as a separate operating segment.

### Intervention Tools

Operating Basis:  
Manufacturing  
Equipment  
Rental  
Trading



The Group manufactures a range of downhole intervention tools, including slickline tools, e-line tools, mechanical plant, coiled tubing and pressure control equipment.

The rental component of this business is capital intensive and results are dependent on asset utilisation and rental rates.

### Other Revenue

Operating Basis:  
Manufacturing



Across the Group, efforts have been stepped up to diversify revenue streams and leverage our core competencies into new markets. In the year, Hunting has developed new sales streams in the military and medical sectors, primarily via our Dearborn and Electronics businesses.

In the year, the Group’s Asia Pacific segment delivered its first batch of micro-hydro generation systems.

The Group has also established a global energy transition sales group to pursue carbon capture and geothermal business opportunities.

Differentiators	Global Operating Presence	Related Strategic Focus Areas	Related Principal Risks	Revenue – \$m						
Hunting is one of the largest independent providers of OCTG connection technology, including premium connections.	<ul style="list-style-type: none"> <li>North America</li> <li>EMEA</li> <li>Asia Pacific</li> </ul>	During the year, the Group commenced the construction of a new premium threading facility in India to serve the domestic and regional markets.	<ul style="list-style-type: none"> <li>Commodity prices</li> <li>Shale drilling</li> <li>Competition</li> <li>Product quality</li> </ul>	<table border="1"> <tr> <td><b>2022</b></td> <td><b>258.8</b></td> </tr> <tr> <td>2021</td> <td>172.5</td> </tr> <tr> <td>2020</td> <td>264.7</td> </tr> </table>	<b>2022</b>	<b>258.8</b>	2021	172.5	2020	264.7
<b>2022</b>	<b>258.8</b>									
2021	172.5									
2020	264.7									
Hunting has a market-leading position in the US, supported by a strong portfolio of patented and unpatented technology.	<p>Operating sites:</p> <ul style="list-style-type: none"> <li>North America</li> <li>Mexico</li> <li>China</li> </ul> <p>Distribution centres:</p> <ul style="list-style-type: none"> <li>North America</li> <li>Asia Pacific</li> </ul>	Hunting Titan continues to launch new technology to clients and, in the year, introduced the H-3 Perforating System™.	<ul style="list-style-type: none"> <li>Commodity prices</li> <li>Shale drilling</li> <li>Competition</li> <li>Product quality</li> </ul>	<table border="1"> <tr> <td><b>2022</b></td> <td><b>251.9</b></td> </tr> <tr> <td>2021</td> <td>181.7</td> </tr> <tr> <td>2020</td> <td>154.5</td> </tr> </table>	<b>2022</b>	<b>251.9</b>	2021	181.7	2020	154.5
<b>2022</b>	<b>251.9</b>									
2021	181.7									
2020	154.5									
Hunting Dearborn is a world leader in the drilling of high grade, non-magnetic components. As a Group, Hunting has the ability to produce fully-integrated, advanced downhole tools and equipment, manufactured, assembled and tested to the customer's specifications.	<ul style="list-style-type: none"> <li>North America</li> </ul>	Both businesses within the Advanced Manufacturing group have successfully diversified their sales order books, with the Dearborn business, in particular, winning new aviation, power generation and space-related sales.	<ul style="list-style-type: none"> <li>Commodity prices</li> <li>Product quality</li> </ul>	<table border="1"> <tr> <td><b>2022</b></td> <td><b>75.1</b></td> </tr> <tr> <td>2021</td> <td>59.6</td> </tr> <tr> <td>2020</td> <td>74.3</td> </tr> </table>	<b>2022</b>	<b>75.1</b>	2021	59.6	2020	74.3
<b>2022</b>	<b>75.1</b>									
2021	59.6									
2020	74.3									
Hunting's expertise ranges from the manufacture of high pressure seals to complex welding of stress joints.	<ul style="list-style-type: none"> <li>North America</li> <li>EMEA</li> </ul>	The Subsea Spring business has won new orders for its titanium stress joints, which are being utilised on FPSO facilities, which is a new market for this product.	<ul style="list-style-type: none"> <li>Commodity prices</li> <li>Product quality</li> </ul>	<table border="1"> <tr> <td><b>2022</b></td> <td><b>69.0</b></td> </tr> <tr> <td>2021</td> <td>58.8</td> </tr> <tr> <td>2020</td> <td>69.8</td> </tr> </table>	<b>2022</b>	<b>69.0</b>	2021	58.8	2020	69.8
<b>2022</b>	<b>69.0</b>									
2021	58.8									
2020	69.8									
Hunting offers a comprehensive range of tools, including innovative and proprietary technologies.	<ul style="list-style-type: none"> <li>North America</li> <li>EMEA</li> <li>Asia Pacific</li> </ul>	The Group has restructured its sales function and organisational structure in 2022.	<ul style="list-style-type: none"> <li>Commodity prices</li> <li>Competition</li> </ul>	<table border="1"> <tr> <td><b>2022</b></td> <td><b>36.4</b></td> </tr> <tr> <td>2021</td> <td>25.8</td> </tr> <tr> <td>2020</td> <td>30.7</td> </tr> </table>	<b>2022</b>	<b>36.4</b>	2021	25.8	2020	30.7
<b>2022</b>	<b>36.4</b>									
2021	25.8									
2020	30.7									
Hunting's complex, precision machining capabilities are applicable to many other sectors outside of oil and gas. The Group has successfully positioned itself with a number of defence-related businesses who recognise our expertise.	<ul style="list-style-type: none"> <li>North America</li> <li>Asia Pacific</li> </ul>	Hunting has continued to develop non-oil and gas sales, with most operating segments now tasked with increasing sales into sectors outside of oil and gas.	<ul style="list-style-type: none"> <li>Product quality</li> </ul>	<table border="1"> <tr> <td><b>2022</b></td> <td><b>34.6</b></td> </tr> <tr> <td>2021</td> <td>23.2</td> </tr> <tr> <td>2020</td> <td>22.1</td> </tr> </table>	<b>2022</b>	<b>34.6</b>	2021	23.2	2020	22.1
<b>2022</b>	<b>34.6</b>									
2021	23.2									
2020	22.1									

# 04. Our Stakeholders

## Introduction

The Group's stakeholders enable the delivery of Hunting's business model and strategy. Stakeholder engagement forms a key element of our culture and is an area which has increased over the past few years. Understanding the needs of our shareholders, customers, suppliers and workforce is achieved through regular dialogue.

### Image key

- 1 Stakeholder communications are an area of focus for management.
- 2 Most of our facilities are ISO 9001: 2015 compliant.
- 3 Precision engineering is a core competence, which will support our diversification strategy.

### Shareholders and Lenders

Our shareholders provide equity capital to the Group. The Directors regularly engage with shareholders to discuss strategy, governance and other matters. This feedback is used to refine our strategic plans.

### Our Employees

Hunting's employees deliver our strategic plans. As the COVID pandemic receded in the year, engagement activities increased, with the Directors meeting employees at the Dearborn facility in June 2022, where a town hall was organised and questions were put to the Board.

### Our Customers

Our clients are critical to the financial success of the Group. Customer dialogue helps us shape our product development strategy and provides focus to our service offering.

### Suppliers

Hunting's focus on our supply chain has increased in importance during 2022 as raw material and component costs have increased. We have worked hard to ensure a secure supply chain in the year, to enable us to continue to deliver for our customers.

### Environment and Climate

The Group takes seriously its commitment to environmental compliance and stewardship. We have continued to increase and refine our climate-related disclosures. Our Task Force on Climate-related Financial Disclosures ("TCFD") statement, in line with the UK's Listing Rules requirements, provides key information to stakeholders about the impact of the Group's activities on the environment, along with the Group's efforts to manage and mitigate its direct and indirect climate change impacts. In 2022, Hunting also commenced a process to assure its carbon data, which will support the future setting of science-based carbon reduction targets.

### Governments

The Group has continued its engagement with local tax authorities in the year to remain fully compliant with all evolving legislation.

### Communities

Hunting continues to assist communities through a wide range of activities, including fund raising events or community donations. Each region is encouraged to develop their own community engagement initiatives to align with local cultural practices as well as Hunting's corporate values.



1



2



3

## Shareholders

Hunting's shareholders provide a key source of capital to enable growth for the longer term. The Group has one class of Ordinary shares. At 31 December 2022, the total number of Ordinary shares in issue was 164.9m (2021 – 164.9m), and the number of shareholders on the register was 1,285 (2021 – 1,337).

During the year, the Group purchased 2.1m Ordinary shares, which were transferred to Hunting's Employee Benefit Trust, for a total cost of \$7.9m.

Returns achieved by shareholders, by holding the Company's Ordinary shares, are measured through Total Shareholder Return ("TSR"). TSR forms a large portion of the longer-term remuneration paid to the executives of the Group, with demanding vesting targets measured against our industry peers.

In 2022, Hunting PLC's Ordinary shares achieved a TSR of 102% on an annualised basis, reflecting the Group's return to growth and improving market outlook. For the definition of TSR please see page 255.

### Shareholder Engagement

Regular shareholder engagement meetings are organised through an annual calendar of work.

The Chief Executive and Finance Director meet institutional investors following the publication of the Group's half and full-year financial results – and throughout the year.

The Chairman and Senior Independent Director meet investors annually to discuss governance and other matters.

### Major Shareholders

The Company's major shareholders, as at 31 December 2022, are listed in the table below.

Precision engineering for critical sectors.



### Major Shareholders

At 31 December 2022

	Notes	Number of Ordinary shares	% of ISC
BlackRock, Inc.	6	13,209,147	8.0
J P Morgan Asset Management		12,493,386	7.6
Hunting Investments Limited	(1/4/5)	11,003,487	6.7
Franklin Templeton		10,705,975	6.5
GLG Partners		9,080,364	5.5
Schroder Investment Management		6,990,651	4.2
Slaley Investments Limited	(5)	6,424,591	3.9
Orbis Investment Management		6,354,213	3.9
Hunting Employee Benefit Trust		5,310,062	3.2
J Trafford – as trustee	(2/5)	5,228,660	3.2
David RL Hunting	(1/2/3/4/5)	194,120	0.1
– as trustee		3,157,750	1.9
– other beneficial		1,875,950	1.1
Dimensional Fund Advisers		5,024,878	3.1
<b>Issued share capital – at 31 December 2022</b>		<b>164,940,082</b>	

Notes:

- Included in this holding are 9,437,743 Ordinary shares held by Huntridge Limited, a wholly owned subsidiary of Hunting Investments Limited. Neither of these companies is owned by Hunting PLC either directly or indirectly.
- After elimination of duplicate holdings, the total Hunting family trustee interests shown above amount to 5,228,660 Ordinary shares.
- David RL Hunting and his children are or could become beneficiaries under the relevant family trusts of which Mr Hunting is also a trustee.
- David RL Hunting is a director of Hunting Investments Limited.
- In 2014, Hunting Investments Limited, Slaley Investments Limited, certain Hunting family members, including Richard H Hunting and David RL Hunting and the Hunting family trusts, to which James Trafford is a trustee (together known as "the Hunting Family Interests"), entered into a voting agreement. The voting agreement has the legal effect of transferring all voting rights of Hunting PLC Ordinary shares held by the Hunting Family Interests to a voting committee. The beneficial ownership of Hunting PLC Ordinary shares remains as per the table shown above. At 2 March 2023, the Hunting Family Interests, party to the agreement, totalled 24,195,900 Ordinary shares in the Company, representing 14.7% of the total voting rights.
- On 26 January 2023, the Company was informed that BlackRock had reduced its holding to 6.7% of the issued share capital.

### Total Shareholder Return

(Absolute %)

Year	TSR (%)
2022	102.0
2021	-22.2
2020	-45.2

### Dividend Per Share Declared

(cents)

Year	Dividend (cents)
2022	9.0
2021	8.0
2020	9.0

# \$846.2m

Net Assets at 31 December 2022



### Board Engagement and Decision Making – Shareholders

The Directors of Hunting receive a report detailing the Company's major shareholders at each Board Meeting, with a briefing by the Chief Executive and Finance Director on meetings with shareholders that have recently occurred, with key matters being regularly discussed following this engagement.

The Board also sets the Company's dividend policy, following a review of the financial performance for the relevant reporting period and considers proposals by the executive Directors on the level of distribution. The Group's Audit Committee reviews dividend proposals as part of its regular programme of work and makes a recommendation to the Board. Dividends are declared on the announcement of each set of Group results and are usually paid in May, following shareholder approval at the Company's Annual General Meeting, and in October. Given the proportion of UK shareholders on the share register, the Group's current practice is to declare dividends in US dollars, but pay in Sterling. The Directors are proposing a 2022 Final Dividend of 4.5 cents per share, which will be subject to approval by shareholders at the 2023 AGM.

## Our Lenders

In 2022, the Group replaced its \$160m multi-currency revolving credit facility with a \$150m Asset Based Lending ("ABL") facility. The ABL lending group now comprises Wells Fargo and HSBC.

### Board Engagement and Decision Making – Lenders

The Directors are briefed at each Board meeting by the Finance Director on the Group's financial position and the relationship with members of the bank lending group. Regular meetings between the Chief Executive, Finance Director, Group Treasurer and the ABL lenders were held during the year to brief the banks on the performance and position of the Group.



#### Image key

- 1 Our machinists receive regular safety briefings.
- 2 Regular customer dialogue assists us in developing our long-term strategy.
- 3 Our quality assurance procedures support our standing in the industry.

## Our Employees

Hunting's reputation, which has been built over many years, is underpinned by its highly skilled employees, who are key to fulfilling the Group's strategic objectives. At 31 December 2022, the Group had 2,258 employees (2021 – 1,949) across its global operations. As the Group's businesses recovered from the impact of COVID-19, along with a return to growth of its core trading markets, most businesses commenced hiring programmes to meet anticipated demand.

The Group is committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives.

Employees are offered benefits on joining the Group, including healthcare cover, post-retirement benefits and, in certain instances, when Group outperformance in terms of operational or financial targets has been delivered, participation in annual bonus arrangements.

The Group has a strong reputation for being a responsible employer, which is reflected in the average tenure and voluntary workforce turnover rate noted below. This demonstrates Hunting's commitment to its employees and its drive to nurture a mutually beneficial relationship between the Company and its employees.

#### Average employee tenure

# 9 years

(2021 – 10 years)

#### Group employee voluntary turnover rate

# 13%

(2021 – 11%)

Hunting takes diligent steps to achieve full compliance with all relevant regional laws covering employment and minimum wage legislation. As a responsible employer, full and fair consideration is given to applications for positions from disabled persons. The Group's ethics policies support equal employment opportunities across all of Hunting's operations.

While the Board, through the work of the Ethics and Sustainability Committee, monitors procedures to comply with our published Code of Conduct, responsibility for our employees lies, for the most part, with local management to enable local matters to be addressed, with all businesses complying with the Group's ethical employment and human rights policies as published in the Hunting PLC Code of Conduct (located at [www.huntingplc.com](http://www.huntingplc.com)).

## Health and Safety

Across all of its global operations, the Group is committed to achieving and maintaining the highest standards of safety for its employees and other stakeholders. Hunting has a culture of aiming for best practice and employs rigorous Health and Safety practices.

In the year, the number of hours worked increased by 24% to 4.7m hours (2021 – 3.8m hours) as trading increased within the Group's businesses.

The Group's target is to achieve zero recordable incidents. Each local business is required to develop tailored Health and Safety policies to suit their environment. These incorporate the Group's approach to putting safety first and, at a minimum, complying with local regulatory requirements.

During the year, there were no fatalities across the Group's operations (2021 – nil), with 23 recordable incidents (2021 – 19). The total recordable incident rate ("TRIR") was 0.97 compared to 0.99 in 2021. This incident rate reflects a 2% year-on-year decrease compared to the prior year, despite new employees being hired and activity increasing throughout the year. The industry average incident rate in 2022 was 4.0 (2021 – 4.0). The total near miss frequency rate ("TNMFR") was 0.97 in 2022 (2021 – 0.78) reflecting 66 near misses (2021 – 15). The increase in near misses mainly relates to new employees joining the Group.

During 2022, the Group enhanced its SASB reporting compliance to include vehicle incident data. Please see pages 100 and 101 for more information on compliance with the SASB reporting framework.

### Total Recordable Incident Rate ("TRIR")

2022	0.97
2021	0.99
2020	0.67

### Total Near Miss Frequency Rate ("TNMFR")

2022	0.97
2021	0.80
2020	0.68

### Number of Vehicle Incidents

# 9

➔ For further reporting on Health and Safety, see page 81.

## Training

The Group operates an embedded Health and Safety training programme for its employees, with an on-boarding programme for new employees. The Group also provides ethics training through a Code of Conduct course, to ensure awareness of our published policies. The programme incorporates anti-bribery and corruption, modern slavery, fraud and tax modules to ensure our employees understand their responsibilities on joining the Group.

➔ For further reporting on employee attraction, retention and development, and employee engagement, see page 82.

## Human Rights

We are committed to respecting and upholding the human rights of all our employees. Our approach is set out in our Code of Conduct, and training in respect of human rights and responsibilities is provided to employees on a regular basis.

➔ For further reporting on our approach to human rights, see page 83.

➔ Our Modern Slavery statement can be found on our website.

## Diversity

Hunting's policies promote prejudice-free decision making, ensuring all stakeholder interests are taken into consideration and commit Hunting to building a working environment in which all individuals are able to make best use of their skills, free from discrimination, victimisation, harassment and/or bullying, and in which all appointments are based on merit.

Gender and ethnicity suggestions made in the Hampton-Alexander and Parker reviews have been noted by the Board and will be taken into consideration as the Board is refreshed over the coming years, with the new reporting requirements published by the Financial Conduct Authority noted on page 122.

➔ For further reporting on diversity and inclusion, see page 82.

## Whistleblowing

The Board of Hunting has established procedures whereby employees can raise concerns in confidence, by contacting the Chairman or Senior Independent Director.

The Group also uses an independent whistleblowing service operated by SafeCall.

Contact information for both these lines of reporting is published on staff notice boards across the Group's facilities and within the Group's magazine published twice yearly, the "Hunting Review", which is available to all employees.

## Board Engagement and Decision Making – Employees

Through the Ethics and Sustainability Committee, the Board has formalised the reporting of Human Resources and HSE matters, with the Group's Chief HR Officer and Director of QAHSE providing reports at each meeting of this recently formed Committee. These senior managers are also members of the Executive Committee.

The Directors organised an employee engagement event at the Group's Dearborn facility in June 2022, where employees were able to ask questions to the Board.

In addition, Anell Bay, the Company's designated non-executive Director for employee engagement, met with the Group's senior leadership team in September 2022, where further dialogue was held.

All reports to the Group's SafeCall service are taken seriously, with care being taken to retain confidentiality and anonymity of all callers. Each report is investigated thoroughly, with the Board receiving briefings from Keith Lough, the Company's Senior Independent Director. During the year the Group received two reports to the SafeCall service (2021 – one report).

➔ For further reporting on our approach to business ethics, see page 83.

## Our Customers

As a key participant in the oil and gas equipment supply chain, Hunting's broad portfolio of products and services enables the Group to cover a large proportion of the needs of the global energy industry, including onshore and offshore drilling projects and conventional and unconventional resource development, supported by selected high value services to help our customers achieve their strategic objectives.

A common theme across all of our businesses is our ability to add value for our customers, which is achieved by providing high-technology products that lower the cost of operation, resolve technical problems, or simply enable a job to be completed more quickly or safely, without compromising quality.

A major area of the Group's customer discussions in the year was the improving outlook for energy demand and the ability of the supply chain to meet client needs as and when equipment purchasing recommenced in earnest.

Hunting continues to engage its customer base proactively to ensure our clients meet their strategic objectives and continue to assist customers with technology developments to lower production costs or increase in-field safety.





### Customer Engagement

Client engagement is key to the Group's understanding of the short- to medium-term needs of our various clients. This dialogue helps us shape our strategy and focus our product research and development programmes.

In the year, the Group continued to launch new products that directly addressed customer needs, some of which resulted from close customer collaboration in response to in-field technical challenges. As part of our active dialogue and engagement with our customer base, key clients are usually invited to our facilities to review our production capabilities and processes, review new technology and brainstorm on future projects.

Customer contact reports are a regular feature of our sales function, which often include issues or concerns, in-field performance feedback and overall customer satisfaction. Hunting's customer-facing sales teams are directly supported by the Group's engineering, quality assurance and health, safety and environment teams, which all assist in the provision of key operational performance information that supports global tenders and the overall sales function.

## Our Customer Channels to Market

		Split of Group revenue
	<b>Operators</b> Operators are the end consumers of our products and related services. These include national oil companies, international oil companies and independent exploration and production companies.	<b>c.11%</b>
	<b>Service Companies</b> Our primary route to market is via other service providers, which generate the majority of our revenue. These include "1st tier" service companies who can provide project management services to operators. Key customers include Halliburton, Baker Hughes and Schlumberger.	<b>c.58%</b>
	<b>Steel Mills and Other Oil and Gas</b> Steel mills are key suppliers to our business; however, in some circumstances we can perform threading services for them or supply OCTG products.	<b>c.24%</b>
	<b>Other Revenue</b> Non-oil and gas sales are led by our Trenchless, Dearborn and Electronics operations, which have developed new customers within the aviation, defence, medical, space and telecommunications sectors.	<b>c.7%</b>

Further, to embed the Group into our customer base, Hunting is a member of a number of industry and trade association bodies including:

- American Petroleum Institute ("API");
- Society of Petroleum Engineers;
- International Association of Drilling Contractors;
- Aberdeen Renewable Energy Group;
- Carbon Capture & Storage Association; and
- DeepWind.

The Group also attends various industry conferences annually to profile the Group's products and services.

### Anti-Bribery and Corruption ("ABC")

The Group has processes and procedures in place to monitor and assess the risk of bribery and corruption occurring. Hunting's Code of Conduct training course includes detailed modules on ABC compliance and risk assessment procedures. Twice a year, each major business unit completes a risk assessment process, detailing management's views on its risk profile against 16 key ABC considerations, and includes details of the mitigating controls in place for each of these risks. As part of the Group's Internal Audit function's work programme, a review of these risk registers is undertaken where the bribery and corruption risk profile is challenged.

### Ethics and Governance

Hunting's close relationship with its customers is also enhanced by our ethical policies and transparent ways of doing business. All of our major customers receive our Code of Conduct, which includes a commitment to be transparent in our business dealings. Due diligence on new customers is also undertaken to ensure the Group complies with international trading and sanctions legislation. Where relevant, we ask our clients to complete "end user" declarations to confirm that Hunting's products do not conflict or breach trading restrictions or sanctions legislation. The Group also has strong entertainment and hospitality approval policies, which support our commitment to conduct business with the highest ethical standards.

### Board Engagement and Decision Making – Customers

In parallel with the commercial dialogue and engagement undertaken by our leadership teams with our customers, the Board of Hunting, in support of its statutory stakeholder duty, has approved the development of the Group's strategy by reviewing and approving capital investment projects that directly support future customer needs. Board approvals are also required for contracts over a certain monetary value. The Board approved these capital investments, either as part of the approval of the Strategic Plan or Annual Budget process. In each case, the Board was satisfied that there was good alignment between the final capital allocation and the Board's consideration of customer matters.

➔ For further reporting on our approach to Business Ethics, see page 83.

## Our Suppliers

Hunting's supplier base facilitates the Group in achieving its purpose of providing high quality products that our customers can rely on and trust. The Group ensures that critical materials are not sourced from a single supplier, which provides assurance to our customers that Hunting will always be in a position to deliver. Long lead-time material supplies are regularly reviewed to ensure market pricing remains competitive. Hunting's management of its supply chain includes working with a wide range of suppliers with regular two-way dialogue on quality expectations. Often, supply chain managers visit the facilities of our suppliers to review procedures, including Quality Assurance, Health and Safety performance and employment practices. In the case of new suppliers, including those who provide key components, first article inspection procedures are in place prior to issuing the order, to ensure quality and delivery expectations are met.

### Ethics and Governance

As with the Group's customer base, Hunting completes due diligence on its supplier base and communicates its ethics policies to its major suppliers. The Group's Code of Conduct is issued to its suppliers and specifically our Modern Slavery policy, which highlights the Group's ethical trading and fair labour policies. During 2022, the Group commenced the rollout of a Supplier Code of Conduct to support its ethical trading policies.

➔ For further reporting on our approach to Business Ethics, see page 83.

### Board Engagement and Decision Making – Suppliers

The Board, through the work of the Ethics and Sustainability Committee, reviews the Group's supply chain risk profile and reviews engagement reports on the Group's dialogue with suppliers. This leads to discussion and challenge by the Directors.

## Environment

### Introduction

Carbon and climate matters have become an area of close scrutiny in recent years, with the Board overseeing the development and introduction of strong governance and reporting initiatives that will support Hunting's commitment to these issues for the long term. The Directors are mindful that all commitments made by the Group should remain proportionate to the size and profile of our operations, but also to protect our earnings and shareholder returns, which form the basis of our investment case. Hunting has disclosed its Scope 1 and 2 greenhouse gas emissions since 2013, with the reporting process integrated into our non-financial reporting framework. This has led to attention being given to energy efficiency programmes, which have included low energy and higher efficiency solutions being introduced into many of the Group's facilities, along with the migration to lower carbon electricity arrangements.

### Governance

The Board of Hunting recognises the importance of a strong governance framework to address carbon and climate matters as well as long-term sustainability. In 2021, the Group formed the Ethics and Sustainability Committee, which comprises the independent non-executive Directors of the Company. The committee monitors and reviews a range of non-financial reporting matters, including the Group's total carbon footprint, our reporting against the framework published by the Task Force on Climate-related Financial Disclosures ("TCFD"), ESG, bribery and corruption, modern slavery and sanctions as well as other key areas. The Board has appointed Jim Johnson, Hunting's Chief Executive, to oversee the development of these matters and coordinate regular reporting of these issues to the Board. The Chief Executive has in turn empowered the Hunting Executive Committee to develop strong carbon reduction and climate change planning processes for integration into the Group's day-to-day operations.

### Group Climate Policy and Commitment to the Paris Accords

The Board of Hunting has committed to the principles published in the 2015 Paris Agreement, which aims to limit the increase in global temperatures. The Group's Climate Policy was published in January 2020 and was updated in January 2023 and can be found at [www.huntingplc.com](http://www.huntingplc.com).

As part of the Company's commitment to manage and reduce its carbon footprint, in December 2022, the Board approved a new carbon reduction ambition, whereby Hunting will now target a 50% reduction in its Scope 1 and 2 emissions, from its base-line year of 2019, by 2030. The Group is migrating its electricity supplies to renewable energy sources, which is a key initiative in its carbon reduction efforts. The Board believes that these new carbon reduction targets are realistic and achievable.

The Company has begun a process to independently assure its carbon data with a view to setting science-based targets in the near future.

For further information on Hunting's climate and ESG and wider Sustainability efforts, please see pages 68 to 101.

### Annual Greenhouse Gas Emissions

To monitor the impact of Hunting's operations on the environment, and in compliance with UK Company Law, the Group collates greenhouse gas ("GHG") data in accordance with the principles of the Kyoto Protocol. Hunting is committed to addressing environmental issues and embedding a low carbon culture within our operating facilities and our employees. New facilities take into account environmental impact considerations, including protection from extreme weather events, such as wind storms and flooding. The Company has elected to disclose the breakdown of its greenhouse gas emissions, to enable stakeholders to understand the overall mix of emissions and the likely areas of emissions reduction, as the Group continues to evolve its initiatives to contain and reduce its carbon footprint.

Tonnes CO <sub>2</sub> e	2022	2021	2020	2019 (base line year)
<b>Scope 1</b>				
– Fuel consumption, including natural gas	2,411	1,680	3,267	4,128
– Vehicle consumption, including diesel and gasoline	3,367	2,491	3,338	2,972
<b>Total</b>	<b>5,778</b>	<b>4,171</b>	<b>6,605</b>	<b>7,100</b>
<b>Scope 2</b>				
– Electricity consumption	16,644	14,688	18,811	28,774
<b>Total</b>	<b>16,644</b>	<b>14,688</b>	<b>18,811</b>	<b>28,774</b>
<b>Total Scope 1 and Scope 2 greenhouse gas emissions</b>	<b>22,422</b>	<b>18,859</b>	<b>25,416</b>	<b>35,874</b>
<b>Intensity Factor – kg of CO<sub>2</sub>e per \$k of revenue</b>	<b>30.2</b>	<b>36.2</b>	<b>40.6</b>	<b>37.4</b>

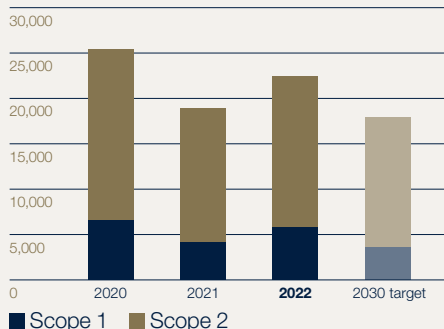
The Group submits its greenhouse gas data to the Carbon Disclosure Project, which is available at [www.cdp.net](http://www.cdp.net). The data reported, and carbon dioxide conversion factors used to report the Group's carbon footprint, are based on those published by BEIS and DEFRA in the UK ([www.defra.org.uk](http://www.defra.org.uk)) and the International Energy Agency. The Group has also participated in a number of other initiatives, including the Energy Saving Opportunity Scheme, which requires Hunting's UK facilities to be audited for energy efficiency, with recommendations provided to reduce energy usage.

In 2022, total Scope 1 and 2 GHG emissions were 22,422 tonnes (2021 – 18,859 tonnes). In the UK, total Scope 1 and 2 emissions in 2022 were 359 tonnes of carbon dioxide equivalent compared to 474 tonnes in 2021.

### Intensity Factor

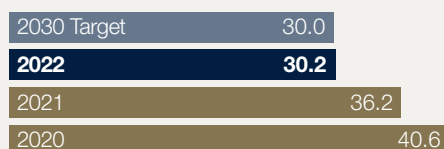
The Group's intensity factor is based on total carbon dioxide equivalent emissions divided by the Group's revenue in 2022, and was 30.2kg/\$k of revenue, compared to 36.2kg/\$k of revenue in 2021.

### Scope 1 and 2 Carbon Dioxide Equivalent Emissions (tonnes)



### Intensity Factor

(kilogrammes CO<sub>2</sub> per \$k revenue)



### Board Engagement and Decision Making – Environment

The Board has continued to oversee the development of carbon and climate initiatives, which includes the Group's maiden TCFD report, which was published in the 2021 Annual Report in March 2022. Hunting has commenced an initiative to assure its carbon data with Standard & Poor's Trucost which will lead to further initiatives to reduce the Group's carbon and climate impact. Further, as part of this process, the development of ESG initiatives and carbon data management has been introduced into the annual bonus objectives of the executive Directors, as noted in the Annual Report on Remuneration.

## Governments

Hunting's global operating footprint extends across 11 countries.

As a consequence of this, the Group interacts with a number of global regulators, governments and tax authorities to ensure that Hunting retains a good reputation and business standing within each region of operation and also seeks to comply with all applicable and relevant local laws and regulations.

As a UK premium-listed public company, the Financial Conduct Authority ("FCA") is the Group's primary regulator. However, each operating segment retains a close relationship with the relevant local tax and legal authority.

With the assistance of the Group's brokers and legal advisers, the relationship with the FCA is closely managed as and when relevant matters arise.

Given the sensitivity of interacting with government officials, with respect to the risk of bribery, the Group's internal procedures include analysis of which customers and suppliers are government-owned, with all externally-facing employees trained in the Group's anti-bribery and corruption policies.

### Tax Strategy

Hunting is committed to acting with integrity and transparency in all tax matters relating to the countries in which we operate.

Simply put, our tax strategy is to comply with local tax regulation, and pay taxes when due. The tax contributions from Hunting's global activities include the following sources:

- Corporate income taxes;
- Employment taxes;
- Social security taxes;
- Property taxes;
- State taxes;
- Consumption taxes (Value Added Taxes, Goods and Services Taxes and Insurance Premium Taxes);
- Carbon taxes; and
- Fuel duties.

When evaluating how we should organise our business affairs, a wide variety of factors are considered, including operational efficiency, risk management and taxation. If tax regulations allows us to organise our commercial business affairs in a manner which reduces tax costs, while meeting our overall objectives, we will do so, but we will not carry out tax evasion or create artificial structures. If necessary, we engage professional tax or legal advisers to ensure that we have interpreted tax law correctly. We will not enter into transactions that have a main purpose of interpreting tax law that is opposed to its original intention or spirit.

### Board Engagement and Decision Making – Governments

The Group's tax governance is managed as follows:

- The Board reviews the Group's tax strategy and policies on an ongoing basis, with regular updates on the tax position provided at each Board Meeting;
- As part of the work of the Audit Committee, tax matters are also monitored. Further, details can be found in the Audit Committee Report on pages 155 to 159;
- Day-to-day matters are delegated to the Group's Head of Tax and a small team of in-house tax professionals who hold a combination of accounting and tax qualifications;
- An annual review of our tax policies form part of our internal Group Manual review procedures; and
- Ongoing monitoring of tax legislation that will have an impact on us, including engaging specialist advisers when appropriate.

## Communities

The Board encourages community-focused initiatives, with the Executive Committee responsible for identifying local activities and projects to support. This delegation allows regional cultural practices to be taken into account.

Local community sponsorships or charitable donations are encouraged, following approval by a member of the Board or Executive Committee.

Most businesses within the Group normally host "Open House" days at facilities to allow customers, suppliers, employees' families and other members of the local community to see our operations.

Community initiatives are regularly reported in the Group's magazine, the "Hunting Review", which profiles the Group's operations, employees and community work.

➔ For further reporting on community engagement, see pages 81 and 82.

## Section 172(1) Statement

This statement has been prepared in compliance with the Companies (Miscellaneous Reporting) Regulations 2018.

The Board of Hunting PLC considers that, in complying with its statutory duty during 2022 and under section 172 of the Companies Act 2006 (the "Act"), the Directors have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of its members and stakeholders as a whole.

The Board also engages with its stakeholders, when considering major strategic decisions, in the following ways:

- Each year the Board reviews its short and long-term strategy. In recent years these have remained consistent, with a focus on maintaining a firm financial foundation, improving facilities and investing in the development of new technology and in our workforce.
- The Board aims to ensure that our employees work in a safe environment, that they receive appropriate training and are rewarded for their efforts.
- Over the years, we have fostered long-standing relationships with our customers, suppliers and our external advisers. We base our philosophy on sharing our core values with our key stakeholders throughout the supply chain and by keeping in regular contact with suppliers and customers, advising them of our market strategy and product innovation.
- As a Company operating in the oil and gas industry, we regularly monitor the impact of our activities on the environment and on the communities in which we operate, in particular where we maintain active manufacturing facilities.
- As a Board, we endeavour to operate responsibly and to make carefully considered decisions. We encourage high standards of business conduct from our employees and try to lead by example.

Following engagement with a wide range of stakeholders, the following actions were taken:

- Our global Human Resources function continues to monitor workforce remuneration, hiring and retention policies to ensure our employees are paid fairly when compared to similar companies in our sector.
- As part of our ongoing employee engagement, the majority of US employees have undertaken harassment training in 2022.
- Our Code of Conduct training programmes were updated during the year, with a full rollout to all Group employees planned for 2023.
- Following consultation with investor groups in 2021, the Board has implemented climate change reporting procedures. These included:
  - risk assessments were carried out by all businesses;
  - engagement of Standard & Poor's Trucost to assure our carbon data;
  - enhancement of carbon reporting policies to ensure further alignment with the GHG Protocol published by World Resources Institute; and
  - NEBOSH Award in Environmental Awareness at Work training was provided to all UK Managers.
- Hunting's TEK-HUB™ continues to build relationships with innovative individuals and organisations that are developing technologies which align with our customers' and wider stakeholders' requirements.
- The Company has recently sold a series of micro-hydro generating systems to generate electricity for rural communities in the Philippines.
- Following the implementation of our strategy to diversify some of our technical expertise into non-oil and gas sectors, the Board has been in discussions with customers to deliver high precision engineering technology to the medical, defence and electronics sectors.
- The Board continues to monitor senior management engagement with customers, suppliers and other stakeholders.

The following sections and cross references provide a summary of where details of key stakeholder and associated engagement and decision making is located within the 2022 Annual Report and Accounts, and also some of the considerations taken by the Board in fulfilling their duty under section 172(1) of the Act:

- shareholders (pages 61 and 62);
- lenders (page 62);
- employees (pages 62 and 63);
- customers (page 64);
- suppliers (page 65);
- environment and climate change (pages 65 and 66);
- governments (page 66); and
- communities (page 66).

On behalf of the Board



**Jim Johnson**  
Chief Executive



**Bruce Ferguson**  
Finance Director

2 March 2023

# Environmental, Social and Governance (ESG)

## Introduction

Operating responsibly and ethically is firmly embedded in our strategy and culture. Over the past two years we have formalised our ESG programmes, which are reported to the Board's Ethics and Sustainability Committee. We have also reported in line with the SASB standards and have accounted for our contribution towards the UN Sustainable Development Goals ("SDGs").

## Governance

The establishment of the Ethics and Sustainability Committee in 2021 signalled the Group's commitment to monitoring, managing and mitigating ESG matters that are both financially material in influencing the value of the business and are important to our markets, our employees, other stakeholders and the environment. These areas are overseen by the Ethics and Sustainability Committee, with executive responsibility vested in our Chief Executive, supported by the Executive Committee and internal ESG steering group.

During 2022, Hunting further enhanced its carbon reporting policies with further alignment with the GHG Protocol published by the World Resources Institute and updated its data collection platform to improve data accuracy. In the year we appointed Standard & Poor's Trucost to assure our 2022 carbon data against the AA1000 standard.

## Our Approach to ESG

People are at the heart of our business, and ensuring the safety, health and well-being of every person employed by the Company, or associated with our business, is a priority.

Operating responsibly and ethically, with a focus on the most efficient allocation of resources, is firmly embedded in our strategy and culture. This is reflected in our reporting, where the most significant material issues are discussed throughout this report.



A micro hydro generator and distribution system (HeliosAtlas™) deployed in the Philippines.

# At a glance

## Ethics and Sustainability Committee

Committee established in 2021 and met on two occasions in 2022.

## Safety remains a priority

# Zero

Fatalities  
(2021 – zero)

# 23

Recordable incidents  
(2021 – 19)

## Carbon assurance procedures introduced

Appointment of Standard & Poor's Trucost ("S&P") to assure our carbon data collection in line with the AA1000 standard.

## Gender diversity improvements

# 37%

of the Board are women  
(2021 – 29%)

# 28%

of senior management are women  
(2021 – 25%)

# 24%

of overall workforce are women  
(2021 – 23%)

## Waste and environmental impact

# Zero

Environmental fines or recordable environmental incidents

## Decarbonisation journey continues

New carbon reduction targets set in December 2022.

# 22,422

Scope 1 and 2 GHG emissions in tonnes CO<sub>2</sub>e  
(2021 – 18,859 tonnes CO<sub>2</sub>e)

# 30.2

Intensity factor in kg CO<sub>2</sub>e /\$'000 of revenue  
(2021 – 36.2)



# Our sustainability framework

Our approach to ESG is illustrated through our sustainability framework, which underpins our ambition to create long-term and sustainable value for all our stakeholders.

Within the context of sound ESG governance at a Board and Executive level, our six key areas of focus are:

- 1 Operating safely
- 2 Supporting and developing our people
- 3 Delivering innovative, high quality and reliable products
- 4 Fostering mutually beneficial partnerships
- 5 Supporting communities around us
- 6 Managing our environmental performance and mitigating our impacts

We indicate the progress we have made against these commitments on the pages that follow. As we progress our reporting journey, we will set, align, and report on additional targets and KPIs for all these commitments.

Our six focus areas align with the material issues that we have identified and support our contribution to the United Nations' Sustainable Development Goals ("SDGs").

## Our Ambition

Creating long-term, sustainable value, responsibly.

## Our Commitments



## What this means





**Image key**  
**1** Jim Johnson (Chief Executive) and Liese Borden (Chief HR Officer) taking part in the Trees for Houston initiative at the Hunting Bayou.  
**2** Celebrating Safety Milestones – 10 years Accident-Free in Batam, Indonesia.  
**3** Hunting's QAHSSE in the UK.

# How we report

Framework/standard	What this is	Our disclosure and where to find it
<b>Task Force on Climate-related Financial Disclosures (“TCFD”)</b>	A framework for climate-related financial disclosure that is structured around four thematic areas: governance, strategy, risk management, and metrics and targets, with a strong focus on risks and opportunities related to the transition to a low-carbon economy.	Full adoption of TCFD in 2022, following initial disclosure in 2021.  For further information please see pages 88 to 101.
<b>CDP (formerly the Carbon Disclosure Project)</b>	Operates a global disclosure system, via an annual survey, to support companies, cities and regions in measuring and managing environmental impacts.	We make an annual submission to CDP.  For further information please see page 79.
<b>Sustainability Accounting Standards Board (“SASB”)</b>	SASB Standards, part of the IFRS Foundation, guide the disclosure of financially material sustainability information by companies to their investors, having identified the subset of ESG issues most relevant to financial performance in 77 industries.	We report against two standards: Oil & Gas – Services and Industrial Machinery & Goods, to the degree that these are relevant.  For further information please see pages 100 and 101.
<b>United Nations Sustainable Development Goals (“SDG”)</b>	The SDGs comprise 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”.	We have identified SDGs 3, 5, 6, 7, 8, 9, 12, 13 and 17 as areas where we can make a positive contribution.
		
<b>Global Reporting Initiative (GRI)</b>	GRI is an independent standard-setting organisation, which enables businesses to report on their significant impacts on the economy, environment and society, including impacts on human rights.	Our materiality assessment and ongoing reporting has been informed by the guidance published by GRI. For further information please see our website <a href="http://www.huntingplc.com">www.huntingplc.com</a> .
<b>UK Modern Slavery Act</b>	The Act requires organisations to develop and publish a Modern Slavery Act statement in the form of an annual report, outlining the steps taken to combat human trafficking and modern slavery throughout its supply chain.	The Board approves our annual Modern Slavery Act statement, which is signed by the Chief Executive.  We report annually on our website <a href="http://www.huntingplc.com">www.huntingplc.com</a> .
<b>UK Bribery Act</b>	This requires organisations to put in place adequate procedures to prevent, monitor and risk assess bribery and corruption.	We report on this through our Annual Report each year. Reports are presented to the Ethics and Sustainability Committee twice a year.
<b>UK Payments to Government regulation 2015</b>	This requires large and publicly listed oil, gas, mining and logging companies incorporated in the UK to annually disclose the payments they make to governments on a country-by-country and project-by-project basis.	We report annually on our website <a href="http://www.huntingplc.com">www.huntingplc.com</a> .
<b>ISO 14001</b>	An international standard for designing and implementing an environmental management system.	Our Quality Management System is compliant with these standards. Energy, Carbon, HSE and Quality Assurance reports are reviewed by the Ethics and Sustainability Committee twice a year.
<b>ISO 50001</b>	An international standard for designing, implementing and maintaining an energy management system.	

# Innovation and trust determines our success

Our purpose is central to and permeates every aspect of what we do and how we do it.

## Our purpose

To be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.

## Core competencies

- Systems Manufacturing
- Precision Engineering
- Print-part manufacturing

## In the oil and gas sector

Oil Country  
Tubular Goods  
("OCTG")

Perforating  
Systems

Advanced  
Manufacturing

Subsea

Intervention  
Tools

## and in other sectors

Carbon capture  
&  
geothermal

Data analytics  
&  
Machine learning

Medical

Aviation  
&  
Space

Naval

Power Generation

# Our material ESG issues

In 2021, we undertook a materiality assessment in which we:

- identified key issues that determine our ability to create value as a business, as well as those issues that could affect the decision making of stakeholders in relation to the Company, first through a benchmarking exercise and second through direct interviews;
- mapped and prioritised these issues based on stakeholder feedback;
- considered the inputs of company leadership and aligned with our business priorities; and
- identified and reported on ten material ESG issues.

In 2022, we have continued to review and consider the external landscape and sought feedback from stakeholders. We have again considered inputs from leadership in confirming our material issues and mapping these against our commitments that form part of our sustainability framework.

Our commitments	Material issue	What we measure	Where to find it
<b>Operating safely</b> Achieving and maintaining the highest standards of safety for our employees, customers, suppliers and the public.	<ul style="list-style-type: none"> <li>• Health and Safety.</li> </ul>	<ul style="list-style-type: none"> <li>• Fatalities.</li> <li>• Total recordable incident rate.</li> <li>• Near miss frequency rate.</li> <li>• Vehicle incidents.</li> </ul>	For further information please see pages 63 and 82.
<b>Supporting and developing our people</b> Attracting and retaining our highly skilled workforce. Providing training and development. Promoting diversity and workplaces that are free of prejudice.	<ul style="list-style-type: none"> <li>• Employee Engagement.</li> <li>• Diversity and Inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>• Voluntary turnover.</li> <li>• Representation of women on the Board, in management and in the workforce.</li> <li>• Engagement level.</li> </ul>	For further information please see pages 82 and 83.
<b>Delivering high quality products and services</b> Meeting and pre-empting the needs of our customers and the environment, through innovation, customisation and the highest levels of quality control.	<ul style="list-style-type: none"> <li>• Quality Assurance.</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing reject rate.</li> <li>• % of facilities compliant with ISO 9001: 2015.</li> </ul>	For further information please see page 55.
<b>Fostering mutually beneficial partnerships</b> Fostering sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. Respect for human rights.	<ul style="list-style-type: none"> <li>• Business ethics.</li> <li>• Human rights.</li> </ul>	<ul style="list-style-type: none"> <li>• Whistleblowing incidents.</li> </ul>	For further information please see page 83.
<b>Supporting communities around us</b> Making a positive contribution to the communities in which we operate.	<ul style="list-style-type: none"> <li>• Community engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• Charitable donations.</li> </ul>	For further information please see pages 81 and 82.
<b>Managing our environmental performance, mitigating our impacts</b> Protecting and minimising our impact on the environment in which we operate and where our products are used. Focus on climate change – setting and achieving emissions reductions and mitigating climate-related risks.	<ul style="list-style-type: none"> <li>• Environmental stewardship.</li> <li>• Climate reporting and decarbonisation strategy.</li> <li>• Climate change adaption and transition.</li> </ul>	<ul style="list-style-type: none"> <li>• TCFD reporting.</li> <li>• GHG emissions and intensity.</li> <li>• Water consumption.</li> <li>• Environmental incidents.</li> <li>• Waste monitoring.</li> </ul>	For further information please see pages 78 to 80.

# Our contribution to the SDGs

The 2030 Agenda for Sustainable Development, adopted by all United Nations member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("SDGs"), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

At Hunting, we believe we can make a contribution towards achieving these goals, and that every contribution – no matter how small – can have an impact on the betterment of our society and the environment in which we operate.

We have identified nine SDGs as areas where we can make a positive contribution.

## Good health and well-being



The health and safety of our employees is of utmost importance to us. We have a responsibility for the health and safety of those who use or are affected by our services and equipment. We believe that we can address employee and community health through the systems we have in place, the training and support we provide, our access to healthcare, and through innovation and technology – by building and implementing safety-enhancing features in the work we do.

## Affordable and clean energy



Through the technology, products and services we provide to the oil and gas sector, we assist in the safe, and reliable extraction of resources, while minimising environmental impacts.

## Responsible consumption and production



As a responsible and efficient operator we strive to limit the consumption of the materials we use, and to increase recycling and integration into the circular economy. We are conscious of the need for responsible sourcing of materials.

## Gender equality



Our aim is to ensure that our workplaces and decision making are free from prejudice, and that hiring and promotion is based on merit. Not only do we aim to improve gender representation in our business, but we are specifically seeking to promote diversity on our Board and among our senior leadership.

## Decent work and economic growth



We have a skilled and diverse workforce, operating in 11 countries across the globe. We place a great focus on attracting and retaining talented employees, and ensuring that they are engaged and can develop to their full potential. We have measures in place to identify and guard against modern slavery and human trafficking.

## Climate action



We recognise that climate change is a global challenge and a risk to our business, and that we can make a positive contribution towards climate change mitigation by improving our energy efficiency mix, and reducing our GHG emissions. We also recognise the need to understand and plan for climate change impacts and transition.

## Clean water and sanitation



We monitor and manage our water usage, understanding that water is a valuable and constrained resource, especially in some of the regions in which we operate. We protect water resources, guarding against potentially hazardous emissions to water bodies.

## Industry, innovation and infrastructure



We support inclusive and sustainable industrialisation, and produce and work with innovative technology that is safe and efficient.

## Partnership for the goals



We recognise that the achievement of the SDGs requires partnership and collaboration.

Through Hunting's TEK-HUB™, we seek to attract innovative individuals and companies to develop technology partnerships. By working in true collaboration, we will bring innovations to market under licence.

# Singapore – new facility, lower carbon footprint

Hunting's consolidated facility in Singapore is yielding significant benefits.

The Group has now brought together the manufacturing of all product lines under one facility, to generate operational synergies and to reduce costs.

New office opening ceremony in Singapore. Jim Johnson (Chief Executive) and Daniel Tan (Managing Director – Asia Pacific).



## \$2.3m

Singapore facility investment

## c.45%

Reduction in electricity consumption in Singapore targeted

After a lengthy search, the integrated and award-winning development at JTC Space @ Tuas presented itself as a good real estate fit for Hunting. Most importantly, the new location needed to meet the Company's ambition for a sustainable operating site, allowing Hunting to put into practice environmental stewardship. The new development started on the right low-carbon footing as it followed guidelines set out by Singapore's Building and Construction Authority ("BCA").

This site was also a suitable location to accommodate the sizable workforce – it has a number of prominent green features, boosting the health and wellbeing of the workforce, to create a sustainable workplace. The new Hunting location is also conveniently situated within walking distance of public transport, including the Gul Circle Mass Rapid Transit ("MRT") station on the East West line, and several bus stops.

All operating activities were transferred to JTC Space @ Tuas by April 2022. The successful consolidation of the three product lines – OCTG, Completion Accessories and Well Intervention into a single highly efficient facility has resulted in enhanced administrative efficiency, improved quality services to our customers, and substantial reduction in our carbon footprint.

The building has been awarded the "Green Mark Platinum" certification by BCA. This is the highest award and accolade available in the Green Mark Incentive Scheme, a building rating system that is supported by a comprehensive framework, designed to evaluate a building's environmental impact and performance.

A key feature has been the built-in resource efficiency that will decrease electricity and water consumption through:

- the east-west orientation of the building, which reduces heat gain;
- the installation of highly efficient chilled water plants in the industrial complex, which is used for the air-conditioning systems;
- the installation of energy-efficient LED lighting throughout the facility and, in all common areas, occupancy sensors to control lighting when not in use;
- the use of accredited water fittings that reduce water flow rates and consumption; and
- its proximity to the MRT station system, which is an electric powered railway transportation – the principal mode of public transport in Singapore.

Hunting will continue to take action to reduce its carbon emissions, with existing plans already in place to further lower the carbon footprint of the Tuas facility in Singapore. This includes the option to install a rooftop Solar PV System to further reduce carbon emissions.



**Sustainability was at the heart of our decision when choosing to consolidate our facilities at JTC Space @ Tuas. We have plans in place to further lower our carbon footprint. One way to achieve this is by optimising resource efficiency, including the possibility of installing solar panels."**

**Daniel Tan**  
Managing Director  
Asia Pacific

[www.huntingplc.com](http://www.huntingplc.com)



# Environmental Stewardship

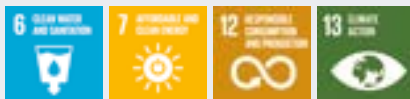
## Our Commitment:

Protecting and minimising our impact on the environment in which we operate and where our products are used.

## Material Issues:

- Environmental stewardship;
- Climate reporting and decarbonisation strategy; and
- Climate change adaptation and transition.

## SDGs



Environmental management and compliance, the efficient use of natural resources such as energy, water and raw materials, as well as reducing our waste footprint, are critical areas for the business.

The Group's Quality Management System ("QMS") is compliant with the globally recognised ISO 14001 (Environmental) standard and 74% of our facilities are operated in compliance with this standard, as well as ISO 50001 (Energy Management), as we demonstrate our commitment to operating in an environmentally responsible manner with the aim of reducing the environmental impact of our global footprint.

Among the environmentally responsible initiatives that we have continued to implement across the Group during the year are:

- The introduction of energy efficiency solutions, including more efficient lighting;
- Improved water capture and recycling; and
- Increased waste recycling.

These initiatives are continuously enhanced to incrementally reduce the Group's overall carbon footprint and environmental impact.

## Energy and Climate Change

Energy management, carbon emissions and related climate matters have become the subject of global focus, and intense external and internal scrutiny in recent years.

At Hunting we recognise the reality of climate change, and the role that companies have in mitigating our contributions and addressing its impacts.

The Hunting Board has committed to the principles published in the 2015 Paris Agreement, which aims to limit the increase in global temperatures.

Our Climate Policy was updated in January 2023. The Board has overseen the development and introduction of strong governance and reporting initiatives that will support Hunting's commitment to these issues in the short, medium and long term. A significant development during the year has been the advancement of our TCFD reporting.

## Our Carbon Measurement, Reporting and Targets

Hunting has disclosed its Scope 1 and 2 GHG emissions since 2013, in accordance with the principles of the Kyoto Protocol, with the reporting process integrated into our non-financial reporting framework. Since our Scope 1 and 2 emissions are under our control, we choose to report and reduce these as a priority.

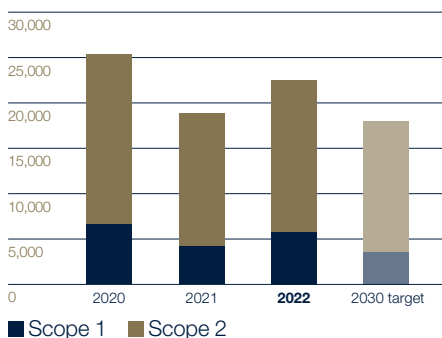
In 2022, the Board approved a new carbon reduction target of 50% from our 2019 base-line year by 2030. The Group continues to drive our intensity factor (calculated as total emissions divided by revenue) to less than 30.

In 2023, we will commence the collection of certain Scope 3 emissions, including electricity transmission and distribution emissions, commuting and business travel emissions and relevant supply chain emissions.

## Hunting's Carbon Reporting Roadmap

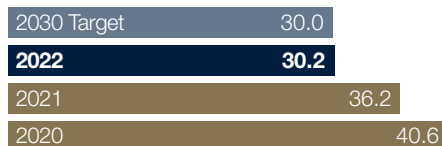
2013	2019	2020	2021	2022 and beyond
Began Scope 1 and 2 GHG emissions reporting.	Publication of first carbon reduction and intensity targets.	Initial TCFD disclosures published, including governance and physical risk analysis. External advisers appointed.	First TCFD disclosures. TCFD Steering group formed.	Full TCFD disclosure. S&P Trucost appointed to assure carbon data collation processes against AA1000 standard.
				Science-based targets considered.

### Scope 1 and 2 Carbon Dioxide Equivalent Emissions (tonnes)



### Intensity Factor

(kilogrammes CO<sub>2</sub> per \$k revenue)



### Our Carbon Footprint

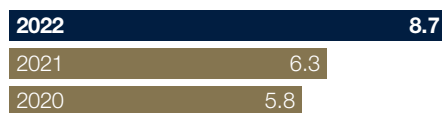
Setting our Scope 1 and 2 emissions targets means we have given attention to improving our energy efficiency programmes, including the introduction of low energy and higher efficiency solutions into many of the Group's facilities, along with the migration to lower carbon electricity arrangements. We are also undertaking initiatives to increase the contribution of renewables to our energy mix. Importantly, we aim to introduce a low carbon culture within our operating facilities and among our employees.

We are migrating the electricity we purchase towards more renewable and sustainable sources. In the US, where the majority of the Group's facilities are located, wind generation capacity is substantial, giving the Board confidence that a large proportion of our carbon footprint (predominantly Scope 2 electricity usage) can be eliminated by moving to renewable energy. In the UK, the Group's Aberdeen and London operations have secured renewable energy supplies. The Group also participates in a number of other initiatives, including the Energy Saving Opportunity Scheme, which requires Hunting's UK facilities to be audited for energy efficiency, with recommendations provided to reduce energy usage.

### Electricity purchased – Group (GWh)



### Renewable energy purchased – Group (GWh)



We participate in the annual CDP survey, and our latest submission is available on [www.cdp.net](http://www.cdp.net). The data reported, and carbon dioxide conversion factors used to report the Group's carbon footprint, are based on those published by BEIS and DEFRA in the UK ([www.defra.org.uk](http://www.defra.org.uk)) and the International Energy Agency.

To monitor Hunting's climate related risks and opportunities, the Group has elected to adopt three primary carbon and climate metrics:

- Scope 1 and 2 GHG emissions (tonnes CO<sub>2</sub>e);
- Intensity factor (kg of CO<sub>2</sub>e per \$'000 of revenue); and
- Non-oil and gas revenue (\$m and %).

The Group's total Scope 1 and 2 emissions in 2022 were 22,422 tonnes CO<sub>2</sub>e (2021 – 18,859 tonnes CO<sub>2</sub>e).

In the UK, total Scope 1 and 2 emissions in 2022 were 359 tonnes CO<sub>2</sub>e (2021 – 474 tonnes CO<sub>2</sub>e).

The Group's intensity factor is based on total carbon dioxide equivalent emissions divided by the Group's revenue in 2022, and was 30.2 kg/\$k of revenue (2021 – 36.2 kg/\$k of revenue).

We are also starting to collect certain Scope 3 emissions data during 2023.

### Climate Change Impact and Transition

As our world transitions to a low carbon economy in response to, and to mitigate, climate change, there will be a significant impact on our business and our ability to create value. Currently, around \$47.6m or 7% of our revenue contribution is from non-oil and gas sectors (2021 – \$37.6m or 7%).

Our efforts to align our business model to take into account and pre-empt this transition, and the opportunities that this potential for diversification has for the business, are described in our Climate Change statement.

An integral part of our risk management approach ensures that new facilities take into account environmental impact considerations, including protection from extreme weather events, such as severe storms and flooding.

### Annual Energy Summary

Energy Type	Units	2022	2021	2020
Natural gas – Group	GWh	7.9	8.5	13.7
Natural gas – UK	GWh	0.7	0.2	2.6
Vehicle consumption and process emissions – Group	Tonnes CO <sub>2</sub> e	3,367	2,491	3,338
Vehicle consumption and process emissions – UK	Tonnes CO <sub>2</sub> e	0.7	1.4	3.3
Electricity purchased – Group	GWh	43.4	40.5	48.6
Electricity purchased – UK	GWh	0.4	1.4	1.4
Renewable electricity purchased – Group	GWh	8.6	6.3	5.8
Renewable electricity purchased – UK	GWh	0.4	0.3	0.4

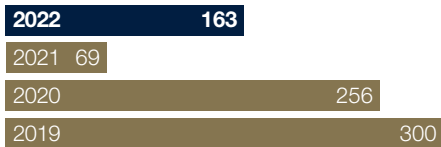
### Water Management

Water management is becoming a key feature of Hunting's sustainability strategy, with measures being introduced to recycle more fresh water across the Group's facilities. Our primary water consumption is for property and equipment needs. Hunting has a number of water supplies, some provided by utility networks and some from boreholes drilled at some locations. Our long-term sustainability plans include measuring all water inputs and, from 2023, we will be reporting the percentage of water recycled in line with SASB guidance.

We monitor our water usage and operational risk, and have adopted proactive water management. Where water is used as part of our manufacturing process, the waste (e.g. cooling) water is not discharged into the original water source. For example, as part of the regional Environmental and Water Management strategy in the EMEA region, the Fordoun site monitors the water discharged from operational activities twice per calendar year. Additionally, we are committed to conserving and protecting freshwater resources whenever possible – from water withdrawal, to use and reuse where possible; whilst contaminated water is collected and disposed of as special waste, destined for further recycling.

In the year, there was an increase in water consumption as activity levels increased across the Group.

#### Fresh Water Consumption (\*000 cubic metres)

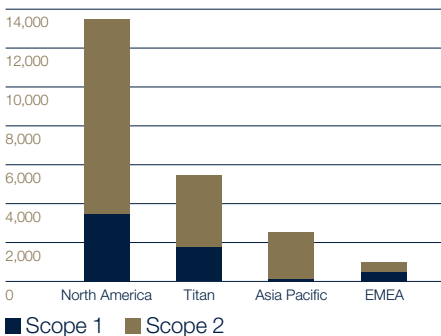


### Waste Management and Recycling

We are mindful of the need to responsibly source and consume materials.

During the year, the majority of the Group's facilities had at least one recycling programme in place. In 2019, the Group initiated a new process to quantitatively collect recycling information on metal, paper/wood and plastics.

#### Scope 1 and 2 Greenhouse Gas Emissions (tonnes CO<sub>2</sub>e) per operating segment



#### Image key

- 1 A micro-hydro generator installed in the Philippines.
- 2 Metal recycling is practiced in the majority of facilities.

# Society - People and Communities

### Our Commitment:

- **Supporting and developing our people:** Attracting and retaining our highly-skilled workforce. Providing training and development. Promoting diversity and workplaces that are free of prejudice.
- **Fostering mutually beneficial partnerships:** Fostering sound and positive partnerships with our customers and suppliers, industry bodies and regulators in the regions in which we operate. Respect for human rights.
- **Supporting communities around us:** Making a positive contribution to the communities in which we operate.

### Material Issues:

- Health and Safety;
- Employee engagement;
- Diversity and inclusion;
- Human rights; and
- Community engagement.

### SDGs



Our ability to successfully deliver on our objectives, and the reputation that we have built over many years, rests on the values and behaviours of our highly skilled and committed employees. At 31 December 2022, the Group employed 2,258 people across our global operations (2021: 1,949 people). With 43% of these employees employed in our North America operations, 29% at Hunting Titan, 14% in Asia Pacific, and 11% in the EMEA (Europe, Middle East and Africa) operating segment.

### Health and Safety

Hunting is committed to achieving and maintaining our high standards of safety, health and environment goals of “No Accidents, No Harm to People, and No Damage to the Environment”.

Our culture has entrenched best practice, and we employ rigorous Health and Safety practices. Our HSE policy guides the way we work, putting safety first and, at a minimum, complying with local regulatory requirements. Our approach ensures:

- Regular audit and maintenance reviews of facilities;
- Appropriate training and education of all staff;
- That we seek the accreditation and alignment of long-standing internal programmes with internationally recognised standards; and
- Regular reporting to the Board.

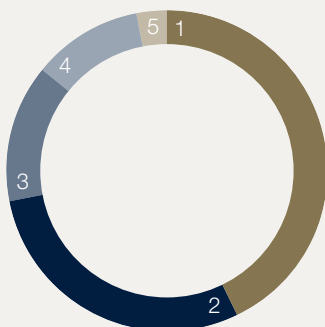
Each local business is required to develop tailored Health and Safety policies to suit their environment. Hunting has defined rules and guidelines for HSE training, protective equipment, and high-risk operations. This is covered by the Group’s Health, Safety and Environmental Global Manual that is accredited to ISO 14001: Environmental Management System and in accordance with ISO 45001: Occupational Health and Safety Management System. Our target is to achieve zero recordable incidents. In 2022:

- There were no fatalities in the Group (2021 – 0).
- Recordable incidents 23 (2021 – 19).

The total recordable incident rate is calculated by multiplying the number of incidents by 200,000 and dividing the total numbers of hours worked based on guidance issued by the Occupational Safety and Health Administration (“OSHA”). In 2022, this was 0.97 in the US (2021 – 0.99). The industry average incident rate in 2022 was 4.0 (2021 – 4.0).

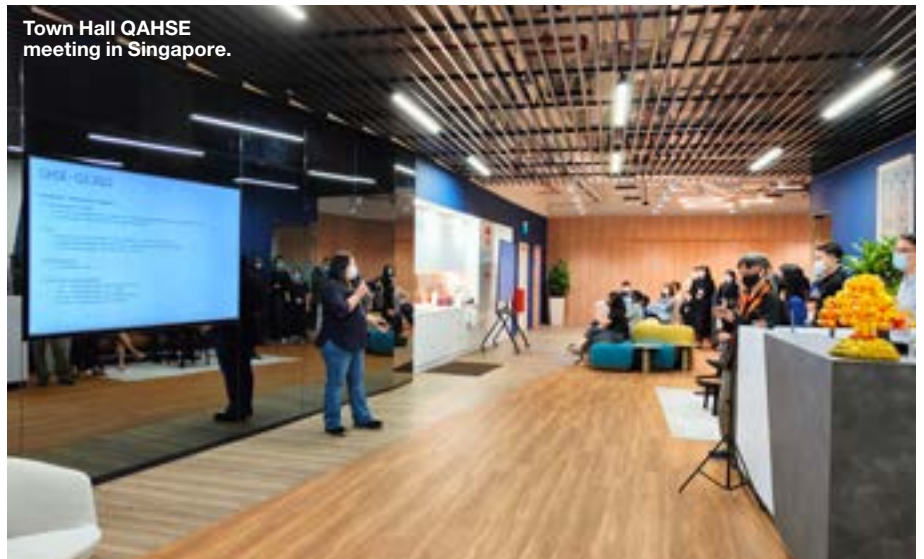
The near miss frequency rate is calculated by multiplying the number of incidents by 200,000 and dividing by the total numbers of hours worked. In 2022, our near miss rate was 0.97 (2021 – 0.78) as a result of 66 near misses (2021 – 15).

Employees By Region (at year-end)



1. US 43%
2. Hunting Titan 29%
3. Asia Pacific 14%
4. EMEA 11%
5. Central 3%

Town Hall QAHSE meeting in Singapore.



We have engaged specialist services to provide climate, noise and air quality testing to achieve an accurate sample of our operations to ensure compliance and safety for all its employees. As a result of this monitoring, we have been able to continuously improve the working conditions across all platforms.

Through our internal HSE Management System OnBase, processes, communication, training and reporting are now completely seamlessly captured within one application across the Group, and ensure that all operations are in compliance with local regulatory agencies.

We operate an embedded Health and Safety training programme for all employees, with each shop-floor member of staff attending weekly "Tool Box" sessions, where HSE messaging is re-enforced.

**Employee Attraction, Retention and Development**

To attract and retain our highly skilled staff, and to address the key demands of the industry, our employees are remunerated fairly, which, in addition to a base salary, can comprise a range of healthcare and pension benefits and can include an annual bonus that reflects performance levels.

We are committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives.

**Employee Engagement**

Since 2019, we have increased our engagement activities through perception surveys and town hall meetings. In addition, engagement processes have been embedded within all business units to enhance transparent two-way dialogue between the Board and the Group's employees.

Our first all-employee Gallup Q12 survey took place in 2019. We are planning on repeating the survey in 2023; we will again utilise Gallup's Q12 survey.

Our employees are also encouraged to engage in dialogue with management to raise issues of concern. These procedures are supported by an independent reporting service operated by SafeCall, where confidential matters can be raised with the Board.

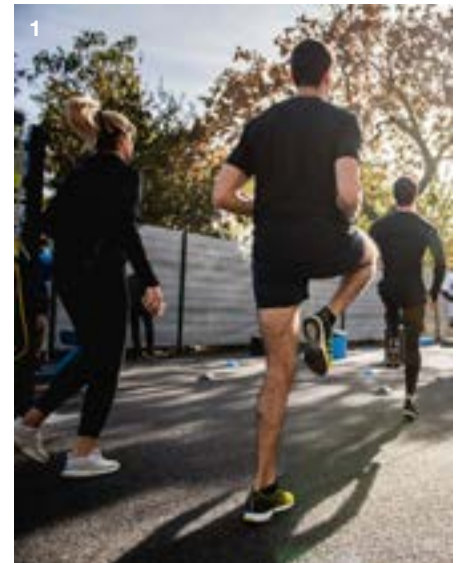
**Diversity and Inclusion**

We are a responsible employer. We are committed to creating a positive workplace environment for all our employees that is safe, respectful, fair and inclusive – free of any form of harassment, bullying and discrimination. Our approach focuses on recruitment, training and development, conditions of work and disciplinary procedures.

Hunting's Gender Diversity Policy commits us to:

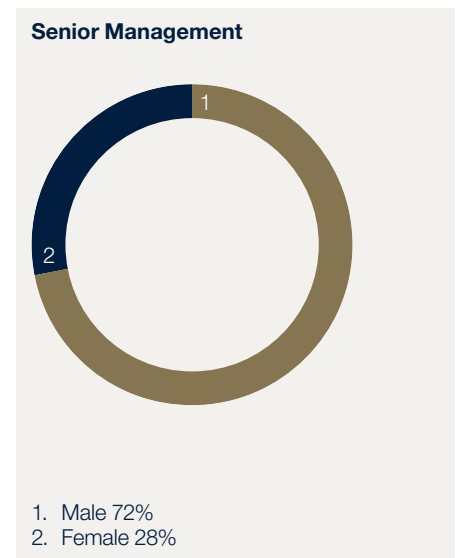
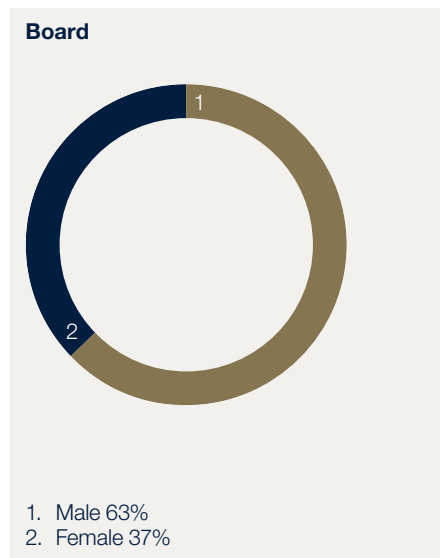
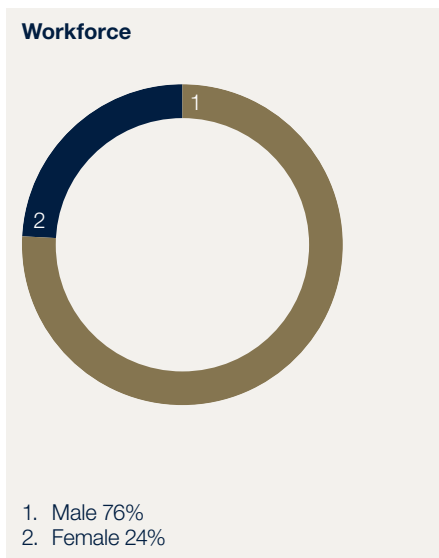
- an embedded culture of equal opportunities for all employees, regardless of gender;
- require external recruitment consultants to submit their diversity policies to the Group prior to appointment;
- ensure that external consultants appointed by Hunting provide the right Board shortlists comprising of an appropriate gender balance; and
- a periodic review by the Nomination Committee of its progress in complying with best practice recommendations.

Hunting is committed to an ethnically diverse workforce, across its global operating footprint in 11 countries. We remain North America focused, with over 74% of employees from the region at 31 December 2022.



**Image key**

- 1 Employee fitness sessions.
- 2 Hunting's Asia Pacific community outreach initiative.



# ESG Governance

## Our Commitment:

- Fostering mutually beneficial partnerships: Fostering sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. Respect for human rights.

## Material Issues:

- Business ethics; and
- Human rights.

## SDGs



We pride ourselves on the way in which our values are lived in our daily interactions, within the business and outside of it, and are committed to upholding the highest levels of integrity and ethics in all our business dealings.

## Business Ethics

Hunting's Code of Conduct (the "Code") underpins all of our engagements, internally and externally.

In it, our CEO Jim Johnson notes that: "At the heart of our success has been an ethos of honesty and integrity".

All employees and business partners are provided with a copy of the Code and are expected to adhere to it. The Code of Conduct deals with a broad range of issues, including:

- Preventing corruption, including measures that prevent bribery and corruption in our dealings with government officials;
- Personal integrity, including money laundering;
- Conflicts of interest;
- Employee share dealing;
- Human rights;
- Harassment and equal opportunity; and
- Our approach to national and international trade, including compliance with laws and regulations, competition, and export and import controls.

As part of a compulsory programme for new employees, the Group provides ethics training through a Code of Conduct training course, to ensure awareness of our published policies.

Hunting's Code of Conduct training course includes detailed modules on ABC compliance and risk assessment procedures.

Through the SafeCall facility, we have created a confidential channel of communication to the Board, both within the business and in our supply chain, to report any breaches of the Code.

## Human Rights

We are committed to upholding the human rights of all our stakeholders including employees, local communities, customers and suppliers, and achieve this through measures which include:

- Providing a safe and comfortable working environment for all employees and contractors;
- Respecting the rights of each individual, with a zero-tolerance approach to any form of discrimination, harassment or bullying;
- Providing training and development programmes to our global workforce;
- Acting with honesty, transparency and integrity in all of our dealings with our workforce.

This is implemented through our Code of Conduct within the business and, increasingly, in our supply chain.

We have a zero-tolerance stance on slavery and trafficking, and we expect the same from our business and trading partners.

We demonstrate our compliance to corporate regulations through:

- our Ethical Employment and Trading Policy;
- our Modern Slavery, Human Trafficking Transparency Statement; and
- Hunting's Ethics Reporting Procedures.



**At the heart of our success has been an ethos of honesty and integrity."**

# Health and Safety is a top priority

While health and safety has always been a top priority for Hunting, the arrival of COVID-19 presented an opportunity for the Group to review and refine its approach to its HSE management reporting systems. Given that in-person site visits became more challenging, the need for a seamless, integrated and cloud-based system became imperative, and has since been implemented.



Not only does the HSE management system provide for continuous reporting by all operating sites in a consistent and 'live' manner, it also provides useful insights, e.g. risk analysis, for management review and action. By monitoring and tracking 'real time' information, any potential areas of concern can be flagged and investigated, promoting a proactive safety culture.

The management system became fully operational in 2022. It allows Hunting to continuously enhance it, making it a dynamic management system that adapts to any new requirements at a Group, country and operational level. This is an additional safeguard to maintain compliance with respective regulatory agencies.

While this integrated management system has been a significant step forward in the collation and analysis of data, Hunting recognises that people remain a fundamental component of health and safety. Any system relies on the integrity of data collation and capture, and suitable checks are in place for this. Moreover, the behavioural aspect of health and safety remain a priority, particularly in recognising the dangers of workplace complacency, especially when performing routine jobs and repetitive tasks. This is where refresher safety training and ongoing communication play a significant role. Hunting places great emphasis on receiving suggestions to improve our procedures, in particular from shop-floor employees. Safety suggestion boxes and observation cards are installed at all facilities.

These are anonymous and are presented and discussed in quarterly management meetings, attended by all levels of the organisation, including managing directors, with a view to implementing corrective and preventative action plans to identify and eliminate hazard, risk, and unsafe behaviours.

HSE is recognised as a top priority right from the top of the organisation, with the Chief Executive personally driving safety engagements, and at least quarterly reporting and reviews at every level of the organisation, right up to the Board.





---

# Technology development to drive industry efficiency

---

Driving technology enhancements to improve efficiencies via collaboration.

Hunting's TEK-HUB™ is an innovative company-customer partnership that seeks to attract individuals and companies in co-developing and accelerating the commercialisation of new technologies.



**By collaborating with technology developers, we see benefits at several levels:**

**1**




By taking technologies to market and into the field in a reduced timeframe, society accesses the benefits of that technology on a wider scale sooner. This is particularly important for technologies that reduce or offset carbon emissions. Organic Oil Recovery is an example of a technology that increases oil production, but CO<sub>2</sub> cost per barrel is very low compared to drilling, completing and bringing a new well online.

**2**



By collaborating with technology developers, Hunting avoids duplicating efforts to solve the same problem. There are financial, time and opportunity costs and energy/CO<sub>2</sub> savings, which free up resources to solve new problems. For example, Hunting's Ezi-Shear Seal valve demonstrates how developing an existing technology and deploying it into Hunting's core markets significantly reduced the time to market without duplicating development efforts.

**3**



The sales effort involved in commercialising a new product is energy intensive, particularly for small companies with no or limited international presence. Compare that to Hunting, with regional sales offices around the globe, which provides the opportunity for shorter travel distances to regional customers, compared to taking international flights. By combining multiple customers and technologies/product lines into each trip, the carbon cost per sale is minimised.

**Our approach to collaboration.**



For developers, the benefits of partnering with Hunting are significant, including access to capital, an international presence and an established and extensive customer base.

If you're a technology developer and are interested in finding out more about how Hunting can help you develop and market your idea through a global partnership, get in touch using the email address on page 248.

# Task Force on Climate-Related Financial Disclosures (“TCFD”)

## 2022 has seen the Directors focus on the progression of the Group’s reporting pillars of Strategy, Risk Management and Metrics and Targets.

### Compliance

Under FCA Listing Rule 9.8.6(8)b for premium listed companies, Hunting is required to report on a ‘comply or explain’ basis against the TCFD Recommendations and Recommended Disclosures in respect of the financial year ended 31 December 2022. The climate-related financial disclosures, which follow, are consistent with the four reporting pillars of (i) Governance (page 89); (ii) Strategy (pages 90 to 96); (iii) Risk Management (pages 96 and 97); and (iv) Metrics and Targets (pages 97 to 99) contained within the TCFD Recommended Disclosures. The Directors believe that Hunting is compliant with Listing Rule 9.8.6(8)b, with the following one exception:

- Hunting has not reported its Scope 3 emissions as recommended by part (b) of Metrics and Targets and has not completed a materiality assessment. This is due to the complexity of the Group’s global businesses and its respective supply chains and the costs associated with gathering this data. The Group anticipates to be compliant no later than 2025.

The Company has not committed to a Net Zero Target, as noted below, however; during 2023 a Net Zero plan will be developed, as required by the recommendations published by the UK government.

### Climate Policy

In 2020, the Directors approved a Climate Policy (located at [www.huntingplc.com](http://www.huntingplc.com)), which commits the Board to Group-level monitoring of climate-related opportunities and risks.

This Policy acknowledges the global goal to limit global warming to 1.5°C in line with the Paris Accords and commits the Group to assisting in the delivery of this ambition through a reduction in its global carbon footprint.

In December 2022, the Board set new targets to be delivered by 2030. The Group will endeavour to reach these targets in the coming years as low-carbon initiatives are extended throughout the Company and are made more widely available in each geographic region of operation.

### Progress in 2022

The Directors’ approach to the development of the Group’s TCFD reporting in 2022 has been to focus on the progression of the reporting pillars of Strategy, Risk Management and Metrics and Targets.

#### Strategy

During 2022, the Board of Hunting has considered and approved a broad-based strategic ambition to pivot its revenue and therefore its investment profile to more non-oil and gas sales. The Board has approved a strategy to target a material increase in non-oil and gas sales by 2030, to include energy transition and other markets such as medical, defence and power generation sales which align to the existing core competencies of the Group.

#### Risk Management

In 2021, management developed a Group-level climate change risk assessment and completed due diligence on its geographic footprint, to evaluate the transition and physical risk profile of the Group, based on different climate change scenarios extending to 2050. In 2022, management broadened the risk assessment framework to include inputs from each business unit within the Group to understand the risk profile of the proposed pivot to lower oil and gas-related sales, in addition to the physical risks associated with Hunting’s asset base. The risk assessment presented on pages 96 and 97 incorporates these additional disclosures. The Group has begun to develop a high level model which explores the financial impact of each business unit based on three scenarios including (i) a ‘Business as Usual’ global warming scenario (ii) a Middle Case or a 2.0°C global warming scenario and (iii) a ‘Rapid Transition’ scenario or a 1.5°C global warming scenario. Further disclosures in respect to this analysis are likely to be developed in the coming years.

#### Metrics and Targets

The Directors of Hunting have reviewed its carbon reduction targets, which were initially published in 2019, and have increased its reduction target to 50% (from 10%) from its base-line emissions year of 2019 by 2030. This new target relates to the Group’s operational Scope 1 and 2 emissions only.

### Carbon Data Collection and Assurance

During 2022, management implemented a more detailed carbon data reporting policy which aligns to the GHG Protocol issued by the World Resources Institute ([www.wri.org](http://www.wri.org)) and also enhanced the data collection methodology through the Group’s global financial consolidation system.

To support this data collection, the Group appointed Standard & Poor’s Trucost to provide assurance services against the AA1000 standard over Hunting’s policies and Scope 1 and 2 greenhouse emissions data which are being externally published. The results of this process are to be delivered to the Company in April 2023.

### Carbon Reduction Commitment

The Board believes that its primary strategy to reduce its carbon footprint will be through the securing of renewable energy electricity contracts for all of the Group’s facilities.

c.80% of Hunting’s Scope 1 and 2 greenhouse gas emissions are derived from the consumption of electricity, with each business unit now tasked with reducing its reliance on fossil fuel originated electricity.

The Directors have considered a possible commitment to a Net Zero target, but after further analysis of its current emissions profile they are still not able to make this commitment given the level of emissions derived from its North America operations. This is due to the lack of available renewable electricity capacity in Texas where the majority of the Group’s facilities are located. As noted above, the Directors have, however, committed to a stronger carbon reduction target by 2030.

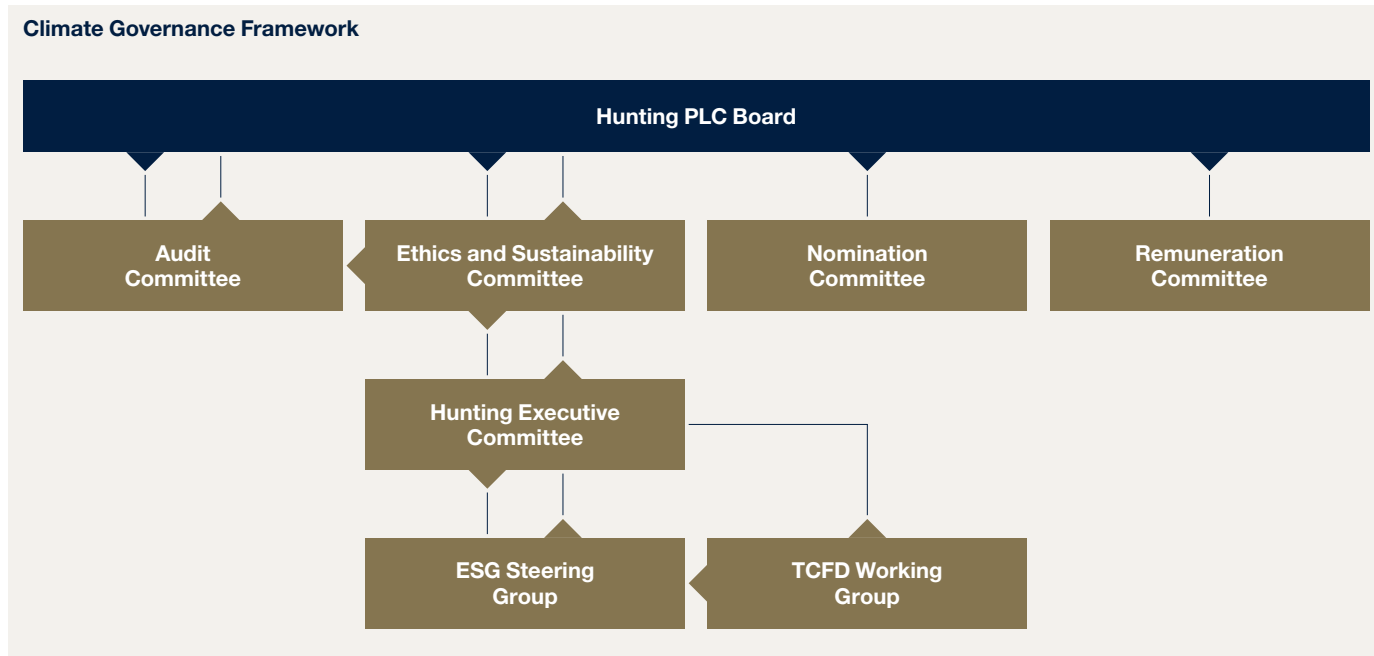
However, the Board notes that the Group’s total Scope 1 and Scope 2 emissions in 2022 were 22,422 tonnes of CO<sub>2</sub>e and at a carbon price of €97 per tonne ([www.carboncredits.com](http://www.carboncredits.com)) on 21 February 2023, the total cost to the Group to purchase carbon offsets would have been c.€2.2m.

### Scope 3 emissions reporting

In 2023 management is to complete a base-line assessment and commence the collection of certain Scope 3 data including electricity transmission and distribution emissions, commuting and business travel emissions and certain supply chain emissions.

## Governance

The Board of Hunting has put in place a robust climate-related governance framework to oversee and deliver on its objectives going forward. This governance framework is summarised below.



### Disclosure (a) Board Oversight

The Chief Executive has been charged with oversight and responsibility for all TCFD matters. Since 2020, the Board has been briefed by the Group's central compliance function and the Group Company Secretary on the TCFD reporting requirements and the work streams underway across the Group to assess compliance. This includes evaluation of the transition and physical risks facing the Group and the opportunities climate change presents to the Company.

Climate change perspectives and strategic initiatives including the pursuit of energy transition opportunities as well as the pivot of revenue to more non-oil and gas sales are therefore included in the Board's strategic planning discussions, which include merger and acquisition opportunities being considered.

Further, in 2021 the Directors appointed WillisTowersWatson ("WTW") to assist in the assessment of the Group's physical risk profile, based on the location of its current and non-current assets. This exercise will be repeated in 2024. The Board maintains an Ethics and Sustainability Committee to monitor Hunting's overall governance and reporting framework in the area of climate change and wider ESG issues. The Ethics and Sustainability Committee comprises the non-executive Directors of the Company (pages 116 and 117).

The Committee meets twice a year, with carbon, climate and TCFD matters being regular agenda items.

This Committee also monitors, on behalf of the Board, Hunting's progress against its current emissions reduction targets. All members of the Board attend each meeting of the Committee, with its activities and actions completed during the year detailed on pages 129 to 131.

While the Ethics and Sustainability Committee reviews these important non-financial matters, the Audit Committee retains key oversight of Hunting's public disclosures on these areas, including the information contained in its Annual Report and other Stock Exchange announcements and the evaluation of the risk profile of the Group in respect to climate change. Further, the Audit Committee reviews the climate-related risk assessments prepared by each business unit, and a consolidated climate risk register prepared by the Group's central finance function.

### Disclosure (b) Management's Role in Assessing Climate risks and Opportunities

Members of the Group's senior leadership team including the Group Company Secretary, Chief HR Officer, General Counsel and Director of QAHSE are invited to meetings of the Ethics and Sustainability Committee. These managers in turn are supported by the Hunting Executive Committee; a formal ESG internal steering group comprising operational and finance staff; and a TCFD steering group, the latter being charged with developing formal reporting and new strategies to curtail the Group's carbon footprint, to reduce its impact on the environment and to provide direction on Hunting's sustainability ambitions.

The responsibility of managing climate risks is vested in the Executive Committee which comprises the senior operational leaders of the Company. The Group's central compliance function oversees TCFD external reporting and compliance matters and works with the Executive Committee to develop that Company's climate-related objectives.

Management completed a Group-level climate risk register in 2021 and in 2022 developed a broader risk register following input from each business unit. The results of this process are noted on pages 90 and 91. As part of this process, strategic opportunities were considered by each business unit which formed part of the Group's wider plan to pivot revenue to more non-oil and gas revenue and the new market opportunities which underpin this strategy.

A summary of the transition and physical risks facing the Group are presented on pages 92 to 96.

As noted above, in 2022, more granular local reporting and data collection protocols were implemented across all of the Group's business units, with regular briefings organised by the central compliance function.

For more information of the Group's wider governance framework, please refer to the Corporate Governance Report on pages 119 to 126.

## Strategy

### Disclosure (a) – Description of Risks and Opportunities in the Short, Medium and Long term

Hunting has not presented risk management analysis based on the geographic split of its global operations or by the various industry sectors it sells products and services as recommended by part (a) of Strategy. Hunting is a global energy services group, focused, almost entirely, on the oil and gas industry and therefore each of its global operating segments are faced with the same climate change opportunities and risks. Therefore, the Board believes this approach to climate change analysis not to be relevant to Hunting.

### Climate Risk Management

As noted in the Risk Management section on pages 102 to 109, the Group has a broad-based risk management process, which includes a submission by each business unit three times a year of the major risks, and mitigating controls, facing their operations. This is reviewed by the Group's Audit Committee. Climate Change risk has been included as a principal risk, given the Group's focus on the oil and gas industry as well as current sentiment within financial and investment markets towards traditional energy businesses. As part of the Hunting's TCFD reporting, Hunting's central compliance function prepares a Group-level climate risk assessment, which assesses the short, medium and long-term risks including corporate-level risks such as consideration to reputation and wider financial market risk, given the scrutiny of climate change by investors and lenders.

During 2022, the Group issued a business unit risk assessment questionnaire which gives a deeper consideration to Hunting's longer-range risks, including revenue and expenditure risks, in addition to analysis of major cash generating units within the Group in respect to the impact of climate change. The central compliance function oversees the Group's annual insurance renewal for all of Hunting's businesses, working with specialists from WTW and in 2021 completed a physical climate risk assessment for Hunting's climate exposures which extends to 2050.

In the table below, 'short term' references a timeframe of less than five years; 'medium term' references a timeframe of between five and 10 years; and 'long term' references a time scale of greater than 10 years.

### Climate Change Risk Analysis – based on a 'Rapid Transition or 1.5°C or lower' climate change scenario to 2050

Category	Description of Risk	Management Actions
<b>1. Market</b>		
<b>Transition Risk</b> <b>Rating:</b> Low/Medium  <b>Timeframe:</b> Long Term  <b>Financial Impact:</b> Revenue	<p>Hunting's primary revenue streams are derived from the oil and gas industry.</p> <p>The drive by many global governments and economies to reduce emissions may impact long term oil and gas demand, which in turn will impact Hunting's long term revenue profile.</p>	<p>During 2022, the Board reviewed a number of primary energy demand scenarios developed by Wood Mackenzie and the International Energy Agency ("IEA"), which included energy transition projections and oil and gas demand scenarios to 2050. These are noted on page 92. From this analysis, the Directors of Hunting believe that there is a robust outlook for oil and gas in the long term i.e. to 2050 and beyond, which will drive strong demand for Hunting's energy-focused products through this timeframe. The Directors will continue to monitor these projections and government legislation and will also track its customers and suppliers who are also developing compliance to this long-range change to the energy industry. As noted on pages 28, 29 and 95, the Board is putting initiatives in place to diversify its revenue streams, which do not rely on the global oil and gas market, to minimise earnings volatility over time but also to address this long-term revenue risk profile as noted in the Chief Executive's Statement on pages 26 to 29 and also on page 95.</p>
<b>2. Technology</b>		
<b>Transition Risk</b> <b>Rating:</b> Low/Medium  <b>Timeframe:</b> Long Term  <b>Financial Impact:</b> Revenue	<p>Hunting's products and services are primarily targeted at the oil and gas industry, given its expertise and know-how of this sector.</p> <p>Should the pace of the energy transition be more rapid than what is currently projected, certain of the Group's product lines and technologies will be less adaptable to a lower carbon energy world or could become obsolete.</p>	<p>The Directors believe that the Group's engineering excellence, particularly within the Group's Advanced Manufacturing group has the ability to diversify the long term revenue streams of the Group. As part of the business unit level risk assessment the adaptability to non-oil and gas markets was explored. Most businesses across the Group believe that revenues from new markets, using Hunting's core competencies will enable a level of transition to occur and are therefore well placed to develop non-oil and gas sales. In December 2022, a global Energy Transition sales group was formed to pursue carbon capture and geothermal revenue. Please refer to Climate Opportunities on pages 95 and 96.</p>
<b>3. Labour</b>		
<b>Transition Risk</b> <b>Rating:</b> Medium/High  <b>Timeframe:</b> Short to Medium Term  <b>Financial Impact:</b> Expenditures	<p>Historically, the oil and gas sector has provided highly competitive rates of pay and benefits and, therefore, has always been an attractive sector to work in.</p> <p>However, with recent volatility across the industry, along with the global climate agenda, there has been a change in perception of the global oil and gas sector, which may present a continuing risk of attracting and retaining skilled talent. The consequence of this risk is that employee costs may rise in the short to medium term to ensure Hunting can achieve its strategic objectives.</p>	<p>The Directors have monitored labour risk during 2022 through the Remuneration and Ethics and Sustainability Committees to ensure possible labour market issues in Hunting's various regions of operation are minimised.</p> <p>In the year, Group-wide pay increases were implemented to attract and retain employees.</p>

## Climate Change Risk Analysis continued

Category	Description of Risk	Management Actions
<b>4. Insurance and Tax</b>		
<b>Transition Risk</b> <b>Rating:</b> Low/Medium  <b>Timeframe:</b> Short to Medium Term  <b>Financial Impact:</b> Expenditures	As a premium listed Company focused on the oil and gas industry, Hunting is faced with the likelihood of increased operating costs, including insurance and tax costs. It is possible that Hunting's insurance costs could rise in the future, given its presence in the global energy supply chain in addition to the location of certain facilities in the Gulf of Mexico. Further, it is likely that western governments will introduce taxation on companies, based on carbon footprint.	The Board has announced a 2030 Strategy which will target a material increase in non-oil and gas revenue by 2030. This initiative, in part, is to support a less volatile earnings profile, but also to minimise sector-related cost increases such as Directors' & Officers' liability insurance seen across the energy sector. Further, given that the Group has a relatively low carbon footprint, compared to other energy companies such as exploration and production businesses, any carbon related taxation is likely to be modest, given Hunting's drive to reduce Scope 1 and 2 emissions.
<b>5. Assets</b>		
<b>Physical Risk</b> <b>Rating:</b> Low/Medium  <b>Timeframe:</b> Long Term  <b>Financial Impact:</b> Assets and Liabilities	The global operating footprint of the Group, is potentially exposed to the impact of more volatile and severe weather events due to climate change. These events have the ability to damage the Group's property, plant and equipment thus impairing Hunting's ability to generate revenue.	In 2021, Hunting focused its climate change analysis on the physical risks facing the Group including carrying out an assessment of each operational location in respect of possible extreme weather risks out to 2050. The outcomes to this analysis are presented on pages 94 to 96. In 2022, the Group completed long-range financial impact analysis on its major cash generating units. The Directors believe that given Hunting's long-term presence in Louisiana and Texas, which periodically suffers from tornadoes and other extreme weather events, has given the Group strong experience in managing this risk. The Directors are therefore satisfied that appropriate attention is given to this area.
<b>6. Financial Markets</b>		
<b>Transition Risk</b> <b>Rating:</b> Medium  <b>Timeframe:</b> Short to Medium Term  <b>Financial Impact:</b> Capital and Financing	With the increased attention climate change is being given by financial markets, the standing of energy-related companies has come under increased scrutiny in recent years. Many investors who wish to invest in the oil and gas sector look for evidence of a Net Zero plan as part of their investment screening. Energy transition risk imputed by shareholders, lenders and market commentators has the potential to impact funding support from equity/debt financial institutions.	The Directors believe that investors and lenders will be more demanding in respect of the provision of financing in the future.  However, this risk is partially mitigated by the Board's Hunting 2030 Strategy and its ongoing access to equity capital markets.
<b>7. Regulatory, Legal and Compliance</b>		
<b>Transition Risk</b> <b>Rating:</b> Medium  <b>Timeframe:</b> Short to Medium Term  <b>Financial Impact:</b> Expenditures Capital and Financing	Regulatory and compliance risk with respect to climate has increased in the past year, including the introduction of TCFD reporting requirements and the demand for long-term planning disclosures to address climate change. The Directors of Hunting believe that regulatory and compliance costs are likely to increase over time as companies address carbon and climate issues, which will likely require additional human capital to meet stakeholder expectations as well as to develop and implement Net Zero strategies.	As noted in the Risk Management section on pages 96 and 97, the Directors believe that regulatory compliance with climate change legislation could differ substantially given the various government and political agendas where Hunting's stakeholders are located.  Management are continuously monitoring regulatory and compliance changes across its various jurisdictions.
<b>8. Reputation</b>		
<b>Transition Risk</b> <b>Rating:</b> High  <b>Timeframe:</b> Short to Medium Term  <b>Financial Impact:</b> Capital and Financing	Many stakeholders have become more aware of climate change, linking a Company's response to the climate debate to long term reputation. Many companies are beginning to respond to this reputational risk by addressing stakeholder concerns, which range from strong carbon reduction commitments to publishing energy transition strategies.	The Directors believe that a proportionate response to climate change planning is being implemented, which protects shareholders' short to medium term interests, including earnings and capital returns. Over time, the Directors will increase the disclosures in this area as longer-term plans are agreed.  The Directors monitor the Company's market capitalisation against the value of its net assets which provides an indication of how various investors view Hunting's response to climate change.

## Disclosure (b) – The Impact of Climate Risks and Opportunities

### Climate Risks Transition Risks

#### Market and Revenue

The Directors regularly receive reports from the Chief Executive on the short to medium-term outlook for oil and gas demand, given that this is a key revenue driver for the Group.

As noted in the Market Summary, market indicators include rig count data and drilling and production spend data, published by Spears & Associates, supports the Group's wider financial reporting needs, including impairment reviews.

During 2022, the Board has also continued to review the long-term outlook for energy, specifically the current thinking in respect to oil and gas demand.

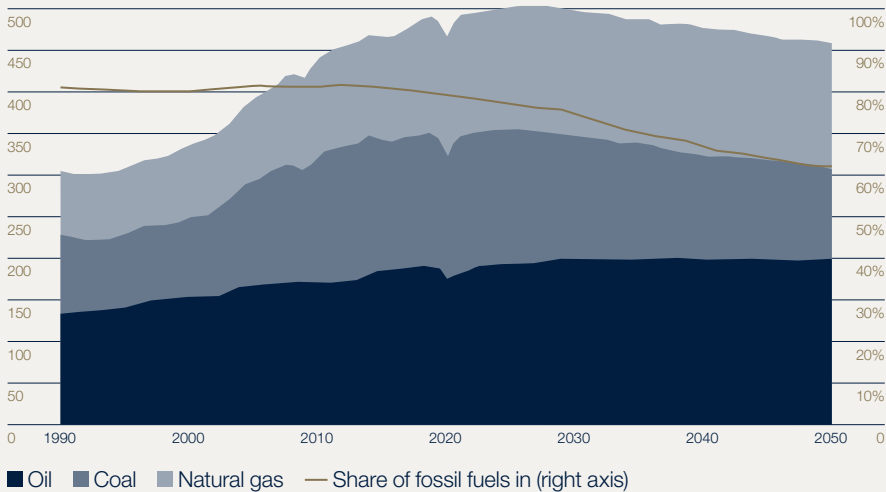
In October 2022, the International Energy Agency ("IEA") issued its annual energy outlook which provides a perspective on the long-term changes to energy demand and its primary energy inputs. As noted in the chart opposite, the outlook for oil and gas, which is assumed to be a 'Business as Usual' scenario, remains robust to 2050 with oil demand remaining flat for this timescale, with a small decline in natural gas demand. Overall the contribution of oil and gas to the total energy mix reduces from c.80% to 60%, although the majority of this decline is related to coal and gas inputs.

The Board has also commissioned energy demand analysis from Wood MacKenzie which analyses a range of climate change scenarios. These range from a 'Business as Usual' scenario where global governments do not achieve their carbon reduction ambitions, to a 'Rapid Transition' scenario where current climate change commitments are fully met, which will contain global warming to a maximum of 1.5°C as prescribed by the 2015 Paris Accords. The chart opposite provides a high level view of the possible changes global oil and gas demand and therefore to Hunting's revenue profile to 2050, which indicates a possible c.60% reduction in revenue in a "Rapid Transition" scenario.

These energy demand scenarios have implications for Hunting's long-term strategy as the Group's products and services, and overall revenue profile, is driven by oil and gas demand and investment in the exploration and production of hydrocarbons.

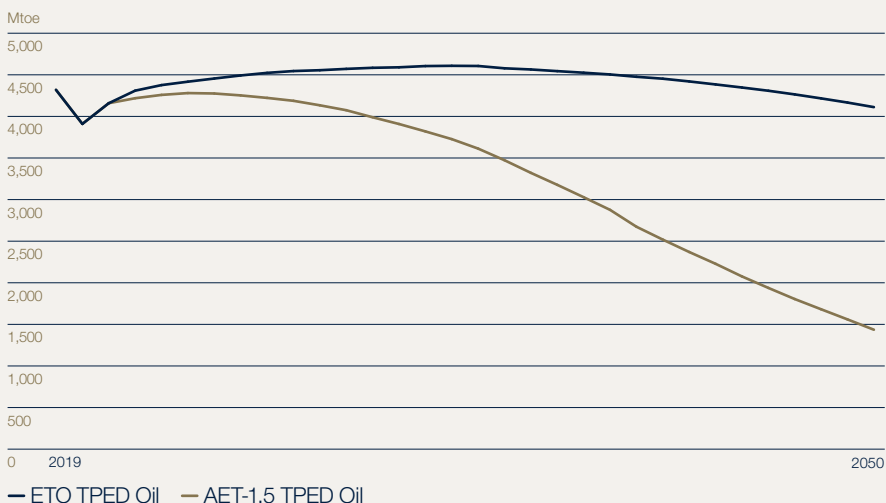
**Impact:** The Board believes that this primary energy mix to 2050 published by the IEA supports Hunting's long-term focus on energy, underpinned by the pivot to non-oil and gas sales in this timescale.

IEA Projected Fossil Fuel Demand: 1990-2050



Source: IEA.

'Business As Usual' and 'Rapid Energy' Transition Scenarios for Energy Demand: 2020 to 2050



Source: Wood MacKenzie.

#### Technology

International commentators believe that climate reduction commitments are very challenging, given (a) the pace of global warming and (b) the absence of technologies to assist in material carbon mitigation and reduction. The Directors of Hunting believe that its strategic ambition to assist its clients in making drilling operations safer and more efficient will place Hunting in a valuable part of the energy transition narrative, as brownfield developments extract oil and gas more efficiently, reducing the need for green field project developments.

**Impact:** Hunting's current technology offering enables the efficient and safe delivery of hydrocarbons. While there is a risk that certain products could become obsolete in the long term, the Directors believe that a number of its product lines are directly applicable to the energy transition and non-oil and gas markets which provides a level of resilience to its long-range revenue profile.

#### Regulatory, Legal and Compliance

International policies and legislation in respect to climate change and climate action have increased in pace, examples of which include new reporting procedures introduced into the UK for publicly listed companies along with the encouragement for all businesses to commit to a Net Zero ambition.

Further to this, initiatives such as the UK's Energy Savings Opportunities Scheme, which required energy audits of businesses to identify carbon-reduction measures, provide an indication of western governments' ambitions to achieve carbon containment.

**Impact:** It is likely that climate-related legislation will increase over time, which will lead to higher compliance, legal, operational and administrative costs to keep pace with these new regulations.

## Reputation

Hunting's standing in the global oil and gas industry underpins the Group's strategic objectives of delivering strongly quality-assured products and services to its customers. The oil and gas market is highly competitive and therefore Hunting's operational objectives focus on strong HSE and Quality Assurance procedures, which are disclosed on pages 55 to 57, to maintain our leadership in the industry.

Hunting's association with the oil and gas industry is, however, believed to be a medium risk in the long term in respect to investor and shareholder perceptions, given the negative media attention of traditional primary energy sources.

However, the Directors believe that Hunting's strong relationships with customers and suppliers will support its ambition to play a key role in the energy transition, which will support the Board's ambitions to pivot revenue to more non-oil and gas sources. Further, the Directors believe that secure energy sources from regions such as North America continue to play a key role in global economic stability.

**Impact:** Hunting's reputation and standing in the energy industry is critical to its long term resilience. Participation in the oil and gas industry has a potentially negative impact on reputation which may manifest itself in a lower share price and market capitalisation of the Company; however, this is offset by the positive contribution of the Group's products and technology relevant to the energy transition.

## Expenditures

Hunting has not completed detailed analysis of the long-term impact of climate change on the cost base of the Group, however, notes that key components to its cost structure could be impacted over time. Further work in the area is to be completed during 2023.

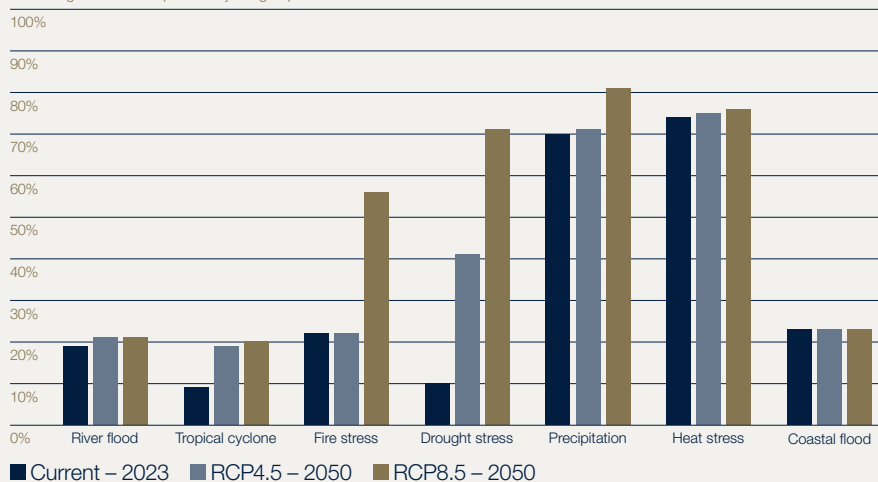
**Labour Costs** – Hunting's products and services are delivered by a highly skilled workforce comprising of engineers, machinists and professional services staff. The competition for talent remains a principal risk to the Company as noted on page 109, with employment costs likely to increase in the long term, to attract and retain employees to the oil and gas industry.

**Tax Costs** – to encourage the pivot away from traditional oil and gas primary energy sources, it is likely that taxation of companies by governments based carbon footprint may be introduced in the future. Given the modest level of emissions produced by the Group, the Directors believe that the potential tax cost to the Group is low, as noted on page 91.

**Energy Costs** – in 2022 electricity costs totalled \$4.5m. It is possible that as the energy transition progresses, the cost of electricity will increase as more expensive primary energy sources are adopted.

## Facility Exposure To Severe Weather Events based on RCP4.5 and RCP8.5 climate scenarios to 2050

Percentage of facilities operated by the group



Source: Company.

## Legal and Regulatory Costs – with

increased stakeholder pressure to reduce the consumption of oil and gas generally, it is likely that new legislation will be introduced in the medium to long term, which will increase compliance costs.

**Insurance Premiums** – the Group maintains a broad-based insurance programme covering many risk areas. Property damage and business interruption policies are in place, which cover potential losses to severe weather events.

Given the location of certain of the Group's facilities in Texas and Louisiana which are subject to wind storms, it is possible that the cost of this insurance cover will increase over time as the long term risk profile of these operations increases.

However, the Directors believe that given Hunting's diversified operational footprint, the risk of loss of operations is low. However, the cost of insurance cover could potentially increase given the concentration of the Group's facilities in Texas and Louisiana.

**Litigation Costs** – climate-related litigation is a further potential cost pressure which may materialise over time, as activism increases.

**Access to Equity and Debt Capital Markets** – the Group relies on equity and debt markets to fund its businesses. These stakeholders are increasingly demanding strong ESG and long-term sustainability credentials from companies, and in the absence of this, is unlikely to fund businesses which do not give attention to this. The Group has access to a \$150m Asset Based Lending facility to 2026, with discussions already underway with key stakeholders to identify key ESG metrics to support future re-financing.

## Assets and Liabilities

The Group has completed high level scenario analysis to examine the potential impact of climate change on the current and non-current assets of the Group.

## Capital and Financing

The Group has not completed detailed analysis of its cash flows in respect of climate change, however the Directors note the following in respect to future capital allocations:

**Capital Investments** – it is likely that new investment in facilities will occur over time to align with the physical risks to the Group's facilities noted on pages 94 to 96.

The Directors believe that Hunting's diverse operational footprint will in the short to medium term mitigate the majority of operational risks as many sites are configured in similar ways.

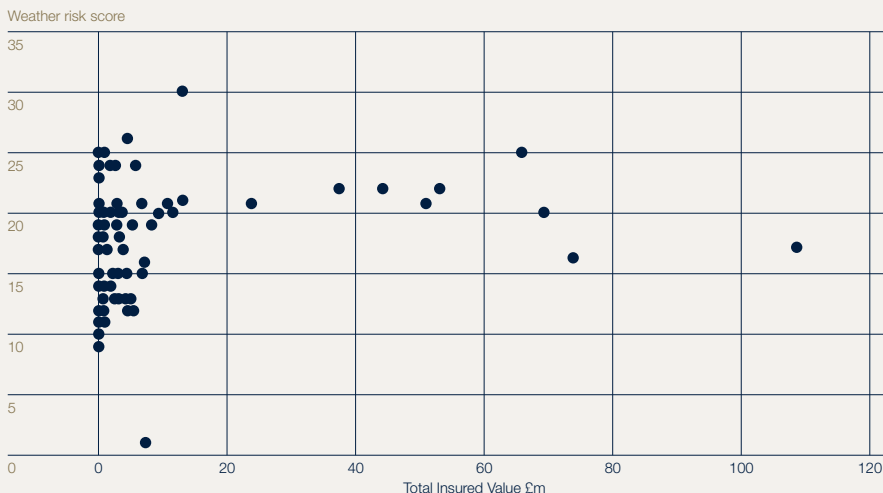
**Dividends** – the Directors note that shareholder distributions are a key element to the Group's investment case and will endeavour to support this strategy in the long term.

Capital allocations may change over time to enable the Group to pivot to non-oil and gas revenue streams, which may lead to lower distributions.

**Acquisitions** – Hunting has a strategy to develop its non-oil and gas revenue which in part will be funded by internally generated cash flows.

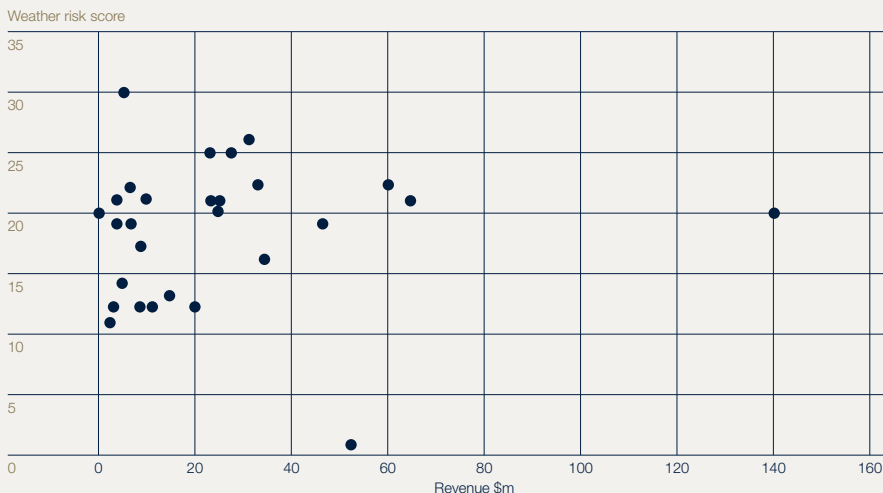


**Total Invested Value (£m) by facility vs Weather Risk Score (max = 48)**



Source: Company.

**Revenue (\$m) by facility vs Weather Risk Score (max = 48)**



Source: Company.

WTW has evaluated the longer-range climate risk to the Group's operating locations, applying the following two scenarios up to 2050:

- Scenario 1 – RCP4.5 (an increase in global temperature by 2-3°C by 2050).
- Scenario 2 – RCP8.5 (an increase in global temperatures by 4°C by 2050).

It can be noted that in climate scenarios 1 and 2 there is an increase in weather risk, in respect of:

- (i) tropical cyclones;
- (ii) fire stress;
- (iii) precipitation and
- (iv) drought stress.

However, all other risks are currently known and evaluated by the Board under the Group's current operational risk programme. It is therefore noted that, on this basis, the Group's asset base risk is appropriately mitigated for the long term with actions and controls in place.

The charts on the left present the insured asset values and revenue risk of the Group, by location, as a function of the weather event scores independently applied by WTW.

WTW applied a risk factor to 14 weather events of between 0 and 5, with the maximum possible score of 48 for all weather events.

The total insured value figure is the value of assets held at each location, which are covered by Hunting's global insurance programme and which covers both property damage and business interruption insurances.

It can be noted all facilities report a weather risk score of between 10 and 30, with only a small number of facilities recording a higher concentration of insured assets by value.

The Board believes that the overall asset risk is mitigated across the Group's diversified physical global operations.

The Directors have also received reports detailing where key products lines are manufactured and the relative climate risk associated with each of these sites.

**Physical Risks**

In December 2021, the Board and the Ethics and Sustainability Committee reviewed an independent report that presented the Group's physical risk profile with respect to climate change and which presented analysis of Hunting's operating locations and their respective risk profiles against a variety of weather events.

The report also detailed a longer-range risk analysis incorporating a number of climate scenarios and how this could potentially impact the Group's operations. The results of this analysis are summarised below.

**Impact:** Given the concentration of facilities in Texas and Louisiana, locations that periodically experience tornadoes and wind storms, c.80% of the Group's operating locations are in higher-risk locations.

All facilities are built to withstand these weather events, which minimises production downtimes when these events occur. Recent weather events in the US have shown that facilities facing such weather are only offline for a few days at a time.

As part of the Group's strategic planning, the majority of products and services offered by Hunting can be manufactured in multiple facilities, which mitigates the risk of loss of revenue.

Similar to the asset and weather risk chart, the Directors have reviewed the Group's revenue by operating location as a function of WTW weather event scores.

The Board understands which facilities are key revenue generators and the risk of loss should a weather event hit a particular facility. It can again be noted that a small number of facilities have a higher concentration of revenue, however, the overall revenue risk is mitigated across the Group's diversified global operations.

## Climate Opportunities

### Resource Efficiency

The Group retains an ongoing lean manufacturing programme which is aimed at increasing productivity and reducing costs of operation. In 2022, the costs saving estimated by this programme were \$1.4m. Key resource inputs for the Group include the availability of power and water.

### Energy Source

The Group's carbon emissions footprint, presented as a function of operating segment is noted on pages 80 and 99. The Board believes that simple, but meaningful, carbon reduction strategies will drive down the Group's emissions and include:

- i. Moving electricity contracts for Group facilities to renewable-based energy arrangements;
- ii. Building a zero emission vehicle fleet over time, including heavy and light duty vehicles and the provision of all-electric cars to relevant staff;
- iii. Installation of solar panels on relevant facilities, for a zero emission base load energy feed; and
- iv. Tree and grass planting strategy at Group facilities to offset residual carbon emissions.

### Products and Services

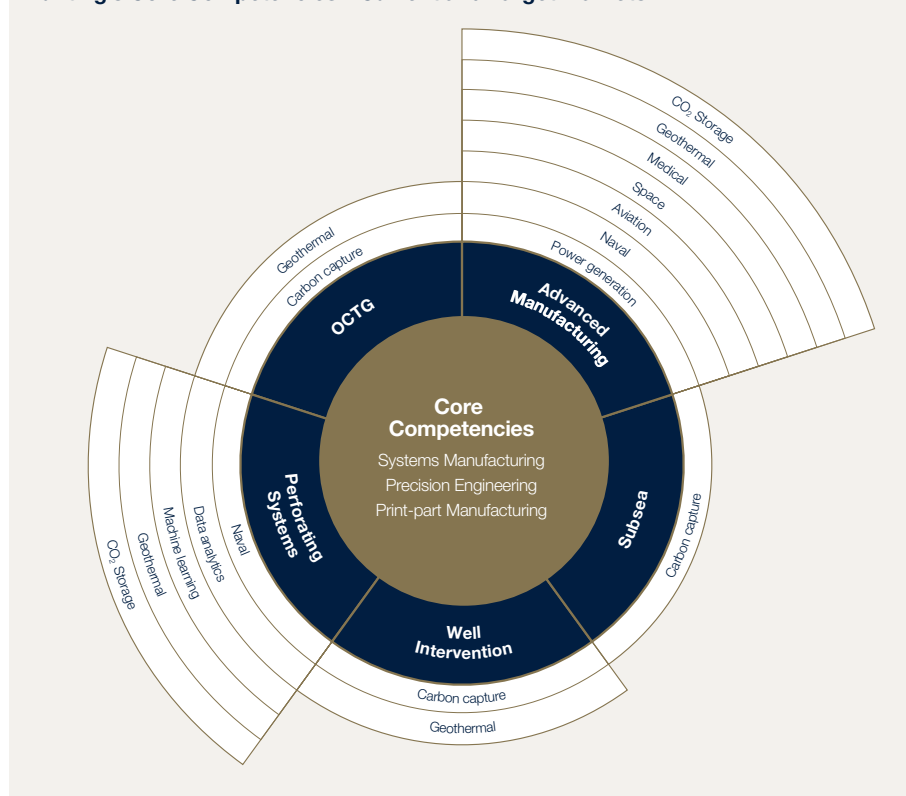
The Directors of Hunting have assessed the opportunities that climate change presents to the Group and note the following:

#### 1. Participation in Non-oil and Gas Primary Energy Development

An area of focus within the global energy industry is geothermal energy development. These projects present a long-term opportunity for the Company to provide Oil Country Tubular Goods ("OCTG") premium and semi-premium connections and accessories to operators. Hunting has industry leading products and expertise in this area and therefore accessing these markets is believed to be relatively low risk. The Group has analysed the global market for geothermal and believes that the Asia Pacific and North America regions hold good opportunities to develop revenue in this sector given the number of projects announced over the past two years.

The Directors also note that a number of the Group's major customers are also commencing the climate journey, with energy transition plans being announced. Hunting's relationship with key exploration and production companies and international energy service groups has been established over many years, with Hunting being a trusted member of the global energy supply chain. The Board therefore believes that Hunting can successfully leverage its brand and reputation to remain a key participant in the Energy Transition.

## Hunting's Core Competencies – Current and Target Markets



#### 2. Participation in Carbon Capture and Storage Projects

As noted in the Market Summary, on page 33, a large number of carbon capture and storage projects are to be completed within the 2025 to 2030 timeframe, to offset carbon dioxide build-up in the atmosphere. These projects, which require carbon dioxide re-injection into known oil and gas fields, or greenfield developments, present a long-term opportunity for the Company to provide OCTG, premium and semi-premium connections and accessories to operators. The Group's Energy Transition sales group is exploring stronger participation in this market.

#### 3. Diversification into Other Non-oil and Gas Sectors

The chart above illustrates the Group's key product lines and core competencies and demonstrates that the majority of Hunting's businesses have expertise to diversify into other growth sectors, such as medical, space, aviation and naval. Hunting has launched a medium term strategy to materially increase non-oil and gas sales by 2030, which is supported by this analysis and has taken steps to drive new sales, particularly within the Group's Advanced Manufacturing group.

#### Supply Chain

Our commitment to the delivery of innovative, high-quality, and reliable products is of material importance to the achievement of our 'total customer satisfaction' goal, and this is reflected in our Quality Policy and our Sustainability Framework. Hunting's total commitment to Quality is shown through operational excellence, and comprehensive Quality Management System ("QMS") supported by strong management oversight, which includes supply chain risk management. This is no easy task, especially with the various disruptions that have affected supply chains worldwide.

The Group's supply chain is predominantly related to raw material supplies, including the responsible resourcing of readily available materials such as carbon steel, nickel, and chrome-based specialist steel alloys which are used in the manufacture of Hunting's various products. Traditionally, these materials constitute a very low risk in terms of availability and price changes. Over the last few years, we have seen significant supply chain disruptions, resulting in a strong surge in demand, price increases and uncertain availability.

Measuring and reducing carbon emission across the Company's supply chain is intricate and challenging, but Hunting's role in this effort is driven by products which deliver more efficient drilling procedures. The Company is increasing its efforts to communicate its carbon reduction ambitions to its supplier base, through a Supplier Code of Conduct which was introduced in Q4 2022.

A small proportion of our products contain electronic components which can contain critical materials as defined by the National Research Council. These are a very small proportion of our purchased materials and constitute a low risk to the Company. However, for critical materials such as tungsten, required for Hunting Titan's charge production, we carry out regular risk assessments to identify potential supply chain risks. In addition, all other identified critical raw materials and/or components are regularly reviewed, forecasted for sales, availability, and projected market pricing, to create a purchase plan.

At all times, Hunting has existing mitigation plans in place should there be a supply chain interruption. For example, we maintain, and in some circumstances have increased, a safe stock, or buffer stock, for critical materials and components. We also have a highly diverse and multiple approved suppliers in place as part of our supply chain, for example ranging from Chinese to domestic US steel mills. In some areas, we have expanded our approved supplier list.

#### Adaption and Mitigation

As noted above, the Group is pivoting revenue to more non-oil and gas sources, including the development of Energy Transition revenue including geothermal and carbon capture opportunities.

#### Investment in Research and Development

Hunting's investment in the research and development of new products and technologies is a strategic objective to maintain market leadership in its core markets. In 2022, research and development expenditure totalled \$4.8m.

#### Operations

The majority of the Group's operations are orientated to the oil and gas industry; however, all businesses have been tasked with developing more non-oil and gas revenue.

#### Acquisitions and Divestments

As noted elsewhere, the Group's ambition to develop more non-oil and gas sales will be achieved through targeted acquisitions and an overall strategic rebuilding of the Group's portfolio.

In December 2021 Hunting exited from the capital intensive OCTG pipe supply business in Aberdeen as part of a wider restructuring to cut costs and to refocus the EMEA operating segment on growth and profitability.

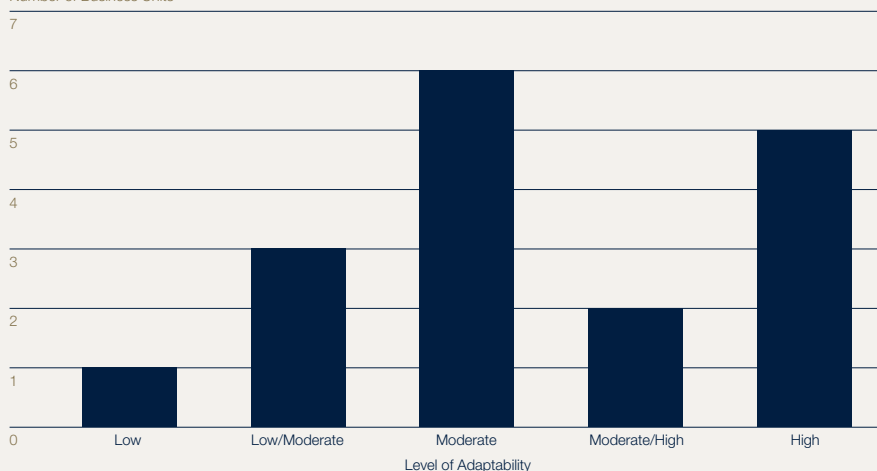
#### Access to Capital

The Group maintains a \$150m Asset Based Lending facility which matures in 2026.

The Directors believe that Hunting continues to have access to both equity and debt markets, given the strength of its position in the oil and gas, and wider energy industry.

### Business Unit Resilience and Adaptability

Number of Business Units



### Disclosure (c) – Climate resilience based on a 1.5°C scenario

As part of the TCFD risk assessment process, disclosures from each of the Group's business units were requested, which included details of the resilience of its operations and business model in a 1.5°C climate scenario by 2050. While Hunting is currently focused on the oil and gas sector, the Group retains diverse manufacturing capabilities and participates in sectors as diverse as aerospace, medical and space.

A key factor that will determine the impact on the Group is the adaptability of our businesses to transition to different sectors. Until our plans are further developed we have taken a conservative approach and have considered how adaptable our businesses are with minimal capital investment.

Furthermore, for some of our businesses the opportunities to adapt will depend on the potential development of new markets such as carbon capture and storage, the use of hydrogen as an energy source together with the expansion of the geothermal market and our ability to compete in these areas. The chart above summarises this assessment, with the majority of the Group's businesses reporting a 'Moderate' or 'High' level of adaptability if energy markets changed materially.

The Directors have also considered the potential impact that climate change could have on the financial statements of the Group. All businesses, with the exception of the Electronics, Dearborn and Trenchless units i.e. c.7% of 2022 revenue reported that long-term revenue would decline materially, by at least 50%, in the Rapid Transition scenario. The Group has also started to develop a high-level model focused on the long-term financial impact of different climate change scenarios, including 'Business as Usual', 'Middle Case' and 'Rapid Transition' scenarios.

### Risk Management

Hunting's climate-related Risk Management disclosures are detailed on pages 90 and 91. During 2022, the Group's central compliance function developed a specific climate-change risk assessment process to be completed by each business unit within the Group to enable an integrated risk register to be assembled.

### Disclosure (a) Climate Risk Identification

The Directors' view is that climate change risk is a principal risk to the Group and has been embedded into our Risk Management processes to which the Group's senior leadership team can respond in an appropriate manner. Further information on climate change risk can be found on page 107 within Risk Management.

Each business unit within the Group completes a broad-based risk assessment three times a year. The results of the process are consolidated into a Group-level risk register, which includes details of the risk and the associated mitigating controls. This includes financing, reputational, legal and insurance risk as well as other operational risks faced by the Company. The Group's Audit Committee reviews the Group-level risk register three times during the year as part of its annual schedule of work with input from the Group Finance Director, Group Financial Controller, the Head of Risk and Reporting and the Internal Auditor.

In 2022, the Group's central compliance function introduced a climate-specific risk questionnaire to all businesses within the Group, which asked for key information on transition and physical risks related to climate change, as well as strategic opportunities as the energy transition accelerates. The risk assessment framework was based on the TCFD guidance as illustrated in the chart on page 97.

The results of the process were reviewed and consolidated by the Group's central compliance and finance functions and fed into the scenario analysis presented on page 96. This analysis was reviewed by the Directors at its meeting in February 2023 and will be debated further at the meeting of the Ethics and Sustainability Committee in June 2023. Further, this analysis will be completed annually as part of the Group's wider risk management procedures.

**Disclosure (b) Climate Risk Management**

Following the risk identification process, management has been challenged to develop processes and procedures to mitigate and reduce its climate related risks and impact. This includes the reduction of the carbon footprint of each business units; management of the physical risk profile of each business or facility, which includes dialogue with the Group's insurers and other business units to develop production synergies for Hunting's product portfolio; and the broader efforts to decarbonise the Group's supply chain, whether that be to develop non-oil and gas sales or to introduce more efficient products and services to reduce the environmental impact of our customers oil and gas activities.

**Disclosure (c) Integration of Climate Risk Identification and Management**

The climate-related governance processes highlighted on page 89 have been introduced to allow the Board to have direct oversight of the risks, opportunities and climate-related strategies being considered by the Group's management.

There is also direct access between the Directors, Chief Executive and senior management team to enable climate matters to be challenged. Further, the senior management team has empowered each business unit leader to address climate matters on a decentralised basis, to enable regional considerations to be integrated into the Group's overall processes. In addition, the Board has ensured that financially-orientated risks are reviewed by the Audit Committee, with the broader strategic and operational risks being reviewed by the Ethics and Sustainability Committee to ensure broad-based challenge is given to management and all levels of the workforce on this important area.

**Metrics and Targets**

**Disclosure (a) Metrics**

To monitor Hunting's climate related risks and opportunities, the Group has elected to adopt a broad number of metrics to enable investors to monitor climate-related risks and opportunities. These are presented in the accompanying table on page 98.

**Disclosure (b) Scope 1 and 2 Emissions**

The Group currently collects Scope 1 and 2 greenhouse emissions data based of the Greenhouse Gas Protocol published by the World Resources Institute. The data is consolidated on an operational control basis, through the Group's central finance global financial consolidation system.

Carbon dioxide equivalent emissions are calculated using factors published by DEFRA in the UK to derive its total Scope 1 and 2 emissions.

Scope 1 emissions in 2022 were 5,778 tonnes (2021 – 4,171 tonnes) and Scope 2 emissions were 16,644 tonnes (2021 – 14,688 tonnes).

Between 2020 and 2021, the Group reported a reduction in its greenhouse gas emissions, primarily driven by lower trading activity due to the COVID-19 pandemic, but also due to a wider restructuring of the Group to prepare for a return to growth of its core markets. This process has included Hunting closing and consolidating certain facilities. As noted last year, the Directors anticipated an increase to emissions in 2022, as global energy markets recovered in line with economic activity.

As noted earlier, the Group has not completed a materiality assessment in respect of its Scope 3 emissions and has not reported any Scope 3 emissions in this report.

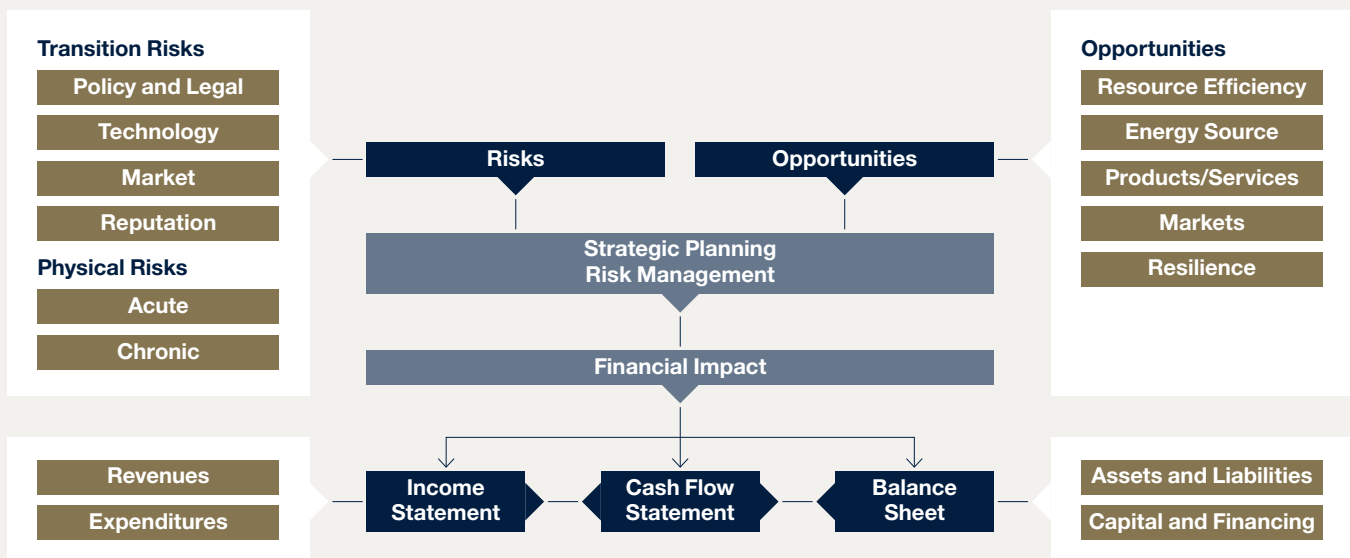
**Disclosure (c) Targets**

In 2019, the Group published its maiden carbon reduction targets, committing to a 10% reduction in total Scope 1 and Scope 2 emissions within 10 years while containing its intensity factor (calculated as total emissions divided by revenue) to less than 30. The base year for these targets was the carbon data reported within Hunting's 2019 Annual Report and Accounts.

Following further discussion in 2022, the Directors have agreed to increase the Group's Scope 1 and 2 emissions reduction target to 50% below the 2019 base-year by 2030. The equates to absolute emissions of 17,937 tonnes by 2030.

The Group has also set increased non-oil and gas targets by 2030.

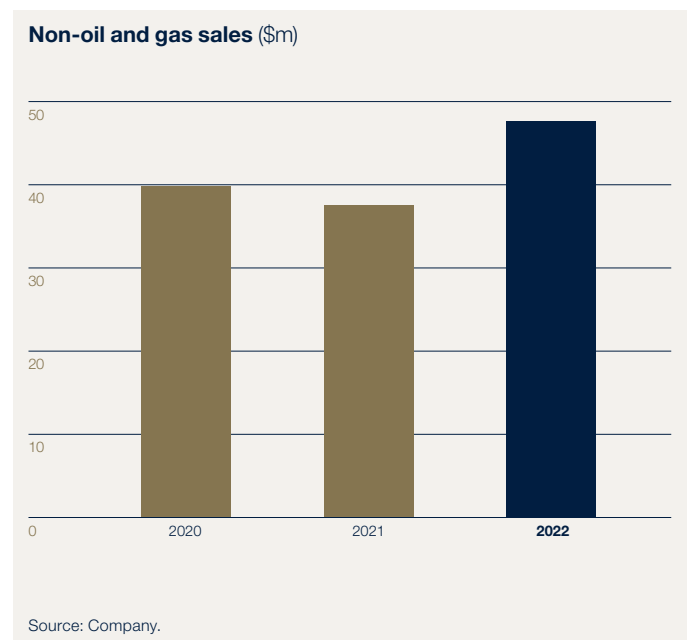
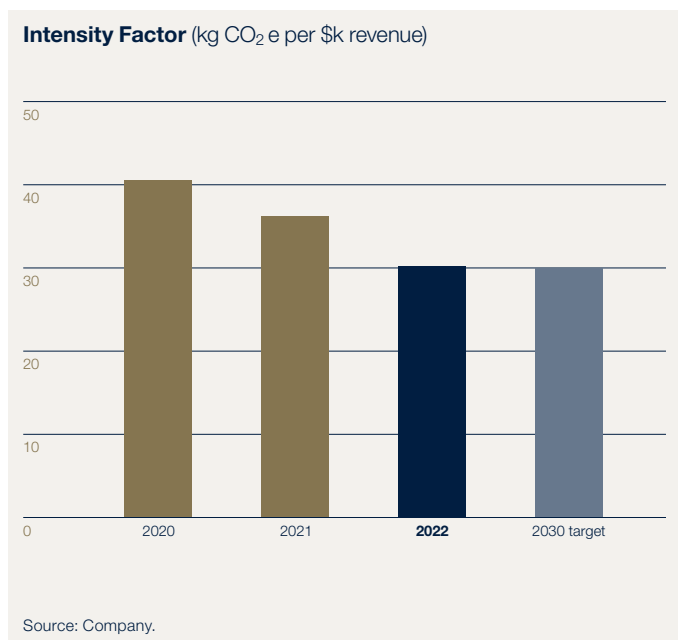
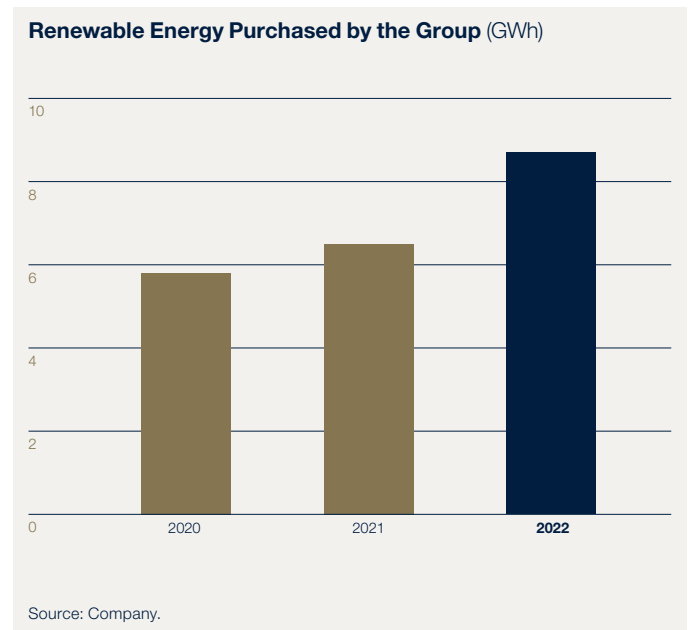
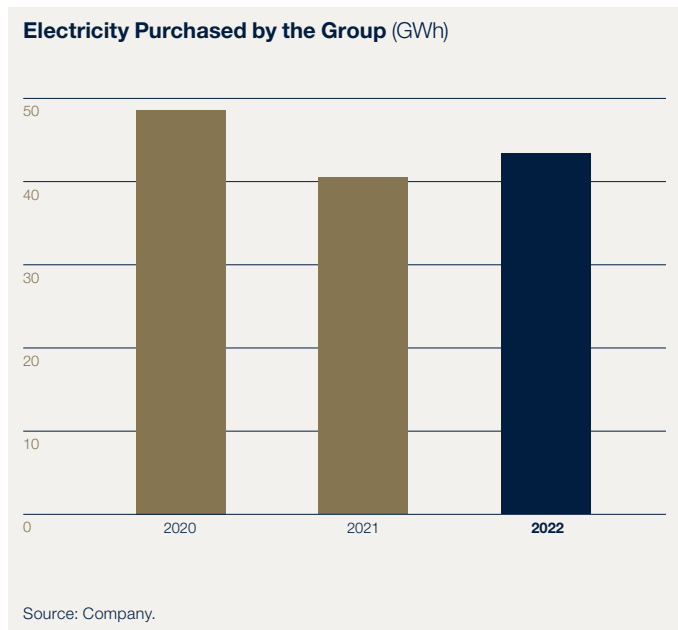
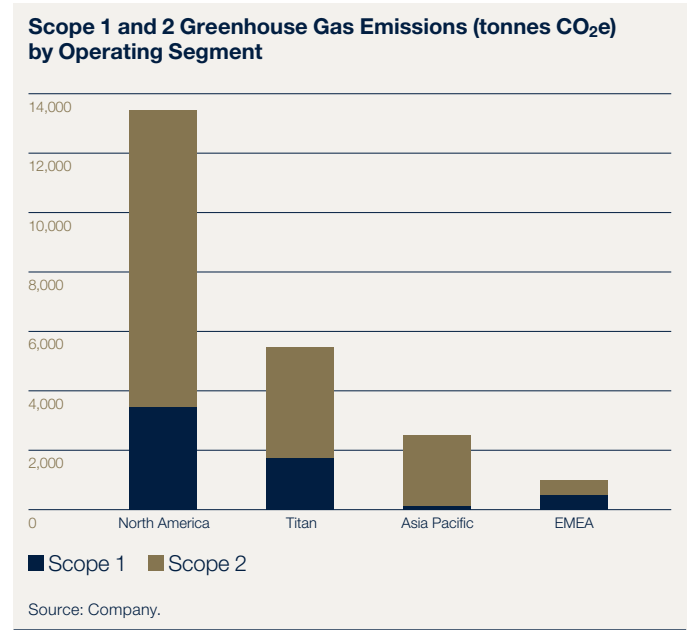
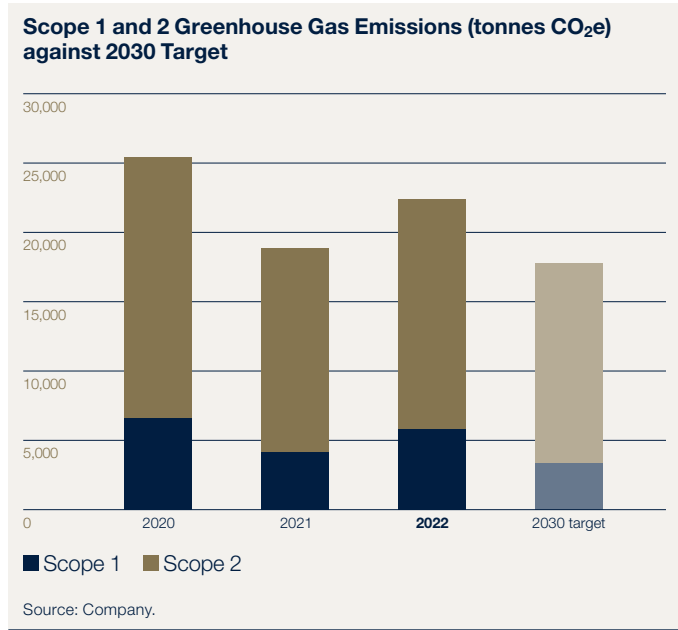
TCFD Risk Assessment Chart



Source: TCFD – Recommendations of the Task Force on Climate-Related Financial Disclosures – 2017.

## Sector Specific and Cross-Sector Metrics &amp; Targets

Metric	Description of Metrics / Reason for adoption	2022	2021
Revenue – oil and gas: \$m	Hunting's core markets are oil and gas related, therefore the long term monitoring of this measure assists in the understanding of the Group's resilience.	<b>678.2</b>	484.0
Revenue – non-oil and gas: \$m	Hunting's longer-term resilience can, in part, be monitored by the development of non-oil and gas sales.	<b>47.6</b>	37.6
Expenditure – total cost of electricity: \$m	The long-term cost of energy, including the purchasing of renewable energy, is a key metric to understanding the financial impact of the energy transition.	<b>4.5</b>	4.1
Expenditure – insurance premiums: £m	The cost of insurance, including product liability and property damage/business interruption cover, is a key metric in understanding the Group's perceived risk profile.	<b>4.3</b>	4.1
Expenditure – research and development: \$m	The long-term diversification to non-oil and gas revenue will require investment in new technology and research.	<b>4.8</b>	4.7
Assets and Liabilities – capital expenditures: \$m	The investment in non-current assets provides an indication of the long-term viability of the Company's investment case.	<b>22.0</b>	9.3
Scope 1 GHG emissions: tonnes	Hunting's Scope 1 carbon footprint provides investors data on the Group's contribution to climate change.	<b>5,778</b>	4,171
Scope 2 GHG emissions: tonnes	Hunting's Scope 2 carbon footprint provides investors data on the Group's contribution to climate change.	<b>16,644</b>	14,688
Water consumption: '000s cubic metres	Hunting's water consumption provides investors with data on this impact on the planet.	<b>163</b>	69
Lean manufacturing savings: \$m	The Group's drive for higher efficiencies in its operations provides an indication of its efforts to lower its environmental impact.	<b>1.4</b>	3.2
Carbon emissions offset cost: €m	The cost of purchasing carbon credits (Scope 1 and 2 emissions only) to become a Net Zero business.	<b>2.2</b>	1.8
Market capitalisation: \$m	The value of the Group's equity provides an indication of the future value of the Group's cash generating assets.	<b>662.4</b>	378.0
Net asset value: \$m	The book value of the Group's assets, compared to the Company's market capitalisation, provides an indication of the future value investors place on the Group's assets.	<b>846.2</b>	871.3
Renewable energy purchased: GWh	The level of renewable energy purchased provides an indication of the Group's drive to lower emissions.	<b>8.6</b>	6.3
Assets exposed to heat stress risk: %	The proportion of assets exposed to heat stress risk provides an indication of the physical risk exposure of the Group.	<b>74</b>	74
Assets exposed to precipitation risk: %	The proportion of assets exposed to precipitation risk provides an indication of the physical risk exposure of the Group.	<b>70</b>	70



## Sustainability Accounting Standards Board Information

### Oil & Gas – Services

Topic	Accounting metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Emissions Reduction Services & Fuels Management	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles; and (2) off-road equipment.	Quantitative	EM-SV-110a.1	Yes	Environment	Pages 65 and 66
	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts.	Discussion and Analysis	EM-SV-110a.2	Yes	Task Force on Climate-Related Financial Disclosures	Pages 88 to 100
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions.	Quantitative	EM-SV-110a.3	n/a		
Water Management Services	(1) Total volume of fresh water handled in operations; and (2) percentage recycled.	Quantitative	EM-SV-140a.1	Yes	Environmental Stewardship: Water Management	Page 80
	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts.	Discussion and Analysis	EM-SV-140a.2	Yes	Environmental Stewardship: Water Management	Page 80
Chemicals Management	Volume of hydraulic fracturing fluid used, percentage hazardous.	Quantitative	EM-SV-150a.1	n/a		
	Discussion of strategy or plans to address chemical-related risks, opportunities and impacts.	Discussion and Analysis	EM-SV-150a.2	n/a		
Ecological Impact Management	Average disturbed acreage per (1) oil and (2) gas well site	Quantitative	EM-SV-160a.1	n/a		
	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities.	Discussion and Analysis	EM-SV-160a.2	n/a		
Workforce Health & Safety	(1) Total recordable incident rate (TRIR); (2) fatality rate; (3) near miss frequency rate (NMFR); (4) total vehicle incident rate (TVIR); and (5) average hours of health, safety and emergency response training for: (a) full-time employees, (b) contract employees, and (c) short-service employees.	Quantitative	EM-SV-320a.1	Yes Yes Yes n/a	Our Stakeholders: Health and Safety  Society: People and Communities	Page 63  Pages 81 and 82
	Description of management systems used to integrate a culture of safety throughout the value chain and project life cycle.	Discussion and Analysis	EM-SV-320a.2	Yes	Society: People and Communities	Pages 81 and 82
Business Ethics & Payments Transparency	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	Quantitative	EM-SV-510a.1	Yes	Our Stakeholders: Anti-Bribery and Corruption ("ABC") and Payments to Governments	Pages 64 and 66
	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion and Analysis	EM-SV-510a.2	Yes	Our Stakeholders: Training  Our Customers: Anti-Bribery and Corruption	Page 63  Page 64
					ESG governance: Business Ethics	Page 83
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry.	Discussion and Analysis	EM-SV-530a.1	Yes	Our Business Model: Our Stakeholders	Pages 60 to 66
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks.	Discussion and Analysis	EM-SV-540a.1	n/a		

**Table 2. Activity Metrics**

Activity metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Number of active rig sites	Quantitative	EM-SV-000.A	n/a		
Number of active well sites	Quantitative	EM-SV-000.B	n/a		
Total amount of drilling performed	Quantitative	EM-SV-000.C	n/a		
Total number of hours worked by all employees	Quantitative	EM-SV-000.D	Yes	Our Stakeholders: Health and Safety	Page 63

**Industrial Machinery & Equipment**

Topic	Accounting metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Energy Management	(1) Total energy consumed; (2) percentage grid electricity; and (3) percentage renewable.	Quantitative	RT-IG-130a.1	Yes	Our Business Model: Our Environment	Pages 65 and 66
Employee Health & Safety	(1) Total recordable incident rate (TRIR); (2) fatality rate; and (3) near miss frequency rate (NMFR).	Quantitative	RT-IG-320a.1	Yes Yes Yes	Our Stakeholders: Health and safety Society: People and Communities	Page 63  Pages 81 and 82
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles.	Quantitative	RT-IG-410a.1	n/a		
	Sales-weighted fuel efficiency for non-road equipment.	Quantitative	RT-IG-410a.2	n/a		
	Sales-weighted fuel efficiency for stationary generators.	Quantitative	RT-IG-410a.3	n/a		
	Sales-weighted emissions of: (1) nitrogen oxides (NOx); and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines.	Quantitative	RT-IG-410a.4	n/a		
Materials Sourcing	Description of the management of risks associated with the use of critical materials.	Discussion and Analysis	RT-IG-440a.1	Yes		Page 65
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services.	Quantitative	RT-IG-440b.1	n/a		

**Table 2. Activity Metrics**

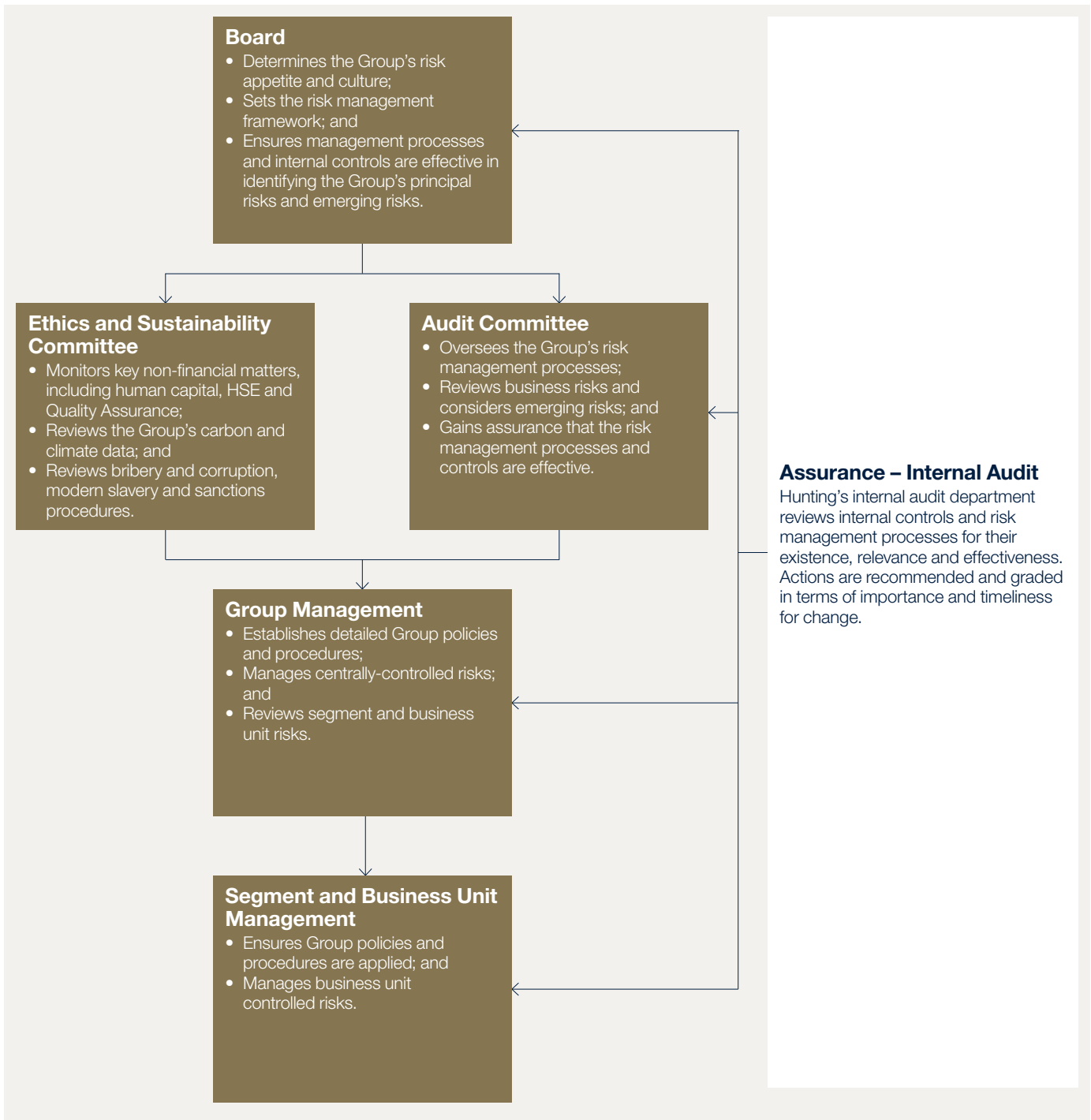
Activity metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Number of units produced by product category	Quantitative	RT-IG-000.A	n/a		
Number of employees	Quantitative	RT-IG-000.B	Yes	Our Business Model: Our Operating Segments	Pages 56 to 57



# Risk Management

## Roles and Responsibilities

The Board has set risk management roles and responsibilities as illustrated below:



## Introduction

The oil and gas industry is highly regulated and demands high specification products that meet stringent quality criteria, given the challenging environments in which these products are used. Hunting's risk management and internal control processes are, therefore, designed to appropriately mitigate the operating risks inherent in this sector, whilst allowing the Group to achieve its strategic objectives and deliver value to shareholders.

## External Risks

The Board recognises that a number of risks are not within the direct control of management, including energy market factors such as commodity pricing and daily supply/demand dynamics driven by economic or geopolitical movements and climate change. These factors are regularly assessed by the Board and are considered alongside the risk management framework operated by the Group.

The roles and responsibilities within the risk management hierarchy are described in detail below.

## The Board

The Board of Hunting has responsibility for developing and maintaining a robust risk management framework and for monitoring the Group's system of internal control to ensure it remains effective and fit for purpose.

The Board is also responsible for developing the Group's strategic objectives. The balance between the Board's desire to meet these strategic objectives and its appetite for risk creates the risk culture within the Group, which impacts capital investment decision-making, consideration of new acquisitions, other organic growth opportunities and management of finances.

The Board's appetite for risk is key to establishing effective systems of internal control and risk management processes.

The Board's review and debate of risk follows detailed discussions by the Chief Executive and Finance Director with members of the Executive Committee. By reviewing and debating the relevant evidence, the Board then develops an appreciation for the contributory factors that generate a particular risk.

Subsequently, through delegation, the Board establishes the extent to which the risk should be mitigated relative to its impact and the cost to the Group. The Board, for example, has little appetite for high levels of exposure to geopolitical risk and, consequently, the Group's expansion strategy has avoided countries that are considered to be significantly unstable or too high risk to maintain a physical presence, notwithstanding the potential benefits that may be generated. Advice on risk management is sought by the Board from both internal and external sources.

The risk management processes are further supported by:

- understanding the current and evolving market environment;
- challenging executive management on new growth opportunities;
- reviewing proposed new product developments and capital investment projects; and
- consideration and discussion over emerging risks.

## Audit Committee

Segment and business unit management establish and undertake risk management processes that are relevant to the risk profile of each business unit.

The key risks and emerging risks are identified and reported to Group management three times a year, from which a Group Risk Register is maintained covering the key risks to the Group, including all financial, operational and compliance matters.

On behalf of the Board, the Audit Committee seeks to ensure that risk management processes are established within the framework set out by the Board and, as part of this assessment, conducts a formal review of the Group's Risk Register three times a year.

The Group's Principal Risks are disclosed on pages 105 to 109. In addition, once a year, the Audit Committee seeks assurance with regard to the effectiveness of the internal financial controls based on a self-assessment exercise carried out by local management. The appropriateness of these self-assessments is checked by Internal Audit, on a sample basis, as part of its routine programme of work. The Internal Audit department reports directly to the Audit Committee. The relationship with the external auditor is monitored by the Audit Committee which is responsible for completing the review of the effectiveness of the external auditors.

## Ethics and Sustainability Committee

The Ethics and Sustainability Committee was established in 2021 to improve Board oversight and guidance on these matters. The Committee reviews and monitors the Group's policies, targets, initiatives and reporting on a wide range of activities that includes: greenhouse gas emissions, compliance with the Task Force for Climate-Related Financial Disclosures, recycling, bribery and corruption, modern slavery and trading sanctions compliance. The Committee also reviews whistleblowing procedures, stakeholder engagement and section 172 reporting. Although the Audit Committee has final approval on externally reported information, the Ethics and Sustainability Committee has the power to formulate and instigate initiatives through Group management.

## Group Management

All Group business units operate in accordance with the Hunting Group Manual which sets out Group policies and procedures, together with related authority levels, and identifies matters requiring approval or notification to central management or to the Board.

Included within the Group Manual are policies covering general finance requirements, taxation responsibilities, information on Hunting's internal control and risk management framework, legal compliance and governance. Compliance is also monitored and subject to review by the Internal Audit department. The Group Manual also incorporates and mandates the Group's accounting policies. This is periodically supported by documents that are prepared centrally and circulated throughout the Group in order to advise local management and establish major accounting and policy changes on a timely basis. Group management is responsible for ensuring the risk management processes approved by the Audit Committee are implemented across the Group. Group management is also responsible for identifying treasury-related risks, such as currency exposures, that are subsequently managed by Group Treasury, in accordance with the treasury risk management policies contained in the Group Manual. Group management is also responsible for managing the global insurance programme.

## Segment and Business Unit Management

The management of each business unit has responsibility for establishing an effective system of controls and processes for its business, which, at a minimum, meets the requirements set out in the Group Manual and complies with any additional local requirements. Local management is empowered, under Hunting's decentralised philosophy, to manage the risks in their respective markets.

## Assurance

The Board uses a number of functions and reporting procedures to provide assurance that the risks identified by management are appropriate for the Group as a whole.

Hunting's Internal Audit department reviews the Group's businesses covering operational areas including:

- inventory management;
- purchasing supply chain;
- large project risk;
- IT controls;
- customer credit risk; and
- ethics compliance, including bribery and corruption.

The Group's risk management processes are further supported by an internal Quality Assurance department that is headed by the HSE and Quality Assurance Director, who reports directly to the Chief Executive. This department also undertakes periodic audits that monitor quality control and safety within the Group's product lines and provides regular reports to the Board.

Hunting also receives guidance from a number of external advisers. In particular, guidance from the Group's insurance broker, who arranges, among other policies, the annual renewal of a worldwide credit insurance policy for the Group. Compliance with the policy requires each business unit to undertake certain procedures, including vetting new customers and maintaining appropriate creditworthiness data, that further strengthens the Group's credit management processes.

Insurance brokers also ensure gaps in cover are identified and in recent years have advised on cyber risk and ongoing weather-related risks.

Hunting's external auditor provides assurance to the Board regarding the accuracy and probity of Hunting's consolidated financial statements. The auditor also reviews all of Hunting's non-financial statements, including governance disclosures included in the Annual Report, and provides observations on the financial controls in operation across the Group based on the external audit.

Hunting's legal advisers assist the Board in ensuring that Hunting is compliant with the Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules sourcebook and UK Company Law, and that there is an understanding across the Group of its obligations under current sanctions legislation.

Additionally, Hunting relies on market and investor advice from its corporate brokers and financial advisers. The Board is satisfied that the above sources of assurance have sufficient authority, independence and expertise to enable them to provide objective advice and information to the Board and also takes this into account when assessing the robustness of the risk management and control process.

## Risk Management Procedures

The Board has reviewed its risk management, principal risks and internal control processes and confirms that the procedures in place are robust and proportionate to Hunting's global operations and position in its chosen market.

Hunting's internal control system, which has been in place throughout 2022 and up to the date of approval of these accounts, is designed to identify, evaluate and manage the principal risks to which the Group is exposed, as well as identify and consider emerging risks to which the Group may be exposed in the future. Internal controls are regularly assessed to ensure they remain appropriate and effective.

This system of internal control is designed to manage rather than eliminate risks, therefore it can only provide reasonable but not absolute assurance against material misstatement or loss in the consolidated financial statements and of meeting internal control objectives.

The Directors have reviewed the effectiveness of the Group's system of internal control and have taken into account feedback from the Audit Committee for the period covered by the consolidated financial statements. No significant failings or weaknesses were identified in the review process.

The key elements to understanding, establishing and assessing Hunting's internal control system are as follows:

### Business Risk Reporting

Three times a year, local management formally reviews the specific risks faced by their business, based on current trading, future prospects and the local market environment. The review is a qualitative assessment of the likelihood of a risk materialising and the probable financial impact if such an event were to arise. All assessments are performed on a pre-controls and post-controls basis, which allows management to continually assess the effectiveness of its internal controls with separate regard to mitigating the likelihood of occurrence and the probable financial impact. These principal local risks are reported to Group management. In addition, in order to heighten Group monitoring of the potential for fraud, local management reports on local fraud risk irrespective of its perceived potential low impact on the local business.

The local risks that have the greatest potential impact on the Group are identified from these assessments and incorporated into the Group Risk Register, which is also reviewed by the Audit Committee three times a year, and is scrutinised and challenged by the Board. An appropriate executive Director, together with local management, is allocated responsibility for managing each separate risk identified in the Group Risk Register.

### Emerging Risks

Alongside the process of identifying the Group's current risks, management is challenged to identify and consider emerging risks that may impact the Group at some point in the future.

Management monitors emerging risks through observing press comment including industry-specific journals, discussions with shareholders, advisers, customers and suppliers, attendance at structured forums, review of comments published by other companies, review of insurance company risk assessments, and internal debate by senior executive committees. The Audit Committee has not identified any risks emerging through 2022 and as at the year-end.

### Financial Controls Self-assessment

Business unit management completes an annual self-assessment of the financial controls in place at their business unit. The assessment is qualitative and is undertaken in context with the recommended controls identified within the Group Manual. Gaps between the recommended controls and those in place are assessed and improvements are actioned within a targeted timeframe when these are identified as a necessary requirement. Results of the assessments are summarised and presented to the Audit Committee annually.

### Reporting and Consolidation

All subsidiaries submit detailed financial information in accordance with a pre-set reporting timetable. This includes weekly, bi-monthly and quarterly treasury reports, annual budgets, monthly management accounts, periodic short-term and mid-term forecasts, together with half-year and annual statutory reporting. The Group's financial accounting consolidation process is maintained and regularly updated, including distribution of the Group Manual to all reporting units. All data is subject to review and assessment by management through the monitoring of key performance indicators and comparison with targets and budgets. The Group monitors and reviews new UK Listing Rules, the Disclosure Guidance and Transparency Rules sourcebook, accounting standards, interpretations and amendments, legislation and other statutory requirements.

### Strategic Planning and Budgeting

Strategic plans, annual budgets and long-term viability financial projections are formally presented to the Board for adoption and approval and form the basis for monitoring performance.

### Quality Assurance

Most of the business sectors in which the Group operates are highly regulated and subsidiaries are invariably required to be accredited by the customer or an industry regulator, to national or international quality organisations. These organisations undertake regular audits and checks on subsidiary procedures and practices, ensuring compliance with regulatory requirements. The Board monitors compliance by receiving Quality Assurance reports at each meeting from the Director of Quality Assurance. The Group has received accreditations from many organisations including the American Petroleum Institute (for example API Spec 5CT and API Spec Q1 certifications), the International Organization for Standardization (for example ISO 9001:2015 and ISO 14001 certifications) and the Occupational Health and Safety Assessment Series (for example OHSAS 18001 certification).

### Health, Safety and Environment (“HSE”)

All facilities have designated and qualified HSE personnel appointed to ensure the Group’s policies and procedures are adopted and adhered to. All local HSE personnel report to the Group’s HSE and Quality Assurance Director. All facilities arrange regular training and review sessions to ensure day-to-day risks are managed and shared with the wider workforce.

### Expenditure Assessment and Approval Limits

All significant capital investment (business acquisitions and asset purchases) and capital divestment proposals require approval by the Chief Executive up to certain thresholds. Major capital investment or divestment require approval by the Board. Detailed compliance and assurance procedures are completed during a capital investment programme and project reviews and appraisals are completed to compare actual returns achieved with those projected within capital investment proposals.

Updates to the Group’s policies and procedures are communicated to the relevant personnel by way of periodic revisions to the Group Manual, which is issued to all business units.

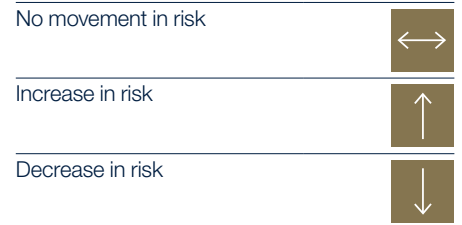
## Principal Risks

The status of Hunting’s exposure to each of its principal risks, the movement in these risks (post-controls) during the year and the effectiveness of the Group’s internal controls in mitigating risks are summarised in the accompanying two graphs set out below.

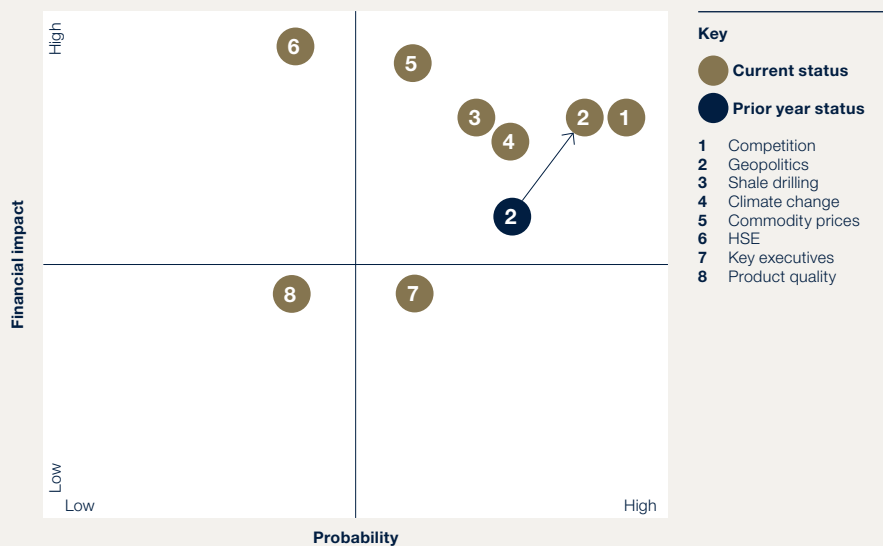
The extent of Hunting’s exposure to any one risk may increase or decrease over a period of time. This movement is due either to a shift in the profile of the risk arising from external influences, or is due to a change in the effectiveness of the Group’s internal control processes in mitigating the risk.

A detailed description of each principal risk, the controls and actions in place and the movement in the year are given in the following section.

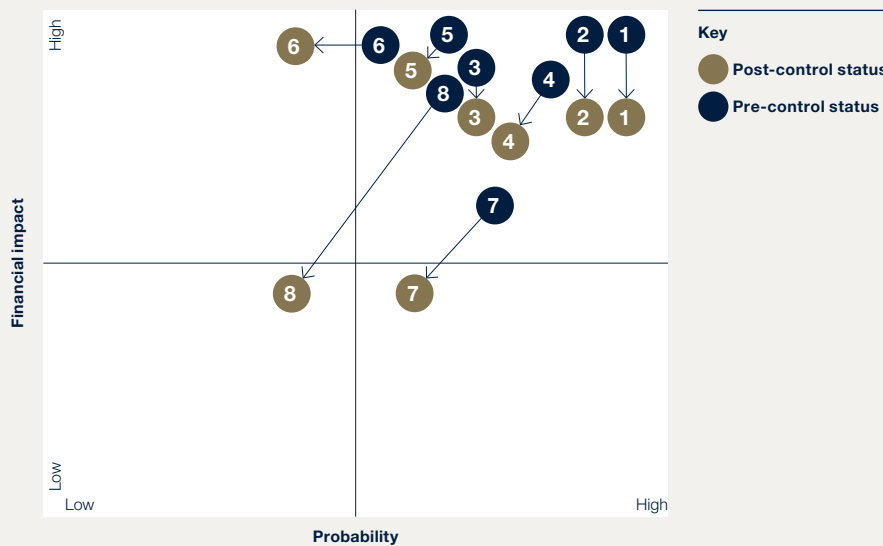
The Group’s principal risks are identified below and on the pages following. While we have presented these as separately identified risks, discrete events will often affect multiple risks and this is considered by the Board when assessing the impact on the Group.



Movement in Risks (Post-control) During the Year



Effectiveness of Internal Controls



## 1. Competition



### Nature of the Risk

The provision of goods and services to oil and gas drilling companies is highly competitive. As the demand for oil and gas services and products weakened during the COVID period, competitors reduced prices in order to maintain market share in certain market segments. This increased pressure on Hunting's businesses to do likewise and consequently margins were put under pressure and this continues despite growing demand in the current market. Competitors may also be customers and/or suppliers, which can increase the risk of any potential impact.

Technological advancements in the oil and gas industry continue at pace and failure to keep ahead will result in lost revenues and market share.

Competition risk also arises in respect of the sourcing of supplies such as raw materials and labour when markets are tight and supply chains are constrained. Looking further ahead, advancements in alternative energy sources are considered a risk to the oil and gas market in the long term.

### Movement in the Year

Competition to source inputs to the oil and gas services industry was strong throughout 2022. With the world emerging from the COVID pandemic, demand for products from oil and gas services suppliers is rising, triggering supply chain issues, rising raw materials prices and a tightening of the market for skilled machinists, all of which underpins the persistently high level of competition risk. Consequently this risk has not moved over the last twelve months.

### Controls and Actions

Management teams having been working to widen the Group's sources of supplies, have introduced structured training programmes to internally develop a higher proficiency of new machinists in working on multiple product lines and has increased starting salaries for entry-level operators.

Hunting has a number of high specification proprietary products that offer operational advantages to its customers. The Group continually invests in research and development that enables it to provide technological advancement and a strong, ever-widening, product offering. Hunting continues to maintain its standards of delivering high quality products, which has gone some way in sheltering the pricing pressure impact on margins.

Hunting's operations are established close to their markets, which traditionally enables the Group to offer reduced lead-times and a focused product range appropriate to each region. With supply chain issues, including a tight labour market, arising from the increased market demand, exacerbated by geopolitical events, Hunting management has worked ever more closely with customers in order to develop their awareness of these challenges, to place orders with Hunting earlier than usual and to be more consenting of longer lead-times in the short-term. Local management maintains an awareness of competitor pricing and product offering. In addition, senior management maintains close dialogue with key customers and seeks to maintain the highest level of service to preserve Hunting's reputation for quality. The Group has a wide customer base that includes many of the major oil and gas service providers and no one customer represents an overly significant portion of Group revenue. In addition, the Group continues to widen its product offering beyond the oil and gas market, as detailed within the Chief Executive's Statement on pages 26 to 29.

The Group's operating activities are described in detail on pages 50 to 67.

## 2. Geopolitics



### Nature of the Risk

The location of the Group's markets is determined by the location of Hunting's customers' drill sites – Hunting's products must go where the drilling companies choose to operate. To compete effectively, Hunting often establishes a local operation in those regions; however, significantly volatile environments are avoided.

The Board has a strategy to develop its global presence and diversify geographically.

Operations have been established in key geographic regions around the world, including expansion into India, recognising the high growth potential these territories offer. The Group carefully selects from which countries to operate, taking into account the differing economic and geopolitical risks associated with each geographic territory.

### Movement in the Year

Geopolitical issues remain a feature of the modern world in which the Hunting Group operates. The scale and nature of these geopolitical issues, and their impact on the Group, actual and potential, have increased since Russia's invasion of Ukraine and the increased global involvement, real and rhetorical, in the conflict. In addition, tensions between the US and China have also been exacerbated during this period, both regions of which are important markets for the Group. Consequently this risk has heightened over the last twelve months despite the new growth opportunities arising from governments initiating energy security measures in order to reduce their reliance on Russia-sourced oil and gas.

### Controls and Actions

Areas exposed to high political risk are noted by the Board and are strategically avoided. Global sanctions and international disputes are also closely monitored with compliance procedures in place to ensure Hunting avoids high risk countries or partners. The Board and management closely monitor projected economic trends in order to match capacity to regional demand. In the medium term, the Group's investment in Jindal Hunting Energy Services Limited, a new joint venture in India, is expected to reduce reliance on Chinese mills for export business.

The Group's exposure to different geographic regions is described on pages 56 and 57.

### 3. US Shale Drilling



#### Nature of the Risk

The Group provides products to the oil and gas shale drilling industry. Oil and gas produced from US onshore shale remains a relatively expensive source of hydrocarbons, despite advances in technology that continue to reduce these costs, and the production life of a shale well is relatively short compared with conventional wells.

Consequently, shale drilling is more sensitive to a decline in commodity prices compared with conventional sources, so it is more likely to be curtailed when prices drop and therefore more likely to negatively impact what has become a steadily increasing revenue stream for the Group (see the risks associated with commodity prices).

#### Movement in the Year

Shale production forecasts by market observers such as the US Energy Information Administration predict a slow pace of recovery, with some of the larger firms identifying overworked oilfields and less productive new wells. Consequently there remains uncertainty over the timing and rate of recovery of shale drilling and as a result the potential for an adverse impact on future results as cash flows generated from trading activity due to a protracted reduction in shale drilling activity remains high.

#### Controls and Actions

The Board monitors rig count and general completion activities within the US shale industry. In addition, local management maintains an ongoing dialogue with key customers operating within the US market.

In addition to providing products specifically designed for onshore shale drilling, such as the TEC-LOCK Wedge™ connection, the Group maintains a diverse portfolio of products that extends beyond supplying the shale drilling industry, including products for conventional drilling and the manufacture of high-precision and advanced technology components for both the onshore and offshore markets.

Many of the Group's facilities have the flexibility to reconfigure their manufacturing processes to meet a change in the pattern of demand.

The Group's operating activities are described in detail on pages 50 to 67.

### 4. Climate Change



#### Nature of the Risk

Failure to adapt to climate change or to mitigate the Company's impact on the environment has the potential to damage the Company's reputation and cause issues in a number of areas, including:

- potential destruction of demand for hydrocarbons if an aggressive carbon reduction policy is adopted;
- financial institutions may increase their margins on borrowings;
- difficulty in attracting appropriate executives and other employees;
- loss of investors and market analysts; and
- restrictions in the type of use for leased assets imposed by climate-conscious lessors.

In addition, climate change has the potential to cause the following beyond the Company's influence:

- increased incidence and severity of flooding, countryside fires and abnormal weather patterns causing disruption to the Company directly and/or our customers and suppliers;
- loss of customers or suppliers through their own failure to comply with climate based regulations;
- increased cost and/or incidences of asset purchases in order to comply with new technological regulations;
- energy costs and liability insurance premiums increase; and
- increased taxation on perceived non-sustainable industries as governments set about using the tax system to pay for their net carbon emissions targets.

#### Movement in the Year

Climate change transitioned from an emerging risk to a principal risk for Hunting during 2021. Climate risk commenced the 2022 financial year as a high risk and has remained high throughout the year.

#### Controls and Actions

The Group takes seriously its commitment to environmental compliance and stewardship. We have continued to increase and refine our climate-related disclosures. In December 2022, the Board approved a new carbon reduction ambition whereby Hunting will now target a 50% reduction in its scope 1 and 2 emissions, from its base-line year of 2019, by 2030. The Group is migrating its electricity supplies to renewable energy resources and the Company has begun a process to assure its carbon data with a view to setting science-based targets in the near future. The Board has committed to the principles published in the 2015 Paris Accord, which aims to limit the increase in global temperatures. The Group's Climate Policy was published in January 2020 and updated in December 2022. In addition, the Group has established the following workgroups:

- an Ethics and Sustainability Committee to monitor and review non-financial climate-based matters;
- the Executive Committee is charged with the responsibility of reducing carbon emissions;
- an ESG Steering Group to develop reporting procedures that include the impact of climate change on the Group;
- an internal TCFD Working Group; and
- an Energy Transition project team in Aberdeen to pursue projects which align to the evolving industry.

The Group's environmental, climate and TCFD disclosures are described in detail on pages 68 to 85 and 88 to 101.

## 5. Commodity Prices



### Nature of the Risk

Hunting is exposed to the influence of oil and gas prices, as the supply and demand for energy is a key driver of demand for Hunting's products.

Oil and gas exploration companies may reduce or curtail operations if prices become, or are expected to become, uneconomical and, therefore, continuation of prices above these levels is critical to the industry and the financial viability of the Hunting Group.

Adverse movements in commodity prices may also heighten the Group's exposure to the risks associated with shale drilling (see the risks associated with shale drilling).

### Movement in the Year

Hunting's exposure to this risk was relatively high at the start of the year and has remained as such during the year. The WTI oil price commenced the year at \$75 a barrel, increased to over \$120 in the summer and declined to \$80 at the year-end, reflecting the volatility caused by differences in the supply and demand and other influences such as geopolitics. Furthermore, the prices of many of the Group's raw materials have been increasing due to supply constraints and rising inflation.

### Controls and Actions

Working capital, and in particular inventory levels, are closely managed to ensure the Group remains sufficiently agile to meet changes in demand.

The Group's products are used throughout the life cycle of the wellbore and each phase within the life cycle generates demand for a different range of products and services. The Board and management closely monitor market reports on current and forecast activity levels associated with the various phases of the life cycle of the wellbore in order to plan for and predict improvements or declines in activity levels.

The Group is undertaking a measured diversification into non-oil and gas sectors which should mitigate this risk. In addition, management continues to reduce production costs and develop new technologies, including automation and robotics, that help mitigate the impact of any further adverse movement in commodity prices in the future.

Further information on the movement in commodity prices during the year is detailed on page 30.

## 6. Health, Safety and the Environment ("HSE")



### Nature of the Risk

Due to the wide nature of the Group's activities, it is subject to a relatively high number of HSE risks and the laws and regulations issued by each of the jurisdictions in which the Group operates.

The Group's exposure to risk therefore includes the potential for the occurrence of a reportable incident, the financial risk of a breach of HSE regulations, and the risk of unexpected compliance expenditure whenever a law or regulation is renewed or enhanced.

The Group, its customers and its suppliers are dependent on personal interaction which has the potential to disrupt, or even close business operations if personnel become unavailable.

### Movement in the Year

The Group experienced an HSE recordable incident rate of 0.97 in the year, which is significantly below the industry average (4.0) and is similar to the Group's record in prior years. This particular risk pertaining to HSE incidents therefore continues to be relatively low post-controls.

### Controls and Actions

The Board targets achieving a record of nil incidents and full compliance with the laws and regulations in each jurisdiction in which the Group operates.

Every Group facility is overseen by a Health and Safety Officer with the responsibility for ensuring compliance with current and newly issued HSE standards. Local management is focused on the training of new employees in Hunting's stringent safety procedures.

The Board receives a Group HSE compliance report at every Board meeting.

The Group's HSE performance is detailed on pages 63, 81 and 82.

## 7. Key Executives



### Nature of the Risk

The Group is highly reliant on the continued service of its key executives and senior management who possess commercial, engineering, technical and financial skills that are critical to the success of the Group.

### Movement in the Year

Executives with fungible skills are capable of migrating to other industries with less exposure to cyclicalities and may consequently move to where the prospects of career growth may appear to be brighter; the impact of COVID-19 on the oil and gas industry highlighted the risk of this issue. The risk of losing a key executive was therefore heightened in 2021 as a result and remained at that level throughout 2022.

### Controls and Actions

Remuneration packages are regularly reviewed to ensure that key executives are remunerated in line with market rates including enhanced pension arrangements. External consultants are engaged to provide guidance on best practice. In response to the heightened risk of losing key executives, base salaries were raised during 2021 and 2022 and a new pension scheme was set up for certain US employees in order to provide an incentive to remain with the Group.

Senior management regularly reviews the availability of the necessary skills within the Group and seeks to engage suitable staff where they feel there is vulnerability.

Details of executive Director remuneration are provided in the Remuneration Committee Report on pages 132 to 135.

## 8. Product Quality



### Nature of the Risk

The Group has an established reputation for producing high quality products capable of withstanding the hostile and corrosive environments encountered in the wellbore. A failure of any one of these products could adversely impact the Group's reputation and demand for the Group's entire range of products and services.

With the pandemic declining globally, business activity has started to pick up placing constraints on the market for recruiting skilled machinists particularly in the US, which has the potential to compromise product quality in the near term.

### Movement in the Year

The risk of poor product quality or reliability has remained unchanged during the year, with no significant issues raised by the Group's customers or during the Board's internal monitoring process.

### Controls and Actions

Quality assurance standards are monitored, measured and regulated within the Group under the authority of a Quality Assurance Director who reports directly to the Chief Executive. Starting salaries for new recruits have been increased in order to attract more experienced operators and businesses in the Group have established structured training programmes that will improve the proficiency of their machinists and enable them to work on multiple product lines. Where appropriate, a formal programme of machine maintenance and asset replacements has been established in order to mitigate the risk of machine breakdowns affecting product quality.

The Group's commitment to product quality is detailed on page 55.



# Viability and Going Concern

## Viability statement

### Introduction

Hunting has a diverse global customer base underpinned by strong, long term relationships. The Group provides a large range of products and services through its manufacturing and distribution facilities, which are located in a number of countries across the globe.

In considering the Group's long term viability, the Board regularly assesses the risks to its business model, strategy, future performance, solvency and liquidity. These assessments are supported by the risk management processes described on pages 104 and 105 and include a review of the Group's exposure to the oil and gas industry, competitor action, customer plans, geopolitics and the robustness of the supply chain.

### Assessment Period

The Group's customers are principally involved in the exploration for and production of oil and gas. Given the nature of the industry and the planning cycles involved, these activities can cover periods of no more than several weeks up to several years from start to end.

Hunting's management works closely with its customers, discussing their operational plans and related capital expenditure programmes, with a natural focus on the earlier years in which projects will be in progress, or committed, and for which requirements for goods or services from Hunting will be more certain. The outlook for the Group beyond this period is generated from management's assessment of industrial data and projections published by industry commentators and analysts, including statistics on exploration and production expenditure, footage drilled and rig activity. These macro, longer term forecasts are subject to significant volatility.

Due to the complexities in projecting forward any meaningful outlook beyond three years, the Group's bank funding facilities are generally limited to a similar period. This enables the Group to reduce the risk of either being underfunded or overfunded, thereby mitigating non-utilisation fees, beyond the foreseeable future by being able to negotiate new facilities to accommodate revised operational and strategic changes expected during that additional period. The current Asset Based Lending facility ("ABL") is a four-year \$150m bank borrowing facility that commenced in February 2022 and includes an option that allows Hunting to increase the facility by \$50m subject to the lenders' credit approval. Financial projections beyond this period are too uncertain for the Group to commit to a longer facility. The Group's Treasury department generally aims to initiate negotiations for a facility renewal approximately twelve months before the maturity date and the most recent outlook would contribute to those discussions.

Taking these factors into consideration, the Board believes that a three-year forward-looking period, commencing on the date the annual accounts are approved by the Board, is the appropriate length of time to reasonably assess the Group's viability.

### Consideration of Principal Risks

The nature of the Group's operations exposes the business to a variety of risks which are noted on pages 105 to 109. The Board regularly reviews the principal risks and assesses the appropriate controls and further actions as described on pages 104 and 105 given the Board's appetite for risk as described on pages 103 and 104. The Board has further considered their potential impact within the context of the Group's viability.

Despite the cash-positive position at 31 December 2022, the Group started to utilise the ABL in January 2023 in order to fund the additional working capital requirements that are inherently required by a growing business that continues to win sizeable sales contracts. These contracts are generally for less than one year and often incorporate interim milestone payments to the Group. Consequently, utilisation of the ABL is expected to significantly reduce as cash inflows are received from H1 2023 and the Group is expected to be cash-positive by the end of 2023.

### Assumptions

In assessing the long term viability of the Group, the Board made the following assumptions:

- global exploration and production spend, excluding Russia, China and Central Asia, is expected to rise by 59% from 2022 to 2026;
- demand for energy service products improves in the medium term, given the global outlook for oil and gas demand, which is driven by growth within emerging markets, partly driven by the recovery post-COVID and sustained demand from developed markets. These are the fundamental drivers of Hunting's core business of manufacturing, supplying and distributing products and services which enable the extraction of oil and gas;
- the Group's reduced cost base, actioned during the COVID period, enables the business to remain competitive within the weaker sectors of the global energy markets, particularly within the offshore and international markets;
- the Group continues to widen its customer base beyond the oil and gas industry, including the aerospace, military, power generation and medical markets; and
- the Group will continue to have a medium to low exposure to higher risk countries given the proportion of its current revenues and profits and losses derived from politically stable regions such as North America, Europe and South East Asia.

In addition, a downside case of the financial projections was produced to model a meaningful deterioration in market conditions and this revealed no concerns regarding viability.

### Conclusion

The Board believes that the Group's strategy for growth, its positive approach towards mitigating its impact on climate change, the diverse customer, supplier and product base, the resilience of its business model and the positive outlook for the oil and gas industry, in the medium term provide Hunting with a strong platform on which to continue its business. The Directors therefore have a reasonable expectation that Hunting will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

## Going concern statement

### Introduction

The Group's principal cash outflows include capital investment, labour costs, inventory purchases, lease payments, purchase of treasury shares and dividends. With the exception of lease payments, the timing and extent of these cash flows are controlled by local management and the Board. The Group's principal cash inflows are generated from the sale of its products and services, the level of which is dependent on overall market conditions, the variety of its products and its ability to retain strong customer relationships. Cash inflows are further supported by the Group's credit insurance cover against customer default that, at 31 December 2022, covered the majority of its trade receivables, subject to certain limits.

Current and forecast cash/debt balances are reported on a weekly basis by each of the business units to a centralised treasury function that uses the information to manage the Group's day-to-day liquidity and longer term funding needs.

The Group has access to sufficient financial resources, including a \$150m secured committed Asset Based Lending facility ("ABL"), which commenced in February 2022. Throughout 2022, the ABL and the Group's prior borrowing facility were undrawn. In early 2023, the Group will temporarily utilise the ABL in order to fund the Group's expanding business. The Group's internal financial projections indicate that the Group is expected to return to a cash-positive position during 2023 and consequently has sufficient liquidity to meet its funding requirements over the next twelve months.

### Review

In conducting its review of the Group's ability to remain as a going concern, the Board assessed the Group's recent trading performance and its latest forecasts and took account of reasonably predictable changes in future trading performance. The Board also considered the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. In addition, management sensitised the forecasts to reflect plausible downside scenarios. These demonstrated that the Group is able to maintain sufficient cash resources to meet its liabilities as they fall due over the next twelve months. The Board is also satisfied that no material uncertainties have been identified.

### Conclusion

The Board is satisfied that it has conducted a robust review of the Group's going concern and has a high level of confidence that the Group has the necessary liquid resources to meet its liabilities as they fall due. Consequently the Board has considered it appropriate to adopt the going concern basis of accounting in preparing these consolidated financial statements.

# Directors' Report

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that 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 of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company'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 company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, 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;
- the strategic report includes 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; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors at their meeting on 28 February 2023.

## Directors

The Directors of the Company during the year and up to the date of signing these accounts are listed on pages 116 and 117.

## Registered Office

On 24 June 2022, the Company moved its registered office to 30 Panton Street, London, SW1Y 4AJ.

## Companies Act 2006

### Section 415

In compliance with section 415 of the Companies Act 2006, the Directors present their report and the audited financial statements of Hunting PLC for the year ended 31 December 2022.

The Strategic Report incorporates the Chairman's Statement, Chief Executive's Statement and Outlook, Market Summary, Key Performance Indicators, Group Review, Segmental Review, Stakeholder Engagement disclosures, Business Model and Strategy ESG and Sustainability and Risk Management and is located on pages 4 to 109.

As permitted by legislation, the Board has chosen to set out, within the Strategic Report and Corporate Governance Report, some of the matters required to be disclosed in the Directors' Report, which it considers to be complementary to communicating Hunting's financial position and performance, as follows:

- changes in the Group and its interests (pages 28 and 29);
- dividends (page 5);
- future developments (pages 28 and 29);
- risk management, objectives and policies (pages 102 to 105);
- bribery and corruption (pages 63 to 66);
- ethnicity and diversity (page 82); and
- greenhouse gas emissions and environmental matters (pages 65 and 66, 68 to 80 and 88 to 101).

In addition, information relating to the Directors' indemnity provisions and dividend waivers, Annual General Meeting, dividends, Directors' powers and interests, share capital, political donations, research and development and significant agreements, can be found within the Shareholder and Statutory Information section located on pages 248 to 251.

---

### **The Companies (Miscellaneous Reporting) Regulations 2018**

As required by The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), the Board of Hunting PLC has prepared a section 172(1) statement, which can be found on page 67 and also on the Group's website [www.huntingplc.com](http://www.huntingplc.com).

The Directors' Stakeholder Engagement and decision making disclosures are summarised within the Strategic Report on pages 60 to 66, and include cross references to the various engagement activities across the Group's operations.

Additional disclosures in respect of customers, suppliers and other key business relationships can also be found within the Strategic Report.

### **Approval of Accounts**

The 2022 Annual Report and Accounts, were approved by the Directors at its meeting on Tuesday 28 March 2023.

By order of the Board



**Ben Willey**  
Company Secretary

2 March 2023

---