Key Performance Indicators

Financial

Revenue
$m

2023	**929.1**
2022	725.8
2021	521.6

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

Non-oil and gas revenue
$m

2023	**75.9**
2022	47.6
2021	37.6

Revenue earned from products and services sold to customers in non-oil and gas sectors (see note 2).

EBITDA*
$m

2023	**103.0**
2022	52.0
2021	3.1

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

Sales order book
$m

2023	**565.2**
2022	473.0
2021	211.5

The sales order book comprises the value of all unsatisfied orders from customers and is expected to be recognised as revenue in future periods. The sales order book represents the aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations, as defined in IFRS 15 (see note 23).

Adjusted profit before tax*
$m

2023	**50.0**
2022	10.2
2021	(40.6)

Profit before tax excluding adjusting items (see NGM B).

Adjusted diluted earnings (loss) per share*
cents

2023	**20.3**
2022	4.7
2021	(27.1)

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 (NGM B).

Dividend per share declared*
cents

2023	**10.0**
2022	9.0
2021	8.0

The amount in cents returned to Ordinary shareholders in relation to the financial year (see NGM Q).

Total shareholder return*
%

2023	**(9)**
2022	102
2021	(22)

Total shareholder return is a measure of the Company's performance over time. It factors in share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.

Free cash flow*
$m

2023	**(0.5)**
2022	(60.4)
2021	45.1

All cash flows before transactions with shareholders and investments by way of acquisition (see NGM P).

Total cash and bank*
$m

2023	**(0.8)**
2022	24.5
2021	114.2

Total cash and bank comprises cash at bank and in hand, fixed-term funds, money market funds and short-term deposits less bank overdrafts and bank borrowings (see NGM K).

Working capital to annualised revenue ratio*
%

2023	**46**
2022	44
2021	48

Working capital as a percentage of annualised revenue (see NGM E).

Return on average capital employed*
%

2023	**6**
2022	1
2021	(4)

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

* Non-GAAP measure ("NGM") see pages 239 to 244.

Key Performance Indicators continued

Non-financial

Total recordable incident rate (OSHA method)
#

2023	**0.91**
2022	0.97
2021	0.99

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 for the number of labour hours worked.

Internal manufacturing reject rate
%

2023	**0.20**
2022	0.13
2021	0.13

Percentage of parts rejected during the manufacturing process.

Total scope 1 and 2 CO_2e emissions
tonnes

2023	**24,042**
2022	22,422
2021	18,859

Scope 1 and 2 carbon dioxide emissions in tonnes, reported in-line with the Greenhouse Gas Protocol, published by the World Resources Institute.

CO_2e intensity factor
#

2023	**25.9**
2022	30.9
2021	36.2

CO_2e intensity factor is defined as kilogrammes CO_2 of scope 1 and 2 greenhouse gas emissions, divided by $'000 of revenue.

Total purchased electricity
GWh

2023	**49.4**
2022	43.4
2021	40.5

The Group's total electricity purchased during the year.

Renewable electricity purchased
GWh

2023	**11.4**
2022	8.7
2021	6.5

The Group's electricity purchased from renewable or sustainable sources during the year.

Market Indicators

Average WTI crude oil price
$ per barrel

2023	**78**
2022	94
2021	68

The average price recorded in the year for West Texas Intermediary crude oil.

Average Henry Hub natural gas price
$ per mmBtu

2023	**2.66**
2022	6.54
2021	3.72

The average price recorded in the year for Henry Hub natural gas.

Global onshore capital investment
$bn

2023	**144.2**
2022	137.1
2021	96.4

The estimated onshore / land-based drilling and production expenditures of the industry as reported by Spears & Associates in their December 2023 Drilling and Production Outlook.

Global offshore capital investment
$bn

2023	**68.3**
2022	53.5
2021	41.8

The estimated offshore drilling and production expenditures of the industry as reported by Spears & Associates in their December 2023 Drilling and Production Outlook.

Global onshore average rig count
#

2023	**1,560**
2022	1,517
2021	1,158

The average onshore global rig count during 2023 as reported by Baker Hughes Inc.

Global offshore average rig count
#

2023	**207**
2022	189
2021	165

The average offshore global rig count during 2023 as reported by Baker Hughes Inc.

Hunting 2030 Strategy

During the year, the Directors and senior leadership team launched a resilient, long-term strategy, which is aimed at delivering revenue and profit growth, free cash flow generation and sustained returns to 2030, while reducing the cyclicality of the business and lowering carbon emissions. The strategy, which is underpinned by four strategic pillars, will be delivered through Hunting's current portfolio of businesses as well as through targeted bolt-on acquisitions.

Jim Johnson
Chief Executive

READ MORE HERE

Hunting
2030

Hunting 2030 Strategy

Hunting has defined four strategic pillars to deliver growth in the long term:

Operational excellence – by delivering strongly assured products and premium services.

Strong returns – leveraging our technology to increase pricing and improve facility utilisation.

ESG and sustainability – managing and reducing our carbon footprint and impact on global climate change.

Growth – through entering new markets and developing new products.

Hunting 2030 Strategy continued

Hunting's strategic pillars

Operational excellence

Our people are at the heart of our business, and we ensure that their health, safety and well-being are a priority. We mainly operate in a competitive and cyclical sector, which is high profile and well regulated. To be successful, we must deliver reliable products, which are quality-assured to the highest industry standards, offer improved cost efficiencies, and assist safer processes for our customers. We strive to ensure that our working capital is managed efficiently to enable timely delivery of our products to our customers.

Related KPIs
Working capital to annualised revenue ratio; total recordable incident rate; and internal manufacturing reject rate.

Related risks
Increased competition and market consolidation; geopolitical instability; adverse movement in commodity prices; climate change and energy transition; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; our reaction to external and internal forces; third-party risk; and changing global rules and regulations.

Progress in the year
The Group continued to deliver new technology to clients in the year, such as the H-4 Perforating System™. As activity increased across all of the Group's businesses, our facility utilisation improved, without compromising on our quality assurance and health, safety and environmental performance. We have continued to rollout the D365 ERP system throughout our businesses, which will contribute to the enhanced monitoring of production and performance over time and the delivery of efficiencies. We have also increased our training programmes including a new Code of Conduct, cyber security and anti-harassment modules, alongside our rigorous quality assurance and health and safety programmes.

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 solid returns on capital leading to growing dividends to shareholders. To reduce the impact of oil and gas cyclicality on profitability, the Group is targeting opportunities in the energy transition sector and also to grow its revenue from the commercial space, defence, medical and power generation sectors. There has also been a programme to reduce the fixed cost base of the Group to ensure that it is more efficient.

Related KPIs
Revenue; non-oil and gas revenue; EBITDA; adjusted profit before tax; adjusted diluted earnings per share; dividend per share declared; total shareholder return; free cash flow; working capital to annualised revenue ratio; and return on average capital employed ("ROCE").

Related risks
Geopolitical instability; loss of key executives or staff and shortage of key staff; product quality and reliability; our reaction to external and internal forces; third-party risk; acquisition risk; and changing global rules and regulations.

Progress in the year
The Group has delivered a significant increase to EBITDA and operating profit margins and increased its ROCE. This has been achieved by the increase in revenue and profits as well as through improved efficiencies while retaining a strong balance sheet throughout the year. As part of a wider programme to drive higher operational efficacies and reduce future cash outflows, the closure of the Oklahoma City manufacturing facility and the relocation of the well testing manufacturing and assembly operations from the Netherlands to Dubai were announced, together with the sale of legacy E&P assets. The strong returns generated in the year have enabled the Board to announce an 11% increase to the total dividends declared in the year.

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.

Related KPIs
Total recordable incident rate; internal manufacturing reject rate; total scope 1 and 2 emissions; CO_2 intensity factor; total purchased electricity; and renewable energy purchased.

Related risks
Geopolitical instability; climate change and energy transition; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; and changing global rules and regulations.

Progress in the year
In the year, we completed a process to independently assure our scope 1 and 2 greenhouse gas emissions. Further, the Group commenced a process to assess its scope 3 inventories, which will enable the Directors to develop a Net Zero transition plan. In the year, further progress was also made on the rolling out of carbon mitigation strategies, and despite an increase in the Group's orders and manufacturing, carbon emissions haven't increased at the same rate as measured by our CO_2 intensity factor.

Hunting 2030 operational growth objectives

Growth

Our aim is to continue to develop our global presence and supply a comprehensive range of products used in the wellbore and through expansion into complementary non-oil and gas sectors. Our diversified portfolio of products, which are offered in strategic global locations, will enable us to produce high levels of profitability and free cash flow. Our cash generation will facilitate our growth through investment in our existing businesses and through acquisition.

Related KPIs

Revenue; non-oil and gas revenue; EBITDA; adjusted profit before tax; adjusted diluted earnings per share; total shareholder return; and free cash flow.

Related risks

Increased competition and market consolidation; geopolitical instability; adverse movement in commodity prices; climate change and energy transition; loss of key executives or staff and shortage of key staff; product quality and reliability; our reaction to external and internal forces; third-party risk; acquisition risk; and changing global rules and regulations.

Progress in the year

During 2023, the Group delivered further revenue increases as global oil and gas drilling activity accelerated. Growth in regions outside of North America has been a key theme in the year, with activity in South America and the Middle East as well as Asia Pacific accelerating. In September 2023, Hunting opened its joint venture premium threading facility in Nashik, India, which is targeted at capturing growth in the country. In the year, our Subsea and OCTG accessories businesses have reported considerable progress as deepwater and ultra-deepwater drilling accelerated.

Retain focus on global oil and gas opportunities, specifically growing our subsea and offshore businesses

Crude oil and natural gas are forecast to be two critical primary energy sources for many decades to come. As developed and emerging economies seek growth and energy security, hydrocarbon resources will remain part of the energy landscape alongside other renewable and low carbon energy sources. The Group will continue to broaden its product offering and introduce critical technologies through R&D and targeted M&A. **We are targeting revenue of c.$1.5 billion p.a. by 2030 from the oil and gas sector.**

The subsea and offshore sectors of the global oil and gas industry provide predictable and sustained hydrocarbon production, which has increased in importance for project developers in recent years. **Through organic and acquisitive growth, Hunting is seeking to build its revenue profile from this area of the industry by the end of the decade as part of the annual revenue target of $1.5 billion.**

Develop a global position in the energy transition sector

The energy transition sector is an area of significant opportunity for Hunting, as global efforts to decarbonise the energy supply chain accelerate. The Group sees strong growth in supplying products for geothermal as well as carbon capture and storage projects, which are increasingly demanding high performance technology and materials that are capable of delivering multi-decade benefits to the energy industry. **The Group will leverage its global presence and align its technology portfolio and supply chain with the high-growth energy transition market and is confident that these projects will deliver c.$250 million revenue p.a. by 2030.**

Increase our position in high-value, non-oil and gas industries

Given the cyclicality of the oil and gas industry, a key part of our strategy is to build a less volatile revenue and profit profile. This will be delivered through organic and acquisitive growth of non-oil and gas businesses. We already sell into some of these markets, such as the aviation, commercial space, defence, medical, and power generation sectors, and will continue to leverage our world-class precision engineering and manufacturing know-how into these high-quality markets and industries. **We are targeting c.$250 million revenue p.a. to originate from non-oil and gas sources by 2030.**

Increased focus on the long-term sustainability of the Group

The training, development and retention of our skilled employees will ensure that our strong culture remains intact and Hunting's robust health and safety record is maintained. The Group will continue to focus on reducing its carbon emissions through operational effectiveness and drive efficiencies through continuous improvement. **We are targeting a reduction in our scope 1 and 2 greenhouse gas emissions by 50% from our 2019 base-line year and to purchase 50% of our energy from renewable sources by the end of the decade.**

Underpinned by our portfolio of businesses and targeted bolt-on acquisitions

Hunting 2030 financial and investment returns objectives

We are targeting c.$2.0 billion of annual revenue by 2030

Based on our operational growth strategy, which is supported by strong market fundamentals and independent market commentary that point to sustained demand for oil and gas and committed industry capex, the Group has set a 2030 revenue goal of c.$2.0 billion p.a., comprising 75% sourced from oil and gas and 25% from non-oil and gas sectors, including the energy transition sector.

Increase our EBITDA margin to 15% or greater

Our focus on delivering technology that attracts high margins, coupled with a strong focus on containing costs whilst maximising the output from our current operating footprint will be the key drivers to meet the EBITDA margin target of 14%-16% by 2025 and exceed this target by 2030.

Deliver ROCE of 15% or greater

The Group is focused on retaining a strong balance sheet and maximising its return on capital employed through careful management of its working capital, with a working capital to annualised revenue ratio of c.35% targeted, to deliver superior returns compared to our peers. To achieve this, long-term working capital targets of 130 days for inventory, 75 days for receivables and 45 days for payables have been set.

Generate c.$750 million of cumulative free cash flow

With increased revenue and margins, supported by stringent management of our balance sheet, we are targeting an EBITDA to free cash flow conversion rate of 50% and aiming to deliver c.$750 million of cumulative free cash flow through to the end of the decade. This target is on a post-capex basis.

Increase dividend distributions by a minimum of 10% per annum to 2030

We are seeking to return cash to shareholders, primarily through dividend distributions, with the Board targeting a steady increase to 2030 of 10% p.a.

Net leverage of less than 1.5x EBITDA through the period to 2030

By maintaining a strong balance sheet, liquidity and a prudent approach to debt, a long-term net leverage of 1.5x EBITDA is targeted.

Underpinned by our portfolio of businesses and targeted bolt-on acquisitions

Investment proposition

Hunting PLC's investment case is based on technology, engineering core competencies and a deep knowledge of the global energy industry. This expertise will drive long-term growth and leverage opportunities into new sectors that value these principles.

READ MORE ON PAGE 11

Hunting 2030 Strategy continued

Our core competencies

Leadership in:
- Systems, design and precision engineering;
- Bespoke manufacturing; and
- Metallurgy and materials.

Investing in our people to provide:
- Innovation and a competitive edge, protected through patents and trademarks;
- Engineering and technical leadership to attract blue chip customers from multiple end-markets; and
- A premium service culture.

Global operating presence in key locations and exposure to high-growth markets with strong controls over:
- Quality assurance;
- Health and safety; and
- Carbon emissions.

Strong, experienced management team to:
- Pursue growth across complex and competitive sectors;
- Diversify revenue to ensure long-term resilience;
- Navigate through market cycles; and
- Ensure M&A targets are aligned with our long-term strategy.

Our strategic differentiators position us strongly

Diversified portfolio
Hunting has a diversified portfolio of market leading technologies, products and services that address many areas of the energy and non-oil and gas supply chain. The Group holds over 500 patents and trademarks across key technologies and geographies.

Efficiency
Our precision-engineered products are highly reliable and assist in higher safety protocols and more efficient procedures for our customers, wherever they are deployed.

Commercial agility
Hunting is able to leverage its world-class engineering and manufacturing capabilities into the energy transition sector and also into high quality non-oil and gas markets and industries through its global presence. Our commercial agility within the markets we serve helps us to remain a technology leader, often with a strong market share.

Our ESG principles
Hunting has a strong culture based on its highly skilled and trained workforce, resulting in strong quality-assured products and a robust HSE record. Our ESG principles help us drive growth and internal efficiencies, increase safety for both our workforce and that of our customers, and lower carbon emissions through operational effectiveness and technological innovation.

Our sectors of focus are resilient

Oil and gas
The global energy industry, particularly oil and gas, is a long-term driver of economic growth. This is likely to be the case for many years to come.

Energy transition
Energy transition opportunities are complementary to our core oil and gas markets, which is a further area of long-term growth for the Group.

Other non-oil and gas
Aviation, commercial space, defence, medical, and power generation sectors have long-term growth prospects. These are resilient markets that support economic prosperity and use our precision engineering expertise, which will reduce cyclicality in our earnings.

Our financial returns are gaining momentum

Strong growth profile
Hunting has increased its revenue, profits and cash flows as market conditions have improved across the year.

Improved margins
Stronger pricing and higher facility utilisation levels have enhanced operating margins and earnings, which have led to increased cash flows.

Improved earnings
Increased earnings have led to higher shareholder and capital returns in the form of dividend distributions and capital growth.

Cash generation
Consistently turning profit into free cash flow – as demonstrated during Q4 2023.

Strong balance sheet
- Improving balance sheet efficiency;
- Financial stability; and
- Asset Based Lending facility provides liquidity.

Progressive financial returns
- Revenue and profit growth;
- Fixed cost reduction strategy, delivering a more efficient business platform;
- Increasing EBITDA to free cash flow conversion; and
- Dividend growth.

Business Model

Hunting is a global precision engineering group, focused on high-value end markets that recognise and value our manufacturing capabilities and strong focus on quality-assured products and services.

Delivering high performance technologies, which enables an engineering solution to be delivered safer, faster and at lower cost for our customers are key themes in our approach to the markets we select. This approach is supported by our robust health and safety protocols, which are aimed at keeping our highly trained employees safe.

Our key product groups are sold through our five operating segments as noted on pages 50 to 54.

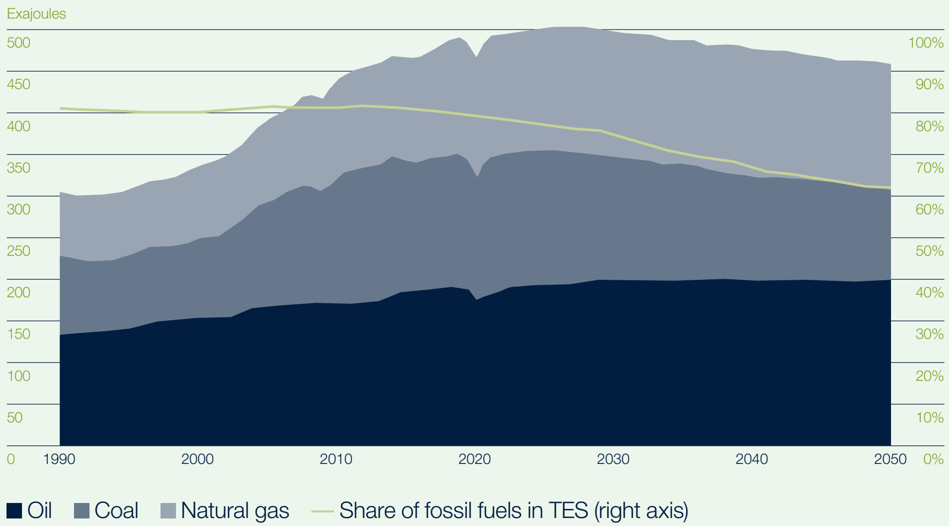
What we do

Energy – oil and gas
Our primary market focus is the global oil and gas industry. Affordable and secure energy has been the foundation of economic growth for many decades, with a technology and geographic landscape that constantly changes. Global crude oil demand is currently c.100 million barrels per day and, as the chart below demonstrates, this is likely to remain unchanged for decades to come. Our products and services are developed to support this global need. The oil and gas industry is a complex, well-regulated, multi-faceted sector with a wide range of technological needs to address the extraction of hydrocarbons in a safe and responsible manner. Hunting's products are, therefore, aimed at addressing the needs of our customers, whether that be integrated energy groups, international service companies, national or independent oil and gas companies. To deliver this daily need for oil and gas, the industry needs technology and equipment that are high performance engineered solutions. Hunting's major product groups are summarised on pages 40 to 49, and range from onshore-focused well completion solutions produced by our Perforating Systems business (Hunting Titan) to equipment used in deepwater developments produced by our Subsea Technologies businesses. A key market indicator for Hunting's businesses is the annual capital expenditures allocated by the industry's stakeholders. In 2023, the global investment in crude oil and natural gas production was c.$213 billion. This is likely to be stable for many years to come as the world maintains its reliance on traditional energy solutions.

Energy – transition technologies
As western economies increase efforts to decarbonise their energy needs, exciting market opportunities are opening up to the Group. Geothermal energy is a primary energy source that is seeing strong growth in the short term, to deliver cleaner sources of heat and energy. These developments are presenting complex engineering challenges to the energy industry. Hunting sees high growth opportunities for its OCTG product group as our premium connections and strategic supply channels offer critical solutions to many clients. Carbon capture, usage and storage ("CCUS") is another solution being accelerated to reduce atmospheric carbon. CCUS projects demand high-end materials and engineered solutions that will enable these projects to operate for many decades.

Non-oil and gas
Hunting has been manufacturing products and technologies to the aviation industry for many years. The Group has key defence-related accreditations within its Advanced Manufacturing businesses, which enable Hunting to participate in government contracts including the naval and air force segments, supplying engine shafts for military aircraft and periscope tubes for submarines. In recent years, the Group has also manufactured components for the commercial space sector, which demands our unique precision engineering skills and expertise. Hunting manufactures key components for the power generation sector, including turbine shafts and is also focused on developing accessories for the medical sector.

IEA projected fossil fuel demand: 1990-2050



Source: IEA – World Energy Outlook 2022

Business Model continued

Our pillars for value creation

We develop proprietary technology

The development of new technology and products is a key element of our business model and strategy. This intellectual property and know-how is introduced to our blue chip customers as the drive for more efficient and safer delivery of oil and gas continues as well as addressing the challenging environments that the geothermal and CCUS sectors operate in.

In 2023, the Group held 538 patents and trademarks, covering 153 products.

Related risks
Increased competition and market consolidation; adverse movement in commodity prices; climate change and energy transition; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; reaction to external and internal forces; and changing global rules and regulations.

We manufacture close to where our clients need us

Hunting has a global operating presence in strategic locations to ensure that we are close to where our customers are drilling and developing any resource type. Our established operating footprint ensures that we can support our customers in the oil and gas industry and can be leveraged to address global geothermal and CCUS projects.

At 31 December 2023, we manufactured in 11 countries, from 27 operating sites (2022 – 28) and had 16 distribution centres (2022 – 14).

Related risks
Increased competition and market consolidation; product quality and reliability; third-party risk; and changing global rules and regulations.

We leverage our brand and reputation through strong quality assured products

The Hunting brand is supported by our strong reputation for quality assurance and health and safety. These credentials drive customer loyalty and form the basis of most industry tenders, which support our success in increasing our market share in key product lines and multiple end-markets.

During 2023, the Group manufactured 23.0m parts (2022 – 16.6m) with an internal manufacturing reject rate of 0.20% (2022 – 0.13%). The reject rate for goods shipped was 0.0006% in the year (2022 – 0.0013%). These metrics demonstrate the impressive quality and reliability of our products. This performance strengthens Hunting's standing in its end-markets.

Related risks
Increased competition and market consolidation; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; reaction to external and internal forces; third-party risk; and acquisition risk.

We train our employees and keep them safe

Our health and safety protocols have been developed to keep our employees safe, with our safety performance measured using an industry-wide performance indicator, which is monitored closely.

In 2023, the Group had 24 recordable incidents (2022 – 23) leading to a total recordable incident rate of 0.91 (2022 – 0.97) compared to the industry standard of 4.0.

Related risks
Increased competition and market consolidation; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; reaction to external and internal forces; third-party risk; and acquisition risk.

Business Model continued

We provide critical supply channels

Our products are often manufactured using critical raw materials, which enable them to perform in highly challenging environments. We work hard to provide competitive supply channels to lower project costs without compromising on quality. Hunting is an independent provider of premium and semi-premium connections and precision engineered accessories for all oil and gas resource types, providing cost agility for our customers. The Group has a number of strategic partnerships, including our joint venture partner Jindal SAW in India, which produces OCTG pipe and tubulars, to which Hunting's premium connections are applied for the local Indian energy market. This venture meets local content requirements. The Group also has strategic supply chain partners to support the accelerating energy transition sector, including the ten-year alliance with Jiuli and the five-year agreement with CRA-Tubulars.

Related risks
Increased competition and market consolidation; reaction to external and internal forces; and third-party risk.

We target blue-chip customers and suppliers

Hunting is a trusted supplier to some of the world's leading energy companies, including integrated energy companies, international services groups, independent oil and gas producers, as well as leading engineering companies who operate in the global aviation, commercial space, defence, medical and power generation sectors.

We target clients and end-markets who value strongly assured products and services, and who demand high-performance technology and products. We have developed long-standing relationships with our customers through our market-leading reputation for health and safety, quality and reliability, differentiated technology, availability and delivery, and customer service and support.

Related risks
Increased competition and market consolidation; adverse movement in commodity prices; cyber security; product quality and reliability; third-party risk; and acquisition risk.

We leverage our expertise in materials and engineering

Hunting's workforce comprises highly skilled engineers and machinists who lead the development and manufacture of our high-performance technology and products. Our expertise in mechanical and materials engineering and metallurgy, ensures that our products will perform in high-pressure, high-temperature environments.

We are able to leverage this expertise into energy transition markets as well as high-value non-oil and gas markets, such as aviation, commercial space, defence and medical for diversification opportunities.

Related risks
Increased competition and market consolidation; adverse movement in commodity prices; product quality and reliability; third-party risk; and acquisition risk.

We operate in a responsible and sustainable way

Hunting's responsible and sustainable approach to its global operations includes the monitoring of waste and emissions to ensure we have a minimal impact on the environment. We have recycled for many years and, more recently, have started to monitor our carbon and climate impact, with initiatives being introduced to reduce this impact. In 2023, the Group announced new 2030 emissions reduction targets as part of the Board's drive to improve our carbon reduction credentials and to assist in the preparation of a Net Zero transition plan.

Related risks
Climate change and energy transition; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; reaction to external and internal forces; third-party risk; acquisition risk; and changing global rules and regulations.

Business Model continued

Delivering value for our stakeholders

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.

Shareholders and lenders

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

Employees

Hunting's employees deliver our strategic plans and are the Group's most important asset. We are committed to training and developing our workforce, and keeping them safe through the operation of stringent health and safety policies. The Board meets regularly with management and the workforce through site visits and engagement programmes.

Customers and suppliers

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. Hunting continuously works hard to deliver a secure supply chain for our clients and in the year signed new strategic agreements.

Environment and climate

The Group is committed to strong environmental stewardship. Our operating principals are focused on containing and reducing our carbon footprint, maximising recycling, reducing waste streams and increasing our climate change commitments.

Governments and communities

The Group continued its engagement with local regulators, tax authorities and governments in the year. Hunting continues to assist communities through a wide range of activities, including fund raising events and donations. Each region develops their own community initiatives to align with local cultural practices.

Business Model continued

Shareholders and lenders

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 and has a premium listing on the London Stock Exchange. At 31 December 2023, the total number of Ordinary shares in issue was 164.9m (2022 – 164.9m), and the number of shareholders on the register was 1,263 (2022 – 1,285). The Board is responsible for setting the Company's dividend policy. The Group's current practice is to declare dividends in US dollars, but pay in Sterling. 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 2023, Hunting PLC's Ordinary shares achieved a TSR of (9)% on an annualised basis, due to weaker investor sentiment on the US market outlook during the year. For the definition of TSR please see page 12.

Shareholder engagement

Regular shareholder engagement meetings are organised through an annual calendar of work arranged through our investor relations function. The Chief Executive and Finance Director meet with institutional investors directly following the publication of the Group's half- and full-year financial results and throughout the year, and also attend investor conferences in the UK, Europe and the US to meet new shareholders. Further, the Company Chair and Senior Independent Director meet investors annually to discuss governance and other matters. In September 2023, the Group held a Capital Markets Day, where Hunting's senior management set out the strategy for growth to support stronger shareholder distributions and returns to 2030.

Total shareholder return
%

2023	**(9)**
2022	102
2021	(22)

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.

The Audit Committee reviews dividend proposals as part of its regular programme of work and makes a recommendation to the Board following a review of the financial performance for the relevant reporting period. Dividends are announced along with each set of Group results and are usually paid in May and in October. The Directors are proposing a 2023 Final Dividend of 5.0 cents per share, which will be subject to approval by shareholders at the 2024 AGM.

During the year, an investor perception survey was conducted by a third party on behalf of the Company, with feedback presented to the Board. The survey sought to appreciate major investors' perceptions on strategy, performance, executive management and other issues.

During H2 2023, the Directors engaged with major institutional investors on a new Directors' Remuneration Policy and Long-Term Incentive Plan, which is to be tabled at the 2024 AGM. Following discussion and feedback, amendments were made to the proposals.

Lenders

The $150m Asset Based Lending ("ABL") facility commenced in February 2022 and is due to expire in February 2026. The ABL lending group comprises Wells Fargo and HSBC.

Given the Group's return to strong growth in the year, the ABL has been utilised and drawn down to support the Group's working capital requirements to meet sales orders. The average interest rate on the ABL was 7%.

Dividend per share declared
cents

2023	**10.0**
2022	9.0
2021	8.0

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.

Business Model continued

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 2023, the Group had 2,420 employees (2022 – 2,258) across its global operations.

The Group is committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives. To retain our staff, our employees are fairly remunerated with a competitive base salary. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds. 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 of nine years (2022 – nine) and voluntary workforce turnover rate of 14% (2022 – 13%). This demonstrates Hunting's commitment to its employees and its drive to nurture a mutually beneficial relationship between the Company and its employees.

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 (www.huntingplc.com).

Year-end employees
#

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. During the year, machinists and inspectors of the JV in India were trained by Hunting to ensure that our quality-assurance standards are applied. As cyber security is a principal risk, a cyber security training programme was rolled out for all relevant employees in the year. For further information on employee attraction, retention and development, and employee engagement, see pages 75 and 76.

Diversity and inclusion

The Company recognises the benefits of having a diverse workforce, which include attracting and retaining the best people for the job, supporting and delivering high performance, and increasing the effectiveness of the Company. To this end, Hunting aims to build and maintain a working culture that is inclusive of all and values diversity. Hunting believes that promoting and developing diversity is everyone's responsibility. The Company's aim is to promote equality and good relations between employees of a diverse background and eliminate discrimination. Hunting is also committed to providing a safe working environment where staff are treated with respect and ensuring that our employees enjoy prejudice-free decision making, taking into account all stakeholder interests and committing 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. Hunting has an embedded culture of equal opportunities for all employees, regardless of gender, sexual orientation, race, colour, nationality, disability, neurodiversity, age, religion or belief, marital or civil partnership status, pregnancy or on maternity or paternity leave. We will ensure that all our employees have the opportunity to develop to their full potential. For further reporting on diversity and inclusion, see page 76.

Hunting's policies promote gender and ethnicity suggestions made in the Hampton Alexander Review and the Parker Review, and these are 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 118.

Business Model continued

Human rights

We are committed to respecting and upholding the human rights of all our employees and training is provided to employees on a regular basis. For further reporting on our approach to human rights, see page 78.

Modern slavery

Our Modern Slavery statement can be found on our website (www.huntingplc.com).

Whistleblowing

The Board of Hunting has established procedures whereby employees can raise concerns, in confidence, by contacting the Company Chair 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.

Employee engagement survey

During H1 2023, Hunting completed its second all-employee engagement survey using the Gallup Q12 poll.

Management recognises that strong employee engagement benefits the bottom line outcome for the Group with the "most engaged" organisations enjoying greater financial returns. With this understanding, the measurement and improvement of employee engagement continues to be an objective of our Company's core strategy.

The HR team and location managers worked hard to ensure employees without regular computer access participated in the survey.

We were extremely pleased with the participation results from the 2023 employee survey. Of the 2,254 employees eligible to participate in the survey, 1,866 responded, which equates to 83% of our employees. This is an improvement over the 2019 participation rate of 80%.

This high level of participation indicates the positive level of engagement from our employees as it demonstrates that they are invested in their work environment and are willing to participate in an exercise to improve our workplace.

Details of the results of the survey can be found on the following page.

Gallup Q12 employee engagement results – average score out of 5

Following the results of the survey, the next steps for the Company include:

- Enhance our development programmes to include broad based, on-site delivered supervisory and leadership training;
- Increase employee recognition initiatives, leadership training to include a focus on developing leaders' skillsets in coaching and providing feedback to employees. In addition, review current business unit recognition programmes for future opportunities and enhancement;
- Implement the UKG-based performance review process globally; and
- Create a strategy to communicate corporate direction and initiatives throughout the Company. Each division will be asked to hold employee town hall meetings twice per year; corporate messaging will be provided to supplement local updates.

Health and safety

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 13% to 5.3m hours (2022 – 4.7m hours) as trading increased across 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, comply with local regulatory requirements.

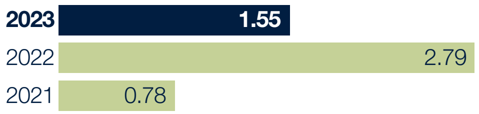
During the year, there were no fatalities across the Group's operations (2022 – nil), with 24 recordable incidents (2022 – 23). The total recordable incident rate was 0.91 compared to 0.97 in 2022 and the industry average of 4.0 (2022 – 4.0), as published by the US Bureau of Labor Statistics. This incident rate reflects a 6% year-on-year decrease compared to the prior year, despite new employees being hired and activity increasing throughout the year.

Total recordable incident rate
#

The total near miss frequency rate was 1.55 in 2023 (2022 – 2.79) reflecting 41 near misses (2022 – 66). The decrease in near misses reflects the more stable workforce numbers seen in the year, following the recruitment drive in 2022, as energy markets returned to growth.

All incidents were investigated, rectification processes were implemented, and learnings utilised in safety training sessions. The Group's enhanced SASB reporting includes vehicle incident data, with nil incidents (2022 – nine) reported in the year.

Total near-miss frequency rate
#



Please see pages 80 and 81 for more information on compliance with the SASB reporting framework.

For further reporting on Health and Safety, see page 75.

Business Model continued

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.

These senior managers are also members of the Executive Committee.

The Directors organised an employee engagement event at the Group's OCTG facility in Houma, Louisiana, in June 2023 where employees were able to ask questions to the Board.

The second all-employee engagement survey was completed in the year, with the positive results noted above.

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 six reports to the SafeCall service (2022 – two).

For further reporting on our approach to business ethics, see page 130.

Employee engagement survey shows positive results

Hunting completed its second all-employee engagement survey during 2023. Listening to our employees and responding to their feedback is critical to our business. It helps us to understand where we are succeeding and where we need to focus our efforts.

The most important question the survey asked was: "On a five-point scale, how satisfied are you with your organisation as a place to work?" We were pleased that the score for this question was 4.07 out of 5 points, which is consistent with our 2019 score of 4.06.

Our average score across all 12 questions was 3.88 out of 5, a 0.10 increase from 2019. This result is statistically significant because most companies experienced a downward trend between pre- and post-pandemic surveys, and we are delighted that we saw a slight improvement instead.

We scored especially well in the first few questions that define our employees' basic needs.

These results demonstrate that we provide our employees with the technology and equipment to do their work well, and that we create a high-quality workplace.

Companies with high scores in these areas are typically more productive, cost effective, creative and adaptive.

We were pleased that 42% of our employees were identified as being "engaged", an increase of 6% on our 2019 result of 36%.

Furthermore, we were happy with the survey's participation rate of 83%, a 3% increase on our 2019 participation rate.

This indicates that our employees are interested in their work environment, and willing to play their part in helping to improve it.

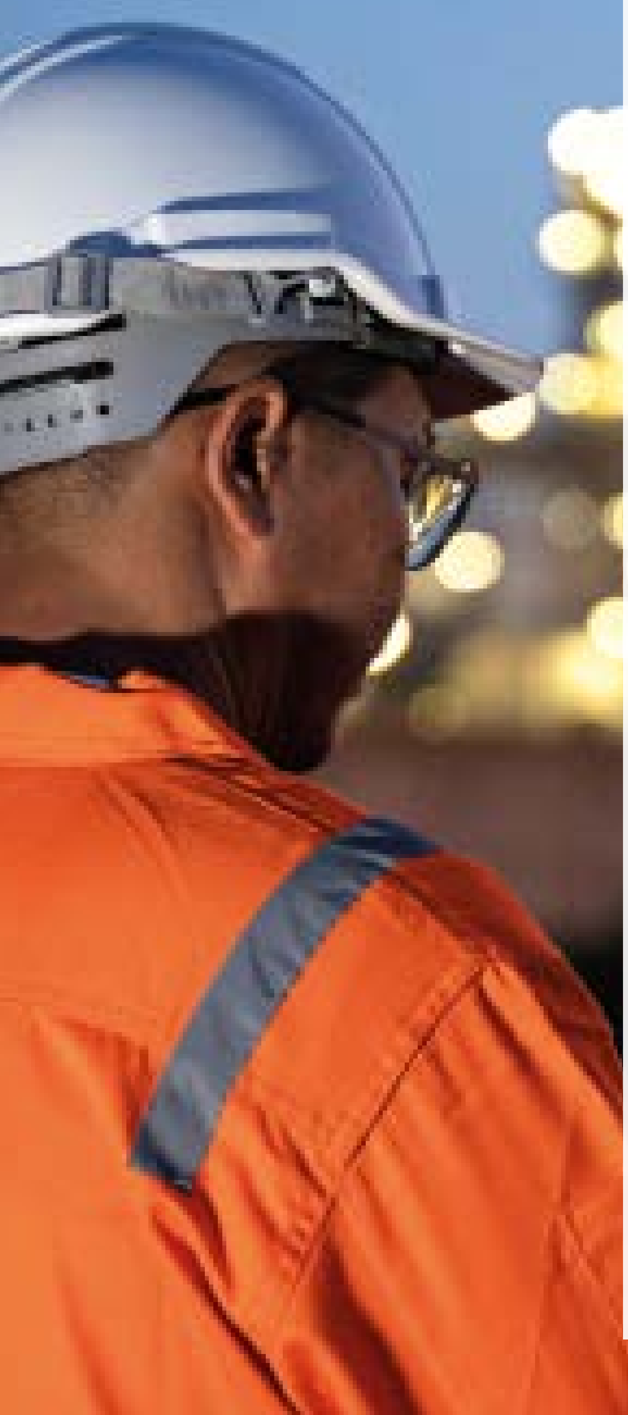
The survey also offered us insight on areas that require our attention. We learned that we need to focus our attention on employee recognition procedures, offering more detailed feedback, and improving communication.

An action plan has been developed to address these issues. It includes broad-based, on-site supervisory and leadership training to improve employee recognition and feedback, and the introduction of a performance review process, which will be rolled out in North America and EMEA first, and Asia Pacific later this year. New communication channels are also being implemented.

We found it useful to compare our two surveys, and we anticipate repeating the survey in two to three years' time.

Question	**2023**	2019	Change
I know what is expected of me at work	**4.47**	4.42	+0.05
I have the materials and equipment I need to do my work right	**4.12**	4.11	+0.01
At work, I have the opportunity to do what I do best every day	**4.19**	4.12	+0.07

Business Model continued



Customers and suppliers

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 on 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

Customer 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.

Customer perception and satisfaction surveys undertaken by an independent third-party are also employed to provide customer feedback to the Company.

Hunting's customer-facing sales teams are directly supported by the Group's engineering, quality assurance and health, safety and environment teams, who all assist in the provision of key operational performance information that supports global tenders and the overall sales function.

During the year, the Group's sales teams attended a number of international trade shows, including ADIPEC in Abu Dhabi which enables engagement with existing, as well as potential, customers to take place.

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.

Customer-related 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.

Business Model continued

Our suppliers
Hunting's supplier base facilitates the Group in achieving its purpose of providing highly trusted and innovative products for our customers.

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.

During the year, the new facility in Nashik, India was opened, which has been set up alongside our JV partner Jindal SAW's steel mill. The strategic location of the new facility ensures the supply of pipes and tubes in India to which Hunting's premium connections can be applied.

Hunting signed new strategic partnership agreements in the year to further secure its supply chain, and to support the accelerating energy transition sector. A ten-year strategic alliance agreement was signed with Jiuli to ensure the supply of OCTG casing to which Hunting's SEAL-LOCK XD™ connection is applied.

High-performance, corrosion resistant alloys ("CRA") are now viewed as a critical material to deliver geothermal energy and carbon capture and storage projects.

Hunting also signed a five-year collaboration agreement with CRA-Tubulars to market its technology in the North America market. CRA-Tubulars manufactures titanium composite tubing, which is a corrosion resistant alternative tubular technology.

The Company is a signatory to the Prompt Payment Code and is committed to paying at least 95% of its suppliers within the agreed payment terms and to promptly advise them if there is a dispute to ensure that disruptions to the supply chain are kept to a minimum. We report on our payment practices and performance in-line with the UK Reporting Payment Practices and Performance Regulations 2017. The Company is looking to put in place early payment facilities for suppliers during 2024.

Supplier-related 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 Supplier Code of Conduct is issued to its suppliers as well as our Modern Slavery policy, which highlights the Group's ethical trading and fair labour policies.

For further reporting on our approach to business ethics, see page 130.

Board engagement and decision making – customers and suppliers
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.

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.

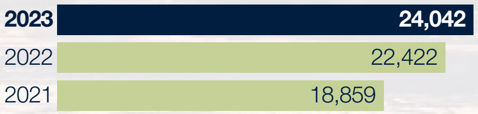
For further reporting on our approach to business ethics, see page 130.

Business Model continued

Environment

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. As part of this commitment to manage and reduce its carbon footprint, the Board announced a new carbon reduction ambition in March 2023, 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 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. In 2023, the Group commenced work to assess its scope 3 emissions, beginning with Hunting Titan. This work will be expanded during 2024 to cover the remaining businesses in the Group. The Group continues to migrate its primary and secondary energy sources to lower carbon sources, with the Group targeting the purchase of 50% of our energy requirements from renewable sources by 2030. For more information on the determination of the Group's scope 3 data, please see pages 70 and 71.

Total scope 1 and 2 CO_2e emissions
tonnes



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 can be found at www.huntingplc.com.

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 Company. New facilities take into account environmental impact considerations, including protection from extreme weather events, such as wind storms and flooding. The Company discloses the breakdown of its GHG 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. The Company began a process to independently assure its carbon data with a view to setting science-based targets in the near future.

The Group submits its greenhouse gas data to the Carbon Disclosure Project, which is available at www.cdp.net. The data reported and the 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) and the International Energy Agency.

CO_2e intensity factor
#

For further information on Hunting's climate, ESG and wider sustainability efforts, please see pages 62 to 81.

Board engagement and decision making – environment
The Board has continued to oversee the development of carbon and climate initiatives, which includes the assurance of its scope 1 and 2 greenhouse gas carbon data, utilising the services of S&P Global.

The Board has also approved the work stream to evaluate Hunting's scope 3 greenhouse gas inventories, which will be expanded further in 2024. Carbon data management has been introduced into the annual bonus objectives of the executive Directors, as noted in the Annual Report on Remuneration.

Tonnes CO_2e	2023	2022	2019 (base line year)
Scope 1			
Fuel consumption, including natural gas	**2,037**	2,411	4,128
Vehicle fuel consumption	**3,575**	3,367	2,972
Total scope 1	**5,612**	5,778	7,100
Scope 2			
Electricity consumption	**18,430**	16,644	28,774
Total scope 1 and 2	**24,042**	22,422	35,874
Scope 3			
Scope 3 (estimated)	**353,346**	277,143	n/a
Total scope 1, 2 and 3	**377,388**	299,565	n/a

Governments and communities

Governments

Hunting's global operating footprint extends across 11 countries. As a consequence of this, the Group interacts with a number of local 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. 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. Each business unit retains a close relationship with the relevant local tax and legal authorities. 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 external-facing employees trained in the Group's anti-bribery and corruption policies.

Tax strategy

Hunting is committed to acting with integrity and transparency in order to pay the right amount of tax at the right time. Hunting's tax strategy is to fully comply with the tax laws, regulations, and disclosure requirements in the countries we operate in. Hunting may engage with reputable professional firms on areas of significant complexity, uncertainty or materiality to support it in complying with its tax strategy. Hunting seeks to engage with tax authorities with professionalism, honesty and respect. It works with all tax authorities in a timely and constructive manner to resolve disputes when they arise.

Hunting has a zero tolerance approach for tax evasion and the facilitation of tax evasion. Hunting's Code of Conduct training course includes training modules on this area to help employees understand the risks and procedures in this regard.

Board engagement and decision making – governments

The Group's tax governance is managed as follows:

- The Board reviews Hunting'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 Hunting'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 impact 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 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 76 and 77.

Board engagement and decision making – communities

In December 2022, the Board agreed a new policy on the use of unclaimed dividends which had been returned to the Company. On the recommendation of the Ethics and Sustainability Committee, the Board has agreed to donate to UK charities all unclaimed dividends, with a small committee, led by the Finance Director, agreeing the charitable donations.

ESG and Sustainability

Our approach

Hunting is committed to operating responsibly, ethically and sustainably to create long-term value by firmly embedding these principles into our strategy and culture. We are committed to relevant and transparent disclosures and continue to improve our ESG-related reporting procedures, aligning these with current and new disclosure regulations and standards and the needs of our stakeholders.

ESG disclosures

- We continue to report in line with the SASB standards most relevant to our business: SASB Oil & Gas – Services and Industrial Machinery & Goods standards. Our SASB content index may be found on pages 80 and 81.
- We have adopted and report against the Task Force on Climate-related Financial Disclosure ("TCFD") standard. See pages 82 to 95.
- We make an annual submission to the Carbon Disclosure Project, which can be reviewed at www.cdp.net.
- Our annual Modern Slavery Act Statement, which is approved by the Board, is available on our website at www.huntingplc.com.
- As a publicly-listed company providing products and services primarily to the oil and gas sector, we annually disclose the Payments made to Governments on a country-by-country and project-by-project basis under the Payments to Government Regulation 2015. This is available at www.huntingplc.com

We also highlight our contribution to the UN Sustainable Development Goals ("SDGs"). We have identified SDGs 3, 5, 6, 7, 8, 9, 12, 13 and 17 as the ones to which we can make the most positive contribution.

ESG and Sustainability continued

Governance

The Ethics and Sustainability Committee has stewardship of the Group's strategic approach to ESG matters. The Committee monitors and guides those matters that are both financially material to the value of the Group's businesses over time, and those that are important to our markets, our employees, other stakeholders and the environment. The Committee met on two occasions in 2023. For more details see pages 128 to 130.

The management of ESG matters is led by the Chief Executive and the Executive Committee, supported by the ESG Steering Committee and TCFD Working Group.

Focus on material issues

In 2023, we again undertook a materiality assessment to guide our ESG framework and disclosures. For the first time we adopted a 'double materiality approach', considering:

- Impact materiality, that is the actual or potential, positive or negative impacts of the business on people or our environments over the short, medium or long term; and
- Financial materiality, that is whether an issue may be material from a financial perspective, and could potentially trigger financial effects on Hunting, either as a risk or opportunity, in the short, medium or long term.

Our process involved:

- An assessment of new and impending reporting disclosure regulations and standards; a review of peer reporting; and an analysis of feedback from ratings agencies;
- Interviews undertaken with senior executives across the Group in core disciplines: compliance; investor relations; human resources; health, safety, environment and quality; IT; and customer engagement and marketing;
- We undertook an online survey of key executives to determine their assessment of the issues through the lenses of impact and financial materiality; and
- The survey resulted in the identification and ranking of issues. We have focused on the top 14 issues, which were reviewed by the Executive Committee prior to their being submitted to the Board for consideration and approval.

These issues are illustrated on the right in alignment with our sustainability framework.

Material issues 2023 – adopting a 'double materiality' approach

The environment

- Ensuring environmental compliance and good practice; and
- Pursuing the responsible transition to and growth of our business in less carbon-intensive sectors.

People and society

- Protecting the health and safety of our customers;
- Protecting the health, safety and well-being of employees; and
- Promoting and ensuring employee engagement.

Responsible Products

- Ensuring the quality and consistency of our products;
- Ensuring customer and market responsiveness; and
- Delivering innovation.

Governance

- Safeguarding cyber-security;
- Protecting and enhancing our reputation;
- Complying with regulations;
- Promoting business ethics, anti-bribery and corruption;
- Assuring due diligence in our supply chain; and
- Promoting Board leadership and accountability for ESG.

At a glance

The environment

Scope 1 and 2 GHG data assurance completed

TO REVIEW OUR ASSURANCE REPORT PLEASE SEE WWW.HUNTINGPLC.COM

Waste and environmental impact:

Zero environmental fines or recordable environmental incidents (2022 – zero)

People and society

Safety remains a priority

Zero
fatalities (2022 – zero)

24
recordable incidents (2022 – 23)

1.55
near-miss frequency rate (2022 – 2.79)

Improved levels of employee engagement

The 2023 employee engagement survey recorded an engagement score of 42%, compared to 36% recorded in 2019.

Gender diversity improvements

44%
of the Board are women (2022 – 37%)

78%
of the Board is independent

32%
of senior management are women (2022 – 28%)

25%
of workforce are women (2022 – 24%)

Responsible products

78%
of our facilities are compliant with ISO 9001: 2015, a globally recognised standard for quality management

Our Quality Management System is aligned with ISO 14001 (international standard for designing and implementing an environmental management system)

ISO 50001
(international standard for designing, implementing and maintaining an energy management system)

Governance

Continued focus on Board accountability for ESG

Ethics and Sustainability Committee met twice in 2023 (2022 – twice)

ESG and Sustainability continued

Our sustainability framework

We have continued to refine and simplify our ESG framework, aligning this with the outcomes of our materiality process.

Our overriding ESG ambition is to create long-term, sustainable value and this was applied in four areas of focus:

- The environment;
- People and society;
- Responsible products; and
- Governance.

Our commitments remain unchanged and are aligned with each of these focus areas, which form the basis of our ongoing disclosure. For each focus area, we indicate the relevant Sustainable Development Goal ("SDG").

ESG and Sustainability continued

Progress against our commitments

AREA	OUR COMMITMENTS	MATERIAL ISSUES ADDRESSED	WHAT WE MEASURE	PERFORMANCE IN 2023
The environment	**Managing our environmental performance, mitigating our impacts** We protect and minimise our impact on the environments in which we operate, and where our products are used. We focus on climate change – setting and achieving emissions reductions and mitigating climate-related risks.	• Applying integrated risk management across the business; • Increasing GHG emissions disclosures, and developing a credible transition pathway to Net Zero; and • Ensuring environmental compliance and good practice (emissions, water, waste).	Environmental incidents CO_2e intensity factor Water consumption	Zero (2022 – zero) 25.9 kg CO_2 per $k revenue (2022 – 30.9 kg) 198,000m^3 (2022 – 164,000m^3)
People and society	**Operating safely** We seek to achieve and maintain the highest standards of safety for our employees, customers, suppliers and the public.	• Protecting the safety of our customers and users of our products; and • Protecting the health, safety and well-being of our employees.	Internal manufacturing reject rate Fatalities Total recordable incident rate Near-miss frequency rate Vehicle incidents	0.20% (2022 – 0.13%) Zero (2022 – zero) 0.91 (2022 – 0.97) 1.55 (2022 – 2.79) Zero (2022 – nine)
	Supporting and developing our people We want to attract and retain a highly skilled workforce. We provide training and development to our employees to help them sustain and grow their careers. We promote diversity and workplaces that are free of prejudice.	• Ensuring fair labour practices and optimal human capital management; • Promoting diversity and inclusion, with the current focus on gender diversity; and • Engaging with our employees.	Voluntary turnover Representation of women on the Board, in senior management; and in the workforce Engagement level	14% (2022 – 13%) 44% women on the Board (2022 – 37%) 32% women in senior management (2022 – 28%) 25% women in workforce (2022 – 24%) 42% engagement score (2019 – 36%)
	Supporting communities around us We make a positive contribution to the communities in which we operate.	• Investing in our communities.	Charitable donations	$81k paid in charitable donations (2022 – $85k)

ESG and Sustainability continued

AREA	OUR COMMITMENTS	MATERIAL ISSUES ADDRESSED	WHAT WE MEASURE	PERFORMANCE IN 2023
Responsible products	**Delivering high quality products and services** We meet and pre-empt the needs of our customers and the environments we both operate in, through innovation, customisation and the highest levels of quality control.	• Ensuring the quality assurance of our products; • Transition to and growth of business in less carbon-intensive sectors; • Promoting innovation to develop new products and applications; and • Being responsive to the needs of our customers and market.	Internal manufacturing reject rate	0.20% (2022 – 0.13%)
			% of shipped goods returned	0.0006% (2022 – 0.0013%)
			% of facilities accredited to ISO 9001: 2015 (Quality)	78% (2022 – 74%)
			Non-oil and gas revenue	$75.9m (2022 – $47.6m)
			Research and development expenditure	$6.9m (2022 – $5.8m)
Governance	**Fostering mutually beneficial partnerships** We foster sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. We respect human rights.	• Ensuring sound governance, business ethics, and anti-bribery and corruption; • Due diligence in supply chain; • Observance of regulation and custom, including local content; • Respecting human rights, including preventing modern slavery; • Maintaining transparency and improving ESG disclosure; and • Disclosing Board and leadership accountability for ESG, and linking this to remuneration.	Whistleblowing reports	Six reports (2022 – two)

ESG and Sustainability continued

Our contribution to the SDGs

The United Nations' 2030 Agenda for Sustainable Development provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries – developed and developing – in a global partnership. These goals 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 contribute to achieving these goals, and that every contribution – no matter how small – can have a positive impact on society and the environment.

We have identified nine SDGs to which we can make a positive contribution.

Good health and well-being

The health and safety of our employees is of the utmost importance to us. We are responsible 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, support and access to healthcare we provide, 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. We also have a number of readily available technologies and products to supply to the tangential geothermal and carbon capture and storage markets in the emerging energy transition sector.

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 the responsible sourcing of materials.

Gender equality

Our aim is to ensure that our workplaces and decision making processes 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, we also seek to promote diversity on our Board and among our senior leadership team.

Decent work and economic growth

We have a skilled and diverse workforce, operating in 11 countries across the globe. We place a great emphasis on attracting and retaining talented employees, ensuring that they are engaged and able to develop to their full potential. Measures are 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 the most positive contribution towards climate change mitigation by improving our energy efficiency mix and reducing our greenhouse 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. We 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.

The environment

OUR COMMITMENT

We protect and minimise our impact on the environment in which we operate, and where our products are used. We support the responsible transition to a low carbon economy, by setting and achieving emissions reductions and mitigating climate-related risks, and transitioning our business to less carbon intensive sectors.

MATERIAL ISSUES

Ensuring environmental compliance and good practice (emissions, water, waste)

Pursuing the transition to and growth of our business in less carbon-intensive sectors

SDGs

Our comprehensive and integrated approach to quality, safety, health and environmental management and compliance is underpinned by our sound enterprise risk management framework. This supports our aim to ensure compliance with all environmental regulation in the regions in which we operate.

We are committed to the efficient use of natural resources, such as energy, water and raw materials, and to reducing our overall environmental footprint.

The Group's Quality Management System is aligned with the globally recognised ISO 14001 (environmental) standard and the ISO 50001 (energy management) standard. In 2023, 78% (2022 – 74%) of facilities were in compliance with ISO 9001: 2015.

Climate change

At Hunting, we support a science-based approach to climate change and recognise that responsible companies have a role to play in mitigating our contribution to climate change and its impacts on business and society. The Hunting Board has committed to the principles published in the 2015 Paris Agreement, which aims to limit the increase in global warming to below 2°C and to pursue efforts to limit the increase to 1.5°C. Our Climate Policy was updated in January 2023, and is available at www.huntingplc.com. Having adopted and progressed our TCFD reporting, additional strong governance and reporting initiatives have been put in place to further support our commitment to addressing and mitigating our impact on climate change, as well as the impact of climate change on our business in the short, medium and long term. Our TCFD disclosure is available on pages 82 to 95.

We seek to manage our climate-related impacts by setting and achieving emission reductions, and mitigating climate-related risks. While Hunting's businesses have historically operated in the oil and gas sector, the Group is deliberately seeking to transition to lower carbon products and services. We are committed to pursuing energy transition opportunities as well as diversifying revenue sources to include non-oil and gas sales.

ESG and Sustainability continued

Measuring our emissions and setting targets

Hunting has disclosed its scope 1 and 2 GHG emissions since 2013, in accordance with the principles of the Kyoto Protocol. The process for the reporting of these emissions is integrated into our non-financial reporting framework. As our scope 1 and 2 emissions are within our control, our aim is to reduce them as a priority:

- In 2022, the Board approved a target to reduce our GHG emissions by 50% by 2030, from levels reported in 2019, the baseline year. This equates to a target of 17,937 tonnes in total scope 1 and 2 emissions by the end of the decade. The Group continues to drive an intensity factor (calculated as total emissions divided by revenue) of less than 30; and
- In late 2022, the Group appointed S&P Global to assure our 2022 scope 1 and 2 GHG emissions data. This process was completed in July 2023, with no material issues being identified.

In September 2023, the Group appointed a third-party expert to assist in the evaluation of Hunting's scope 3 GHG emission inventories. This process started in late 2023 at our Hunting Titan operating segment. Hunting Titan currently represents around 23% of the Group's scope 1 and 2 carbon footprint and is considered to be a major component of our overall footprint.

In 2024, this assessment will be extended to the Group's Subsea Technologies, EMEA and Asia Pacific operating segments to further improve the accuracy of our total GHG footprint. This will enable the Group to develop and publish a credible carbon reduction plan by mid-2025.

2013	2019	2021	2022	2023	2024	2025
Began scope 1 and 2 GHG emissions reporting	Publication of maiden carbon reduction and intensity targets	Initial TCFD disclosures published	Publication of enhanced TCFD disclosures Commenced carbon assurance against AA1000 standard	Maiden scope 3 GHG reporting, based on Hunting Titan operating segment data	Proposed expansion of scope 3 reporting and development of Net Zero plan	Proposed publication of Net Zero plan

Our scope 1 and 2 carbon footprint

To reduce our scope 1 and 2 emissions footprint, we aim to improve our energy efficiency and, at the same time, 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.

In the US, where most 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 substantially 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 several 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 2023, our total electricity usage was 49.4 GWh (2022 – 43.4 GWh). Of this figure, total renewable electricity purchased was 11.4 GWh, (2022 – 8.7 GWh) or 23% of electricity purchased (2022 – 20%).

Total purchased electricity GWh

Renewable electricity purchased GWh

The data reported and the carbon dioxide conversion factors used to report the Group's carbon footprint, are based on those published by the International Energy Agency and BEIS and DEFRA in the UK (www.defra.org.uk).

Total scope 1 and 2 CO_2e emissions tonnes

* 2030 Target

The Group's total scope 1 and 2 emissions in 2023 were 24,042 tonnes CO_2e (2022 – 22,422 tonnes CO_2e). In the UK, total scope 1 and 2 emissions in 2023 were 787 tonnes CO_2e (2022 – 359 tonnes CO_2e).

Our scope 3 carbon footprint

In 2023, the Group appointed an independent third-party expert adviser to assist in the determination of Hunting's scope 3 inventories. Following internal discussion, management decided to commence this exercise using the Hunting Titan operating segment as a proxy for the Group's total scope 3 inventories. Hunting Titan has a centralised operating structure, which enabled a broad range of emissions data to be collected and assessed. In recent years, the segment has accounted for c.24% of the Group's total scope 1 and 2 footprint, which management believes to be sufficiently material in order to extrapolate the data and derive an estimate of the Group's total scope 3 footprint.

Working with the third-party expert, the Group has been able to report against eight of the 15 pillars of scope 3 inventories including: purchased goods and services; capital goods; fuel and energy related activities; upstream transportation and distribution; waste generated from operations; business travel; employee commuting; and end of life treatment of sold products.

ESG and Sustainability continued

Two pillars will be reported on in the future when further analysis has been completed, being use of sold products; and downstream leased assets.

Five pillars were determined not to be relevant to the business profile of Hunting Titan, being upstream leased assets; downstream transportation and distribution; processing of sold products; franchises; and investments.

Based on these eight reported pillars, Hunting Titan's 2022 scope 3 inventories were calculated to be 94,938 tonnes. In 2022, Hunting Titan's scope 1 and 2 inventories totalled 5,455 tonnes, indicating that its scope 3 footprint was c.95% of its total scope 1, 2 and 3 footprint. In 2022, Hunting Titan, therefore, had an estimated scope 1, 2 and 3 footprint of c.100,393 tonnes.

Management have used this assessment to extrapolate Hunting's total Group scope 3 footprint for 2022 and 2023. The method for extrapolation had been based on the cost of sales of Hunting Titan and that of the wider Group over these two years, and reflects materials purchasing and employee increases, based on the higher levels of activity reported in the year. The Group's scope 3 inventories for 2023 and 2022 have, therefore, been assessed to be 353,346 tonnes and 277,143 tonnes respectively. The estimated total Group scope 1, 2 and 3 emissions for 2023 were, therefore, 377,388 tonnes (2022 – 299,565 tonnes).

Management will be extending this assessment exercise to include the Group's Subsea Technologies, EMEA and Asia Pacific operating segments in 2024, with the North America operating segment to be assessed in 2025. In addition, further work is planned to broaden the number of reporting pillars of scope 3 being assessed.

Carbon intensity factor

Hunting's CO_2e intensity factor is based on total carbon dioxide equivalent emissions divided by Group revenue. In 2023, this was 25.9 kg/$k of revenue (2022 – 30.9 kg/$k of revenue). This is based on our scope 1 and 2 CO_2e tonnage only.

CO_2e intensity factor
#

Our latest submission to the Carbon Disclosure Project is available at www.cdp.net.

Climate change impact and transition

Hunting is currently transforming its business model to pursue opportunities in a lower carbon economy in response to, and to mitigate, climate change. Currently, around $75.9m or 8% (2022 – $47.6m or 7%) of our revenue contribution is from non-oil and gas sectors, and this is set to steadily increase in the years to come.

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 on page 69.

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

Water management

We recognise that water is a valuable resource and, in some areas in which we operate, it is also a scarce resource. Hunting has a number of water supplies, some provided by utility networks and some from boreholes drilled at certain locations. While Hunting is not considered to be a significant water user, we are mindful of the need to actively reduce our freshwater consumption, to reuse/recycle water as far as possible, and to ensure that no contaminated water is discharged into the original water source. Any water contaminated during industrial activities is collected and treated or contained as special waste. Our intention is to recycle as much as we are able to internally or facilitate treatment and recycling off site. We are mindful of the potential impact on our facilities of extreme weather events, and ensure that any run-off from our facilities is captured and contained, prior to treatment, through secondary containment measures. A feature of all new and planned facilities is the likely impact of severe storms. In 2023, freshwater consumption was 198,000m^3 (2022 – 164,000m^3).

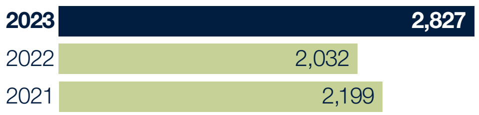
Water consumption
'000 m^3

Waste management and recycling

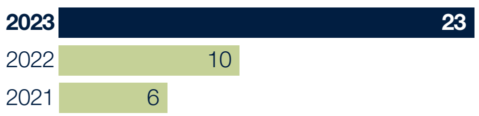
We are mindful of the need to responsibly source and consume materials, to increase and optimise reuse and recycle, and to responsibly dispose of waste.

All our operations have recycling programmes in place and recycling data is collated for metal, wood and plastics. Our industrial waste is largely in the form of liquid waste streams. We continue to explore ways of reusing chemicals and materials. For example, we have introduced a mechanism to capture and reuse cutting fluids, that not only limits this waste stream, but is also cost-effective. Where a waste stream is unavoidable, we dispose of this responsibly using appropriately vetted suppliers. We take the view that we are responsible for materials throughout their life cycles. An excellent example of our approach is Hunting's joint venture manufacturing facility in Nashik, India. The facility produces and supplies pipes, tubes and premium connections for the OCTG and is aiming to be entirely waste-free. See the case study on page 72.

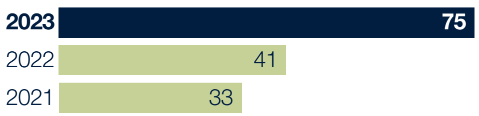
Metal recycling
tonnes



Plastic recycling
tonnes



Wood recycling
tonnes



ESG and Sustainability continued

Nashik facility in India drives strong waste management protocols

Hunting operates a joint venture manufacturing facility together with Jindal SAW Ltd in Nashik, India, approximately 200km north-east of Mumbai.

The facility, Jindal Hunting Energy Services Ltd, produces and supplies pipes, tubes and premium connections for the OCTG sector, and is poised to reach an annual threading capacity of 60,000 metric tons of OCTG.

Every day, the manganese phosphate and copper plate processes that the facility uses produce waste water that contains particles and chemical compounds. This water cannot be released into the environment and is therefore properly treated and recycled through the facility's effluent treatment plant ("ETP"). "We have built a 15kl ETP to treat all wastewater produced during the manganese phosphate and copper plate processes," says Kwek Wee Liang, Hunting's Regional GM for QHSE and the facility's Project Manager. "The ETP includes a zero liquid discharge ("ZLD") plant, which is still under construction. Once the ZLD plant is complete, it will process approximately 30% of the waste water, with the remaining 70% going to external treatment."

The ZLD system involves a range of advanced wastewater treatment technologies to recycle, recover and reuse the treated wastewater. It also separates sludge in salt form and disposes of it through a local government-approved vendor.

After treatment, about 99% of the waste water is recycled for utility purposes, and no wastewater is discharged into the environment.

Other forms of waste, including waste oil, sludge, chemical fumes and contaminated dust, are also ethically disposed of, either through the ETP or approved vendors.

Finally, the facility's phosphate, copper plating, pipe stencilling and painting, and blasting processes are equipped with scrubber systems to remove particulates and contaminants before any gases are released into the atmosphere.

ESG and Sustainability continued

Annual energy summary

	Units	2023	2022	2021	2020	2019 base line year
Energy type						
Natural gas – Group	GWh	**7.2**	7.9	8.5	13.7	17.8
Natural gas – UK	GWh	**0.8**	0.8	0.9	2.6	4.2
Vehicle consumption and process emissions – Group	tonnes CO_2e	**3,575**	3,367	2,491	3,338	2,972
Vehicle consumption and process emissions – UK	tonnes CO_2e	**76**	76	28	34	60
Electricity purchased – Group	GWh	**49.4**	43.4	40.5	48.6	55.7
Electricity purchased – UK	GWh	**1.7**	0.5	1.4	1.4	1.6
Renewable electricity purchased – Group	GWh	**11.4**	8.7	6.5	5.8	2.1
Renewable electricity purchased – UK	GWh	**1.7**	0.5	0.3	0.4	0.5
Greenhouse gas emissions						
Scope 1	tonnes CO_2e	**5,612**	5,778	4,171	6,605	7,100
Scope 2	tonnes CO_2e	**18,430**	16,644	14,688	18,811	28,774
Total scope 1 and 2	tonnes CO_2e	**24,042**	22,422	18,859	25,416	35,874
Scope 3	tonnes CO_2e	**353,346**	277,143	n/a	n/a	n/a
Total	**tonnes CO_2e**	**377,388**	299,565	n/a	n/a	n/a
CO_2e intensity factor (based on scope 1 and 2 emissions only)	kilogrammes per $k revenue	**25.9**	30.9	36.2	40.6	37.4
Water consumption	thousand cubic metres	**198**	164	69	257	319

ESG and Sustainability continued

People and society

OUR COMMITMENTS

Operating safely
We seek to achieve and maintain the highest standards of safety for our employees and customers.

Supporting and developing our people
We want to attract and retain a highly skilled workforce. We provide training and development to our employees to help them sustain and grow their careers. We promote diversity and workplaces that are free of prejudice.

Supporting communities around us
We make a positive contribution to the communities in which we operate.

MATERIAL ISSUES

Protecting the safety of our customers and users of our products

Protecting the health, safety and well-being of our employees

Engaging with our employees

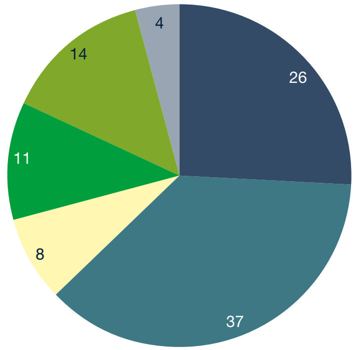
SDGs

Our people

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.

At 31 December 2023, the Group employed 2,420 people across our global operations (2022 – 2,258 people). Of these, 37% are employed in our North America operations, 26% at Hunting Titan, 14% in Asia Pacific, 11% in EMEA, 8% at Subsea Technologies, and 4% in regional headquarters.

Employees by operating segment
%



Operating segments
- Hunting Titan
- North America
- Subsea Technologies
- EMEA
- Asia Pacific
- Central

ESG and Sustainability continued

Health and safety

Our health, safety and environment ("HSE") goals of "No Accidents, No Harm to People", and "No Damage to the Environment" continue to drive our HSE agenda and support our pursuit of high standards of performance.

We place great emphasis on entrenching HSE best practice in our culture and employ rigorous health and safety practices. Our HSE policy guides the way we work, putting safety first. Our approach ensures:

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

We place a great deal of emphasis on training and learning from incidents. We have a rigorous safety training curriculum in place, and each employee received, on average, around 29 (2022 – 12) hours of HSE training in the year.

Total recordable incident rate
#

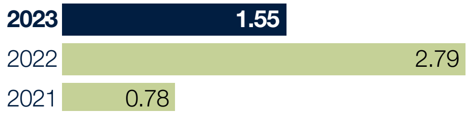
Our Group Health, Safety and Environmental Global Manual is accredited to ISO 14001: Environmental Management System and was compiled in accordance with the ISO 45001: Occupational Health and Safety Management System. This manual specifies requirements for HSE training, the need for protective equipment, and procedures and practices associated with high-risk operations.

Each local business has tailored health and safety policies to suit their particular working environment. At a minimum, we comply with local regulatory requirements.

Our target is to achieve zero recordable incidents. While this was not achieved in 2023, our overall safety performance, as measured by the total recordable incident rate, improved despite a significant increase in the number of hours worked during the year as trading activities increased.

- There were no fatalities in the Group (2022 – zero);
- Recordable incidents rose slightly to 24 in 2023 (2022 – 23), while the total recordable incident rate decreased by 6% to 0.91 (2022 – 0.97) as the number of hours worked increased from 4.7m in 2022 to 5.3m in 2023; and
- There were 41 near-miss incidents in 2023 (2022 – 66), which translates into a total near-miss frequency rate of 1.55 (2022 – 2.79), which decreased by 44% as the number of hours worked increased.

Total near-miss frequency rate
#



Climate, noise and air quality testing is undertaken regularly at our operations to ensure both regulatory compliance and the achievement of our own internal standards.

Through our internal HSE Management System, OnBase, processes, communication, training and reporting are now captured seamlessly within one application across the Group, helping to 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 reinforced.

Attracting, retaining and developing employees

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.

We take diligent steps to comply with all relevant regional laws covering employment and minimum wage legislation.

Recruiting and retention, and training and development have been important areas of focus during the year. Competition for talent remains strong globally. Nonetheless, while finding talent may currently take longer than it has previously, Hunting continues to find and place good candidates.

Voluntary turnover is a measure we use to understand the Company's retention profile. Over the last couple of years, we have experienced an uptick in voluntary turnover, which is currently at 14%. Although this is marginally higher than the last few years, it is still relatively low compared to industry standards.

The tenure of our employees is another good indicator of a positive work culture and Hunting has a reputation for long service of its employees. We maintain this success through competitive compensation, excellent benefits, and a commitment to a safe environment.

To retain our staff, we ensure that our employees are fairly remunerated. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds.

ESG and Sustainability continued

Employees are offered benefits on joining the Group, including healthcare cover, post-retirement benefits and, in certain instances, can include participation in annual bonus arrangements that reflects strong performances. We also continue to enhance the benefits we offer, such as maternity and paternity leave.

During the year, some of our employees were selected from different business units across the globe, to participate in the Energy Workforce and Technology Council Executive Leadership programmes, which are designed to develop and enhance leadership skills as well as engagement in networking opportunities within the industry.

An area of focus in the year ahead is leadership training. An outcome of the engagement survey completed in the year is the need for more recognition of employees. One approach that is being pursued is to better train managers on how to give good feedback and daily recognition.

Additionally, we are placing our senior managers in a programme for executive leadership and our mid-level managers in an operations leadership programme.

Training in respect of the Code of Conduct, anti-harassment and discrimination and unconscious bias is also continuing in support of our diversity and inclusion efforts. We are further committed to uplifting all employees, with training and development covering Health and Safety training, professional development and general career development initiatives.

Employee engagement

Hunting places a great deal of emphasis on employee engagement, recognising that high levels of engagement are related to bottom line outcomes such as job performance, client satisfaction and financial returns, while also improving employees' own quality of life. In 2023, Hunting undertook an all-employee Gallup Q12 survey, a following the survey completed in 2019.

We were extremely pleased with the participation results. A total of 1,866 employees responded to the survey, resulting in a participation rate of 83% (2019 – 80%).

Both the engagement score and engagement index ratio (which defines engaged workers to actively disengaged workers) improved. 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.

Another important result is the employee engagement ratio of engaged workers versus actively disengaged workers. Hunting's Engagement Index Ratio was 3.5:1 which means there are 3.5 engaged employees for each actively disengaged employee. This is again an improvement from our 2019 result of 2.25:1. An optimal ratio and our goal for future surveys is a ratio of 4:1.

Our employees are 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

Hunting prides itself on being a fair and responsible employer. We are committed to creating a positive workplace environment for all our employees, one that is safe, respectful, fair and inclusive, and free of any form of harassment, bullying or discrimination.

More than that, we actively seek to increase the diversity of our workforce through recruitment, training and development, conditions of work and disciplinary procedures.

The Group's ethics policies support equal employment opportunities across all of Hunting's operations.

As a responsible employer, Hunting gives full and fair consideration to applications from disabled persons.

Further, 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 Board with shortlists comprising an appropriate gender balance; and
- a periodic review by the Nomination Committee of its progress in complying with best practice recommendations.

Community engagement and support

Hunting continues to engage with and support the communities located around our operations 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.

An example of this approach is our long-standing relationship with three orphanages in Batam, the largest city in the province of Riau Islands in Indonesia.

ESG and Sustainability continued

Supporting safe and nurturing spaces for orphans in Batam

Hunting believes in providing meaningful and constructive support to communities in which our operations are located, and encourages employees to actively volunteer to good causes.

For some years we have actively supported three orphanages in Batam, the largest city in the province of Riau Islands in Indonesia. The orphanages – Elshaddai Abigail, Manbaul Hidayah and Al Kahfi – provide safe and nurturing environments for orphans and underprivileged children between the ages of two and eighteen. They ensure that the children's basic needs are met and that they receive a good education.

"We are aware that these orphanages face numerous challenges, and are committed to meeting their daily needs, providing them with sustainable support, and ensuring their children receive a good education" says Faris Gateneh, Hunting's HR Manager in Batam.

Over the last three years, Hunting has focused on the following initiatives:

- **Hydroponic gardening:** Through our hydroponic gardening programme, we help the orphanages to grow their own food and earn an income through the vegetables they sell. We have also helped to improve their hydroponics competency;
- **Baking tools:** The provision of baking tools helps the orphanages to prepare their own meals, and nurtures an interest among children who are curious about cooking and baking. The hope is that this will help some children to use these skills to start their own businesses in the future;
- **Industrial sewing machines:** The provision of industrial sewing machines has helped the orphanages to make and mend their own clothing. This has been a significant cost saving and has improved their sewing skills;
- **Chicken coops:** Chicken coops give the orphanages a fresh supply of eggs, and help them to raise money through the eggs they sell. It also ensures the children's daily protein needs are met;
- **Cleft surgery:** Children who require cleft palate surgeries receive excellent care as well as emotional support; and
- **Tuition fees:** Hunting pays tuition fees towards the orphans' education, which is critical in helping them pursue tertiary studies and find employment or become entrepreneurs.

At its annual charity event, Hunting also welcomes voluntary donations from employees in support of the orphanages. In 2022, Hunting transitioned its fundraising system to the Sonny Benevolent Smile Fund, which now processes regular contributions. All future support for orphanages will use the fund to manage and control both donations and expenses.

ESG and Sustainability continued

Governance

Fostering mutually beneficial partnerships

OUR COMMITMENT

We ensure honest, ethical and transparent conduct in our business and our supply chain. We foster sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. We respect human rights.

MATERIAL ISSUES

- Ensuring cyber security and protection of data
- Protecting and enhancing Hunting's reputation
- Ensuring sound governance, business ethics, and anti-bribery and corruption
- Undertaking due diligence in our supply chain
- Compliance with regulation and custom, including local content
- Disclosing Board and leadership accountability for ESG

SDGs

Business ethics

Hunting's Code of Conduct (the "Code") contains policies and procedures covering how the Group conducts business, internally and externally, and maintains its relationships with business partners. All employees and business partners are provided with a copy of the Code and are expected to adhere to it.

Human rights

We are committed to upholding the human rights of all our stakeholders, and achieve this by 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; respecting and upholding the rights of employees to engage in collective bargaining where relevant; and acting with honesty, transparency and integrity in all of our dealings with our workforce, and anyone else who is in contact with and reliant on our business. 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 with corporate regulations through our Ethical Employment and Trading Policy; our Modern Slavery, Human Trafficking Transparency Statement; and our Ethics Reporting Procedures.

Cyber security

We recognise that as we are more reliant on globally-connected IT infrastructure, our business has become more vulnerable to cyber threats. To this end, we ensure that we have in place the necessary processes and procedures to protect our systems and data that could affect the functioning of the business, and to protect the Company from cyber attacks. We also recognise that we are custodians of data, on behalf of our employees, customers and suppliers, and that we must do all that we can to protect information in order to secure and maintain trust. Our approach is proactive and precautionary and we engage only with Tier 1 suppliers.

ESG and Sustainability continued

Responsible Products

Delivering high quality products and services

OUR COMMITMENT

We meet and pre-empt the needs of our customers and the environment, through innovation, customisation and the highest levels of quality control.

MATERIAL ISSUES

Ensuring the quality consistency of our products

Transition to and growth of business in less carbon-intensive sectors

Promoting innovation to develop new products and applications

Being responsive to the needs of our customers and market

SDGs

Reliable and sustainable products

Our purpose as a business is to be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders. Our customers rely on us to meet and even pre-empt their needs, consistently, reliably and sustainably. We recognise that achieving this requires both innovation and trust. Trust in turn is delivered through consistent quality delivery.

A critical part of the customer engagement strategy is to use our core competencies in systems manufacture, precision engineering and print-part manufacturing to deliver innovative solutions in existing and new markets.

Focus on quality

Our Quality Management System ("QMS") underpins every aspect of our business. Certain minimum requirements are mandated at a Group level, with site and product-specific quality measures in place across all sites. Our QMS encompasses procedure specification, job descriptions, and work processes. It states how we control every aspect of a product, from risk assessment to engineering changes and design to new product delivery. Every product is logged and tracked, and its journey can be audited.

Technology development

While Hunting has access to a very wide range of technologies and products, whose applications continue to expand, we know that technology development is an important underpin of our business.

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 are able to deliver a range of benefits, including reducing the timeframes required to deliver technologies to market and into the field; and avoiding duplication of effort, resulting in significant financial, time and opportunity cost and energy/CO_2 savings, which frees up resources to solve new problems.

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

Sustainability Accounting Standards Board Information

Oil & Gas – Services

TOPIC	ACCOUNTING METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Emissions Reduction Services & Fuel Management	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles; and (2) off-road equipment.	EM-SV-110a.1	Yes	Environment	38
	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts.	EM-SV-110a.1	Yes	Task Force on Climate-Related Financial Disclosures	82 to 95
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions.	EM-SV-110a.3	n/a	n/a	n/a
Water Management Services	(1) Total volume of fresh water handled in operations; and (2) percentage recycled.	EM-SV-140a.1	Yes	Water Management	71
	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts.	EM-SV-140a.2	Yes	Water Management	71
Chemicals Management	Volume of hydraulic fracturing fluid used, percentage hazardous.	EM-SV-150a.1	n/a	n/a	n/a
	Discussion of strategy or plans to address chemical-related risks, opportunities and impacts.	EM-SV-150a.2	n/a	n/a	n/a
Ecological Impact Management	Average disturbed acreage per: (1) oil; and (2) gas well site.	EM-SV-160a.1	n/a	n/a	n/a
	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities.	EM-SV-160a.2	n/a	n/a	n/a
Workforce Health & Safety	(1) Total recordable incident rate; (2) fatality rate; (3) near-miss frequency rate; (4) total vehicle incident rate; and (5) average hours of health, safety and emergency response training for: (a) full-time employees; (b) contract employees; and (c) short-service employees.	EM-SV-320a.1	Yes Yes Yes n/a Yes	Health and safety Health and safety Health and safety n/a Health and safety	34 and 75 75 34 and 75 n/a 75
	Description of management systems used to integrate a culture of safety throughout the value chain and project life cycle.	EM-SV-320a.2	Yes	Health and safety	34
Business Ethics & Payments Transparency	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	EM-SV-510a.1	n/a	n/a	n/a
	Description of the management system for prevention of corruption and bribery throughout the value chain.	EM-SV-510a.2	Yes	Anti-bribery and corruption ("ABC")	36
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.	EM-SV-530a.1	Yes	Business Model	31 to 39
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks.	EM-SV-540a.1	n/a	n/a	n/a

ESG and Sustainability continued

Oil & Gas – Services: metrics

ACTIVITY METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Number of active rig sites	EM-SV-000.A	n/a	n/a	n/a
Number of active well sites	EM-SV-000.B	n/a	n/a	n/a
Total amount of drilling performed	EM-SV-000.C	n/a	n/a	n/a
Total number of hours worked by all employees	EM-SV-000.D	Yes	Health and safety	34 and 75

Industrial Machinery & Equipment

TOPIC	ACCOUNTING METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Energy Management	(1) Total energy consumed; (2) percentage grid electricity; and (3) percentage renewable.	RT-IG-130a.1	Yes	Annual energy summary	73
Employee Health & Safety	(1) Total recordable incident rate; (2) fatality rate; and (3) near-miss frequency rate.	RT-IG-320a.1	Yes Yes Yes	Health and safety Health and safety Health and safety	34 and 75 75 34 and 75
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles.	RT-IG-410a.1	n/a	n/a	n/a
	Sales-weighted fuel efficiency for non-road equipment.	RT-IG-410a.2	n/a	n/a	n/a
	Sales-weighted fuel efficiency for stationary generators.	RT-IG-410a.3	n/a	n/a	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.	RT-IG-410a.4	n/a	n/a	n/a

Industrial Machinery & Equipment: metrics

ACTIVITY METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Number of units produced by product category	RT-IG-000.A	n/a	n/a	n/a
Number of employees	RT-IG-000.B	Yes	Employees Our people	33 74

Task Force on Climate-Related Financial Disclosures ("TCFD")

2023 has seen the further embedding of TCFD reporting across the Group's businesses. We have enhanced our disclosures on climate Strategy and Risk Management. As noted elsewhere, during the year the Company completed an assurance programme over its scope 1 and 2 greenhouse gas emissions and in the second half of 2023 commenced the assessment of the Group's scope 3 inventories.

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 2023. The climate-related financial disclosures, which follow, are consistent with the four reporting pillars of:

(i) Governance (page 83);
(ii) Strategy (pages 84 to 93);
(iii) Risk Management (pages 93 and 94); and (iv) Metrics and Targets (pages 94 and 95) contained within the TCFD Recommended Disclosures.

The Directors believe that Hunting is compliant with Listing Rule 9.8.6(8)b, with the following two exceptions:

- Hunting has not quantified detailed financial impacts of the various risks and opportunities in respect to climate change. Hunting is, therefore, not fully compliant with disclosure part (b) of Strategy; and
- Hunting has extrapolated its 2023 scope 3 emissions data using 2022 collected data and modelling processes. Hunting is, therefore, not fully compliant with disclosure part (b) of Metrics and Targets.

Further work will be completed in 2024, after which the Directors believe the Company will become compliant. This work will form the basis for a Net Zero transition plan to be published in 2025, 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), which commits the Board to Group-level monitoring of climate-related opportunities and risks. This Policy acknowledges the goal to limit global warming to 1.5°C in-line with the 2015 Paris Accords and commits the Group to assisting in the delivery of this ambition through a reduction in its global carbon footprint.

Progress in Hunting 2030 Strategy

During 2023, the Board of Hunting announced the Hunting 2030 Strategy, which commits to the development of revenue from the energy transition sector, including low carbon geothermal and carbon capture projects, and non-oil and gas end-markets. To increase the Group's long-term sustainability investment profile, Hunting is now targeting 25% of total revenue to be derived from non-oil and gas sources by 2030. This is targeted at reducing the cyclicality of the Group's revenue and profit profile, to ensure Hunting remains an investable business through the energy cycle. For more information on the Hunting 2030 Strategy please see pages 6 to 11.

Risk management

In 2022, the Group rolled out a climate change risk management survey to all businesses, which is updated annually. The survey explores the impact of climate change on the long-term outlook of each business unit, using the 'business as usual' and '1.5°C' global warning scenarios. The survey captures 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 85 to 89 incorporates these disclosures and also reflects the financial impact of these risk in the short, medium and long term. The Group has also developed a model which analyses the carrying values of the assets held by each business and explores the financial impact of each business unit based on these climate scenarios.

Metrics and targets

The Directors of Hunting announced new GHG emissions reduction targets in March 2023, which includes a reduction of scope 1 and 2 emissions to 50% of the base-line year of 2019 by 2030.

Carbon data collection and assurance

During 2022, the Group appointed S&P Global to provide assurance services against the AA1000 standard over Hunting's policies and scope 1 and 2 GHG emissions data which are being externally published. The process concluded in July 2023, with no material issues identified in the Group's data collection and processing of its carbon data.

Scope 3 emissions reporting

In 2023 management commenced the assessment of its scope 3 GHG inventories. To assist Hunting in this initiative, an independent third-party expert adviser was appointed in September 2023 to support the data collection and analysis utilising their long-term expertise in carbon data modelling.

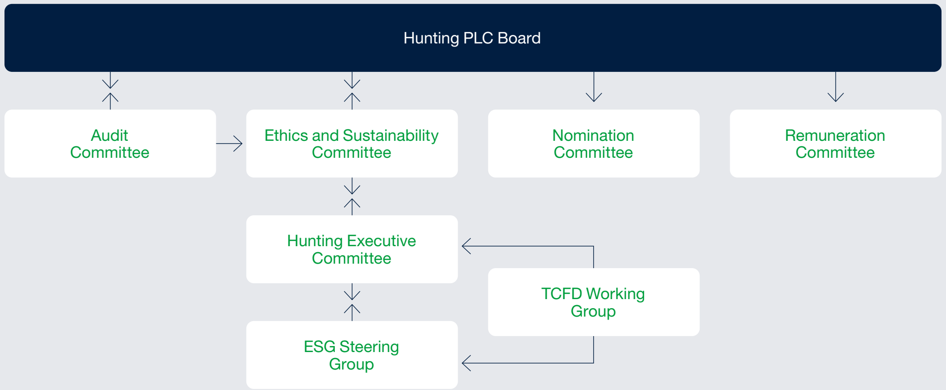
The Group has completed an analysis of the scope 3 emissions of the Hunting Titan operating segment, which historically accounts for c.24% of the Group's scope 1 and 2 carbon footprint, which management believes to be sufficiently material to enable an extrapolation of Hunting's total scope 1, 2 and 3 GHG emissions to be made. The Company has commenced this analysis using Hunting Titan's 2022 data sets. This is believed to be appropriate, given that Hunting Titan's manufacturing business model closely aligns with other businesses within the Group. Management worked with the third-party adviser on the emissions data available for assessment and, following discussion, agreed that eight of the 15 pillars of the TCFD-recommended scope 3 inventories could be reported. These are detailed on pages 70 and 71. Management, therefore, note that this analysis of scope 3 inventories is a partial emissions assessment. Based on the analysis of the Hunting Titan segment, its scope 1, 2 and 3 greenhouse emissions were analysed to be c.100,393 tonnes in 2022, with Hunting Titan's 2022 scope 1 and 2 footprint being 5,455 tonnes and scope 3 being 94,938 tonnes. Scope 3 emissions for Hunting Titan, therefore, equate to c.95% of the emissions of the operating segment. Using this assessment, management has extrapolated the Group's scope 3 inventories, using Hunting Titan's and the Group's cost of sales data as the appropriate scaling factors to calculate a total scope 3 data point. Hunting's scope 1 and 2 emissions have been assessed to be 24,042 tonnes (2022 – 22,422 tonnes). Scope 1, 2 and 3 GHG emissions have, therefore, been assessed to be 299,565 tonnes for 2022 and 377,388 tonnes for 2023. During 2024, the assessment will be extended to the Subsea Technologies, EMEA and Asia Pacific operating segments.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

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.

Climate Governance Framework



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 and finance functions on 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.

In 2021, the Company 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 112 and 113).

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 128 to 130.

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 TCFD disclosure, which includes the climate-related risk assessment 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 and business unit-level climate risk register, which is detailed on pages 85 to 89. 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.

For more information of the Group's wider governance framework, please refer to the Corporate Governance Report on pages 115 to 125.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Strategy

Disclosure (a) – Description of risks and opportunities over the short, medium and long term

Disclosure (b) – The impact of climate-related risks and opportunities

Hunting has not presented risks and opportunities based on the geographic split of its global operations or by the various industry sectors where it sells products and services, as recommended by part (a) of Strategy.

Hunting is a global energy services group focused largely on the oil and gas industry and therefore each of its global operating segments are faced with the same climate change risks and opportunities.

The opportunity to transition to non-oil and gas related sales exists in all operating segments across the Group, but notably in the North America and EMEA operating segments, which currently represent all of the Group's non-oil and gas revenue, and in the segments with high proportions of OCTG related revenue. As such, the non-oil and gas segment of Hunting's revenue profile is not a separate business unit.

Therefore, the Board believes the geographical / sectoral split approach to climate change analysis not to be relevant to Hunting.

Climate scenarios for evaluating transition risks and opportunities

The Group uses three scenarios to evaluate transition risks and opportunities:

- **Business as usual scenario** (aligned to 2.5°C warming) – evolution of current policies and a steady advancement of current and nascent technologies;
- **Middle case scenario** (aligned to 2.0°C warming) – global net zero achieved by 2060, which incorporates policy response to the current energy crisis as well as decarbonisation commitments, but not as swift as under the rapid transition scenario; and
- **Rapid transition scenario** (aligned to 1.5°C warming) – global net zero achieved by 2050 as prescribed by the Paris Agreement. This reflects immediate peak energy, rapid hydrogen and carbon removal deployment and a consumer shift.

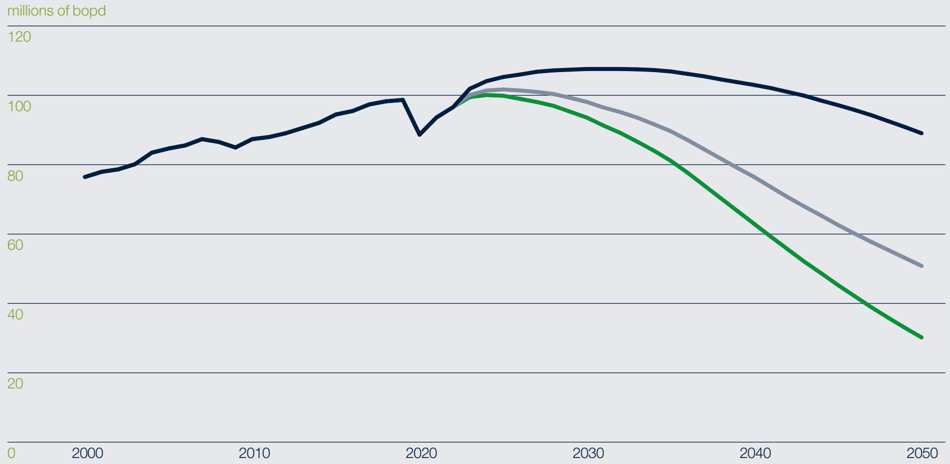
In selecting these scenarios, the Group used energy demand analysis from Wood Mackenzie (see right) which analyses a range of climate change scenarios as well as the latest energy transition projections and oil and gas demand scenarios from the International Energy Agency ("IEA"), see graph on page 90, which is assumed to be in a Stated Policies Scenario. The IEA research included three scenarios: the Stated Policies Scenario, the Announced Pledges Scenario, and the Net Zero Emissions by 2050 Scenario.

Climate scenarios for evaluating physical risks and opportunities

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); and
- Scenario 2 – RCP8.5 (an increase in global temperatures by 4°C by 2050).

Scenarios for oil demand: 2020 to 2050



Source: Wood Mackenzie

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

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

Additionally, all other known risks are evaluated by the Board under the Group's current operational risk programme.

The scenarios have been used to evaluate climate-related risks and opportunities over the short (0-5 years), medium (5-10 years) and long-term (10+ years). The short-term period aligns with the Group's usual business and financial planning timeframe, the medium term aligns with the business outlook beyond the short term, and the long-term period represents the timeframe by which the wide range of uncertainties surrounding the energy transition are widely expected to materialise.

Risks have been categorised as follows:

- Low – no impact to minor impact on the Group's profitability and ability to achieve strategic objectives;
- Medium – some impact felt to the Group's profitability and ability to achieve strategic objectives, requiring some mitigation plans and action; and
- High – significant impact to the Group's profitability and ability to achieve strategic objectives, therefore requiring critical and urgent mitigation plans and action.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis
Transitional risks

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
1. Market			
Risk rating: Medium **Timeframe:** Long term **Financial impact:** Revenue	Hunting's primary revenue streams are derived from the oil and gas industry. 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.	The Board reviews a number of primary energy demand scenarios developed by Wood Mackenzie and the IEA, which include energy transition projections and oil and gas demand scenarios to 2050. The former is presented on page 84 and the latter on page 90. The Directors also 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. From this analysis, the Directors believe that in the business-as-usual scenario 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 6 to 11, 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 18 to 23 and also on page 100.	As noted in the Market Summary on pages 24 and 25, market indicators including rig count and drilling and production spend data, published by Spears & Associates, support the Group's wider financial reporting needs in the short term, including impairment reviews. In October 2023, the IEA issued its annual energy outlook which provides a perspective on the long-term changes to energy demand and its primary energy inputs. This shows that the outlook for oil and gas, in a Stated Policies Scenario as defined by the IEA, remains robust to 2050 with oil demand remaining flat for this timescale, with a small decline in natural gas demand. The analysis from Wood Mackenzie provides a high level view of the possible changes to global oil and gas demand and therefore to Hunting's revenue profile to 2050, which indicates possible reductions in oil and gas revenue of c.50-60% from 2023 in the Middle Case and Rapid Transition scenarios. These energy demand scenarios have implications for Hunting's long-term strategy as the Group's products and services, and overall revenue profile, are currently largely driven by oil and gas demand and investment in the exploration and production of hydrocarbons, notwithstanding the opportunities to pivot to non-oil and gas markets as described below. The Board believes that the primary energy mix to 2050 supports Hunting's long-term focus on energy, underpinned by the pivot to non-oil and gas sales in this timescale, see opportunities below. The split of revenue between oil and gas and non-oil and gas sectors, the relevant metric for managing the risk, is disclosed in note 2 on page 182.
2. Technology			
Risk rating: Medium **Timeframe:** Long term **Financial impact:** Revenue	Hunting's products and services are primarily targeted at the oil and gas industry, given its expertise and know-how of this sector. 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.	The Directors believe that Hunting's engineering excellence, particularly within the 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 2022, a global Energy Transition sales group was formed to pursue carbon capture and geothermal revenue.	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. 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Transitional risks continued

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
3. Labour and expenses			
Risk rating: Medium **Timeframe:** Short to medium term **Financial impact:** Expenditure	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. 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.	The Directors have monitored labour risk during 2023 through the Remuneration and Ethics and Sustainability Committees to ensure possible labour market issues in Hunting's various regions of operation are minimised.	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 102, with employment costs likely to increase in the long term, to attract and retain employees to the oil and gas industry. Hunting's employee costs are disclosed in note 7 on page 186. Energy costs – in 2023 total utilities costs amounted to c.$7m. It is possible that as the energy transition progresses, the cost of electricity will increase as more expensive primary energy sources are adopted. It is expected that the impact will increase in each scenario, with the largest impact expected in the rapid transition scenario.
4. Insurance and tax			
Risk rating: Low **Timeframe:** Short to medium term **Financial impact:** Expenditure	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 possible 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 the end of the decade. 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.	Given the modest level of emissions produced by the Group, the Directors believe that the potential tax cost to the Group is low. 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 due 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Transitional risks continued

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
5. Financial markets			
Risk rating: High **Timeframe:** Short to long term **Financial impact:** 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. 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 it attention. 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 refinancing.	The Hunting 2030 Strategy, Climate policy and ability to diversify revenue streams to non-oil and gas are considered to partially mitigate the impact. **Capital investment** – it is likely that new investment in facilities will occur over time to align with the physical risk to the Group's facilities noted on page 89, which will require funding. However 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, minimising the requirement for access to debt in this regard. **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.
6. Regulatory, legal and compliance			
Risk rating: Medium **Timeframe:** Short to medium term **Financial impact:** Expenditure Capital and financing	Regulatory and compliance risk with respect to climate has increased, 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 to 105, 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.	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. 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. Climate-related litigation is a further potential cost pressure which may materialise over time, as activism increases.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Transitional risks continued

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
7. Reputation			
Risk rating: High **Timeframe:** Short to long term **Financial impact:** Capital and financing	Many stakeholders have become more aware of climate change, linking a Company's response to the climate debate to 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' 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. Management are focused on closer investor relationships and more regular interactions, and further transparency on strategy.	Reputation risk is not easily quantified. Hunting's association with the oil and gas industry is believed to be a high risk in the long term in respect to investor and shareholder perceptions, given the negative media attention of traditional primary energy sources. 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. 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

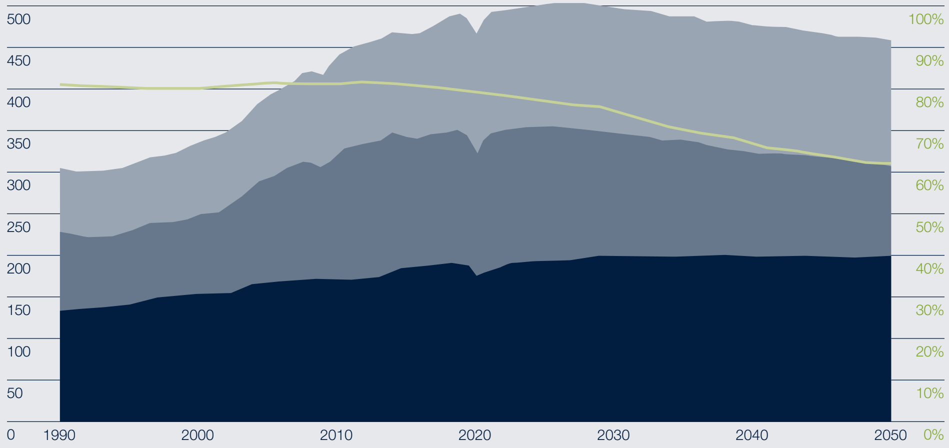
Climate change risk analysis continued
Physical risk

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
8. Assets			
Risk rating: Medium **Timeframe:** Long term **Financial impact:** Revenue Assets and liabilities	The global operating footprint of the Group is potentially exposed to the acute and chronic physical risks of more volatile and severe weather events due to climate change. These events have the ability to damage the Group's operating facilities and property, plant and equipment, thus impairing Hunting's ability to generate revenue. Additionally, in terms of chronic physical risks, higher temperatures are likely to increase the requirement for operational and office cooling, but there will likely be a minor reduction in requirement for space heating in winter.	In December 2021, the Board and the Ethics and Sustainability Committee reviewed an independent report from Willis Towers Watson ("WTW") 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 graph on page 90 presents the Group's facility exposures to severe weather events based on the two physical risk climate scenarios. 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 considered to be in higher-risk areas. 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. The Directors believe that 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 Group's operating sites are largely unchanged since 2021. The WTW analysis will be refreshed in 2024. As considered as part of the Group's strategic planning, it is expected that the majority of products and services offered by Hunting can be manufactured in multiple facilities, which mitigates the risk of loss of revenue.	There is not considered to be a significant difference in weather events between the two scenarios in respect of the Group's exposure to physical risks, with only a minor increase in the frequency and intensity of such events in scenario 2, other than in relation to heat stress, which intensifies further in scenario 2. The graphs on page 91 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 that virtually all facilities reported 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 product lines are manufactured and the relative climate risk associated with each of these sites. 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. Higher peak and average temperatures are likely to lead to an increase in cooling capacity, required for facility cooling, possibly leading to higher capital costs to expand or upgrade equipment and also higher operational costs. However, the Group's facilities are located at sites that are not at risk of significant increases in heat stress so the impact is expected to be low.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

IEA projected fossil fuel demand: 1990-2050

Exajoules

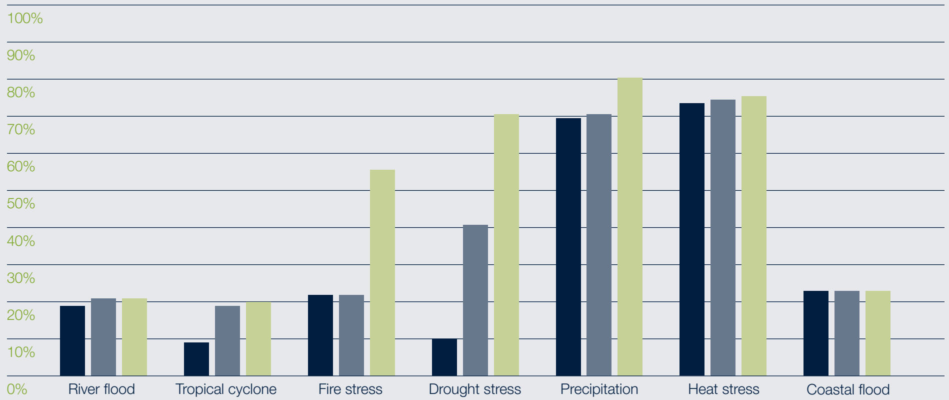


■ Oil ■ Coal ■ Natural gas — Share of fossil fuels in TES (right axis)

Source: IEA – World Energy Outlook 2022

Facility exposure to severe weather events based on RCP4.5 and RCP8.5 climate scenarios to 2050

Percentage of facilities operated by the Group



■ Current – 2023 ■ RCP4.5 – 2050 ■ RCP8.5 – 2050

Source: Company/WillisTowersWatson

Climate opportunities

Resource efficiency

The Group retains an ongoing lean manufacturing programme that is aimed at increasing productivity and reducing costs of operation.

In 2023, the cost saving estimated by this programme was $1.4m (2022 – $1.4m).

Key resource inputs for the Group include the availability of power and water.

Energy source

The Group's carbon emissions footprint is noted on pages 94 and 95.

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. These opportunities are considered to exist in each scenario but would be expected to accelerate and happen more swiftly in the Rapid Transition and Middle Case scenarios.

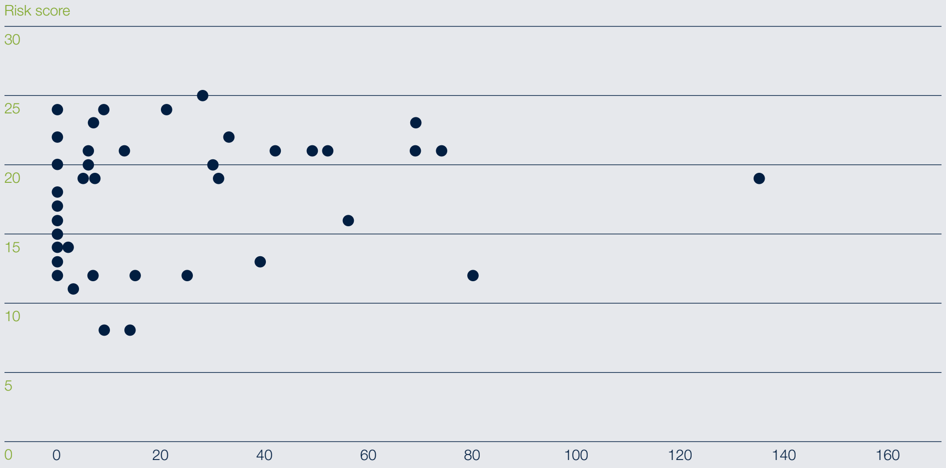
i. Participation in non-oil and gas primary energy development

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 energy 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.

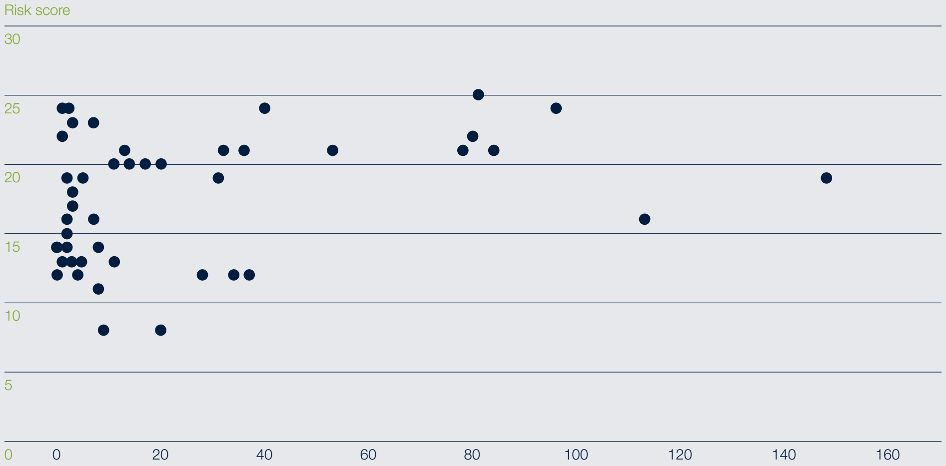
Task Force on Climate-Related Financial Disclosures (“TCFD”) continued

Total invested value (£m) by facility vs Weather risk score (max = 48)



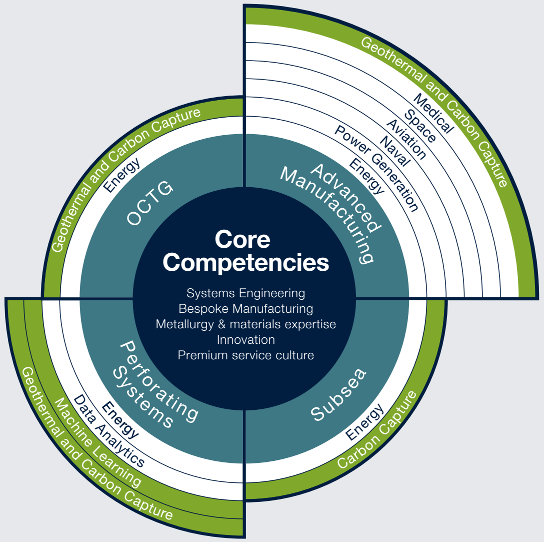
Source: Company/WillisTowersWatson

Revenue ($m) by facility vs Weather risk score (max = 48)



Source: Company/WillisTowersWatson

Hunting’s core competencies – current and target markets



ii. Participation in carbon capture and storage projects

As noted in the Market Summary, on page 26, 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.

iii. 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.

These opportunities are explained further as part of the Hunting 2030 Strategy on pages 6 to 11.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

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 a comprehensive Quality Management System ("QMS") supported by strong management oversight, which includes supply chain risk management.

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, due to geopolitical and market factors, we have seen significant supply chain disruptions, including supply chain inflation and the extension of lead times of critical components. This has resulted in a strong surge in demand, price increases and uncertain availability.

Measuring and reducing carbon emissions 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.

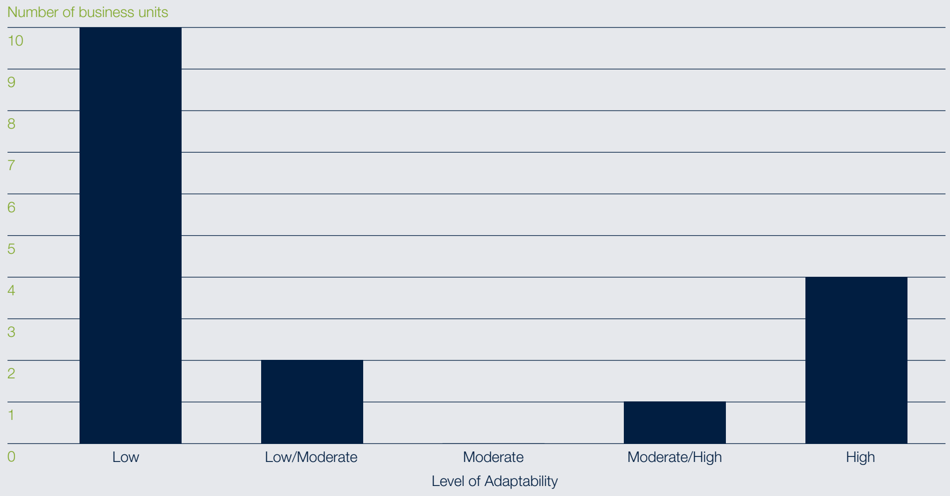
At all times, Hunting has existing mitigation plans in place should there be a supply chain interruption. For example, we maintain, and in some circumstances have increased, a safe stock, or buffer stock, for critical materials and components. We also have a highly diverse range of approved suppliers 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 from geothermal and carbon capture opportunities.

Investment in research and development for new products and technologies is a strategic objective to maintain market leadership in its core markets. In 2023, research and development expenditure totalled $6.9m (2022 – $5.8m).

Business unit resilience and adaptability



Source: Company

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 expansion of the Group's portfolio. The Group continues to review and monitor opportunities in this area.

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.

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 determines 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

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 majority of the Group's businesses report that they have a moderate or high level of adaptability if energy markets change materially.

We have progressed scenario analysis in 2023 to allow us to further test the resilience of our strategy against the three climate scenarios identified above with reference to evaluating transition risks and opportunities, one being a 1.5°C scenario. The scenario analysis leverages the Group's extended forecast out to 2028 and is extrapolated to the long term using growth rates and assumptions that are consistent with other forward-looking financial statement elements. In the analysis modelled, the Group is considered resilient to climate-related scenarios. The analysis will continue to be evolved in 2024.

Risk Management

Hunting's climate-related Risk Management disclosures are detailed on pages 84 to 89.

As part of Hunting's TCFD reporting, Hunting's central compliance function prepares an annual business unit climate risk assessment, which assesses the short, medium, and long-term risks and opportunities of climate change. The assessment also 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.

Given the Group's focus on the changing oil and gas industry and the scrutiny of climate change by investors and lenders, 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 and energy transition risk can be found on page 101 within Risk Management.

The Group's central compliance function rolls out 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

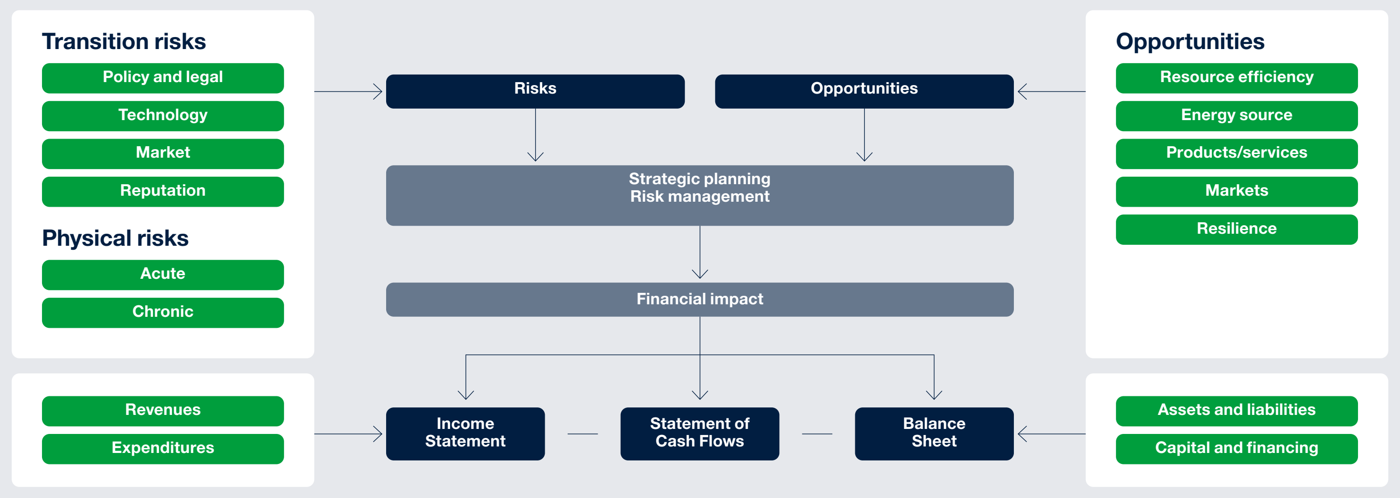
Each business unit within the Group completes a broad-based risk assessment three times a year. The results of the process are consolidated into a Group-level risk register, which includes details of the risk and the associated mitigating controls. This includes financing, reputational, strategic, legal 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, Group Risk Manager and the Internal Auditor. In 2023, a Group-level broad-risk assessment was also introduced, bringing together responses from global heads of functions.

The Group-level risk assessment was followed by a workshop to pressure test responses and gain a greater understanding of strategic, legal, financial and operational impacts of climate change and energy transition on ongoing Hunting strategy.

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 below.

TCFD risk assessment chart



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

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

The results of the annual process are reviewed and consolidated by the Group's central compliance and finance functions and fed into the scenario analysis presented on page 92.

This analysis was reviewed by the Directors at its meeting in February 2024 and will be debated further at the meeting of the Ethics and Sustainability Committee in June 2024.

Further, this analysis will continue to be completed annually as part of the Group's wider risk management procedures.

To prioritise climate risk, in consideration of the principal risks, climate questionnaires feed into the Group-level risk matrix. As a result, climate change and energy transition risk is fourth from the top in the principal annual risk list, with further Group-level discussion around interdependencies to understand how this risk impacts on other principal risks.

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 unit; 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 such as geothermal or carbon capture or to introduce more efficient products and services to reduce the environmental impact of our customers oil and gas activities.

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. This is due to be updated in 2024.

Disclosure (c) – integration of climate risk identification and management

The climate-related governance processes highlighted on page 83 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 set of metrics to enable investors to monitor climate-related risks and opportunities. These are presented in the accompanying table on page 95.

Disclosure (b) – scope 1 and 2 emissions

The Group currently collects scope 1 and 2 GHG emissions data based on 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 2023 were 5,612 tonnes (2022 – 5,778 tonnes) and scope 2 emissions were 18,430 tonnes (2022 – 16,644 tonnes). Hunting's total scope 1 and 2 emissions have been assessed to be 24,042 tonnes (2022 – 22,422 tonnes).

Scope 1 and 2 emissions, when comparing 2023 outcomes to the prior year indicate a slightly higher result. This small increase has been achieved despite revenue increasing materially in the year, reflecting the attention management is giving to containing its carbon footprint.

As noted on pages 70 and 71 the Group has analysed the scope 1, 2 and 3 emissions of the Hunting Titan operating segment, from which an extrapolation of the Group's scope 3 inventories was made.

Based on this analysis, Hunting Titan's scope 1, 2 and 3 greenhouse emissions were analysed to be c.100,393 tonnes in 2022, with Titan's 2022 scope 1 and 2 footprint being 5,455 tonnes and scope 3 being 94,938 tonnes. Scope 3 emissions for Titan, therefore, equate to c.95% of the emissions of the operating segment.

Using this analysis as a proxy for Hunting's total GHG emissions data, a Group scope 1, 2 and 3 emissions data set, based on a cost of sales method of extrapolation, has been published this year. The Group's total scope 1, 2 and 3 GHG emissions have, therefore, been extrapolated to be 299,565 tonnes for 2022 and 377,388 tonnes for 2023. This is a partial assessment of scope 3 inventories, given that eight of the 15 pillars have been analysed. This use of extrapolation of 2022 data to deliver a 2023 scope 3 figure, therefore, makes Hunting non-compliant with the relevant Listing Rule.

The data collection and modelling exercise completed in the year has, however, enabled a framework of data collection to be put in place, with management confident of being fully compliant with the TCFD reporting guidelines in 2024. Further work is planned in 2024 to increase the number of pillars being reported against in addition to extending the analysis to the Group's Subsea Technology, EMEA and Asia Pacific operating segments.

Disclosure (c) – targets

In March 2023 the Company announced new GHG emissions targets, with the Group's scope 1 and 2 emissions reduction now targeted at 50% below the 2019 base-year by 2030. This equates to absolute scope 1 and 2 emissions of 17,937 tonnes by 2030. The Group has also committed to a long-term Intensity Factor target of less than 30 by 2030. The Group has also set a non-oil and gas revenue target of 25% by 2030.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Sector specific and cross-sector metrics and targets

METRIC	DESCRIPTION OF METRICS/REASON FOR ADOPTION	2023	2022
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.	**853.2**	678.2
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 as the Group seeks to diversify its revenue streams.	**75.9**	47.6
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.	**5.6**	4.5
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 financial and asset risk profile.	**4.4**	4.3
Expenditure – research and development: $m	The long-term diversification to non-oil and gas revenue will require investment in new technology and will form part of the Group's research and development activities.	**6.9**	5.8
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.	**34.6**	22.0
Scope 1 GHG emissions: tonnes	Hunting's scope 1 carbon footprint provides investors data on the Group's contribution to climate change.	**5,612**	5,778
Scope 2 GHG emissions: tonnes	Hunting's scope 2 carbon footprint provides investors data on the Group's contribution to climate change.	**18,430**	16,644
Scope 3 GHG emissions: tonnes	Hunting's scope 3 carbon footprint provides investors data on the Group's contribution to climate change.	**353,346**	277,143
Water consumption: '000s cubic metres	Hunting's water consumption provides investors with data on this impact on the planet.	**198**	164
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.	**1.4**	1.4
Carbon emissions offset cost: €m	The cost of purchasing carbon credits (scope 1 and 2 emissions only) to become a Net Zero business.	**1.4**	2.2
Market capitalisation: $m	The value of the Group's equity provides an indication of the future value of the Group's cash generating assets.	**620.5**	662.4
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.	**957.1**	846.2
Renewable electricity purchased: GWh	The level of renewable energy purchased provides an indication of the Group's drive to lower emissions.	**11.4**	8.7
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.	**74**	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.	**70**	70

Risk Management

Managing risks in a changing world

We operate in a complex global environment which is highly regulated and demands high specification products that meet stringent quality criteria. Hunting's risk management and internal control processes are designed to appropriately mitigate risks inherent in this sector, while allowing the Group to achieve its strategic objectives and deliver value to shareholders in a changing world.

Identifying our risks

Effective risk identification aims to enable Hunting to make meaningful and informed strategic decisions and deliver long-term success. Under Hunting's decentralised philosophy, risk management acts as a "challenger" to pressure test business risks and mitigation, while local management is empowered to manage the risks in their respective markets. Effective risk management further helps us comply with the UK Corporate Governance Code requirements, implement relevant controls and pursue new opportunities and markets while mitigating risks in a rapidly changing industry and external environment.

We take both a bottom-up and a top-down approach to risk management and we continue to improve alignment between them. Three times a year, local management formally reviews risks faced by their business, based on current trading, 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- 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, where a Group-level workshop is performed to pressure test the risks and their controls as well as fill in any gaps. In addition, 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.

To further understand Group-level risks and the interdependencies between them, a new Group-level risk assessment was introduced in 2023, which included input from members of the executive team and additionally, their direct reports.

To further pressure test the responses, a senior management strategy workshop session was run to understand top principal risks and their impact on Hunting's strategy and long-term planning.

Managing our risks

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. 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.

Hunting's internal control system, which has been in place throughout 2023 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 to in the future. Internal controls are regularly assessed to ensure they remain appropriate and effective.

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.

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 meeting internal control objectives.

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. We also use insurance as a risk mitigation tool.

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.

Emerging risks

Alongside the process of identifying the Group's current risks, local and Group-level management is challenged to identify and consider emerging risks that may impact the Group.

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 executives.

Emerging risks identified were: increasing climate regulations, an ageing workforce, and artificial intelligence although further developments to emerging risk identification are underway.

Risk Management continued

Overview of risk governance structure

The Board has set risk management roles and responsibilities as illustrated. The diagram below shows a high-level governance structure for risk management.

Board
- Determines the Group's culture and mission;
- Sets the risk management framework; and
- Ensures management processes and internal controls are effective in identifying the Group's principal risks and emerging risks.

Ethics and Sustainability Committee
- Monitors key non-financial matters, including human capital, HSE and Quality Assurance;
- Reviews the Group's carbon and climate data; and
- Reviews bribery and corruption, modern slavery and sanctions procedures.

Audit Committee
- Oversees the Group's risk management processes;
- Reviews business risks and considers emerging risks; and
- Gains assurance that the risk management processes and controls are effective.

Group Management
- Establishes detailed Group policies and procedures;
- Manages centrally-controlled risks; and
- Reviews segment and business unit risks.

Segment and Business Unit Management
- Ensures Group policies and procedures are applied; and
- Manages business unit controlled risks.

Assurance – Internal Audit
Hunting's internal audit department reviews internal controls and risk management processes for their existence, relevance and effectiveness. Actions are recommended and graded in terms of importance and timeliness for change.

Strengthening our risk framework in 2023

We continue to enhance and develop our risk management and mature our risk processes to make them more valuable to both the business and long-term strategy. Over the course of the year, we have:

- Appointed a stand-alone Group Risk Manager role as part of the reorganisation of the central finance team. The new role has been tasked with developing the existing risk management framework, integrating the approach to business risk and ESG risk, and improving the quality and sophistication with which risk is managed and reported;
- Introduced a Group-level risk assessment, which serves to understand strategic and operational principal and emerging risks from the Group level;
- Run a risk workshop in the annual senior strategy meeting to supplement the written top-down Group-level risk assessment and pressure-test business risks; and
- Developed a long-term timeline for risk management to enhance the current risk processes and risk framework, and help Hunting meet its long-term strategic objectives.

Risk Management continued

Principal Risks

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.

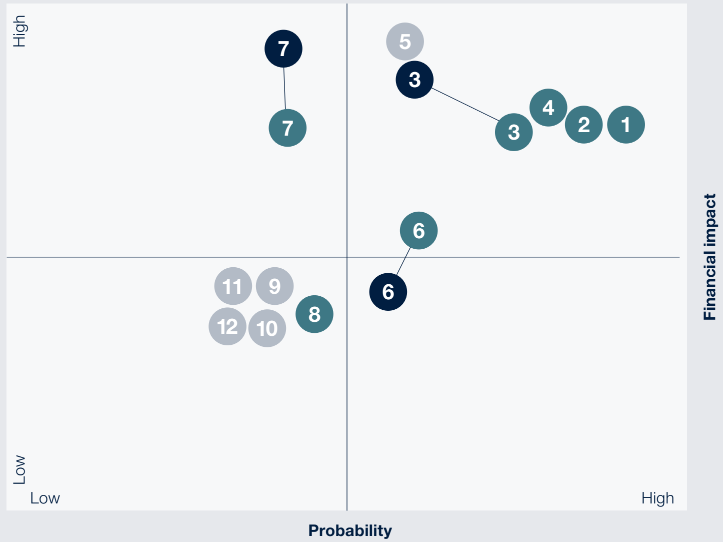
Key changes to our principal risks

In alignment with the Hunting 2030 Strategy and external environments, a review of principal risks has been undertaken, resulting in changes to several risks as well as an increase in the number of principal risks published. The following risks have been either evolved, added, escalated, or de-escalated due to the evolving strategic initiatives, internal and external pressures, changes in terminology and enhancements to risk identification processes. The following changes were observed:

- **Increased competition and market consolidation** has been changed from "increased competition" risk to include the current market trends;
- **Climate change and energy transition** has been renamed from "climate change" to include the wider scope of transition risks and opportunities;
- **Third-party** risk has been introduced and includes a wide spectrum of third party and supply chain risks including non-compliance of partners and joint ventures, agents, and distributors;
- **Acquisition** risk has been introduced into the principal list and includes a wider range of associated acquisition risks. It was previously disclosed as "overpayment for acquisitions or capital expenditure";
- **Cyber security** is a new principal risk. Components of this risk include high-impact cyber security attacks, data leakage, and server outages;
- **Loss of key executives or staff and shortage of skilled labour** expands the original risk of "loss of key executives" to also include the worldwide skilled-labour shortage risk;
- **Increased quantity and complexity of changing global rules and regulations** is a new risk and includes increased tax regulation, increasing climate regulatory requirements such as TCFD, and ongoing labour regulation and associated risks;
- **Our ability to achieve our strategic goals depends on how we react to external and internal forces** has been introduced and describes how strategic plans need to be executed on, including financial targets for profitability and cash generation to sustain investor confidence; and
- **Significant adverse changes to shale drilling** have been removed from the principal risk although it continues to be a closely monitored risk.

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

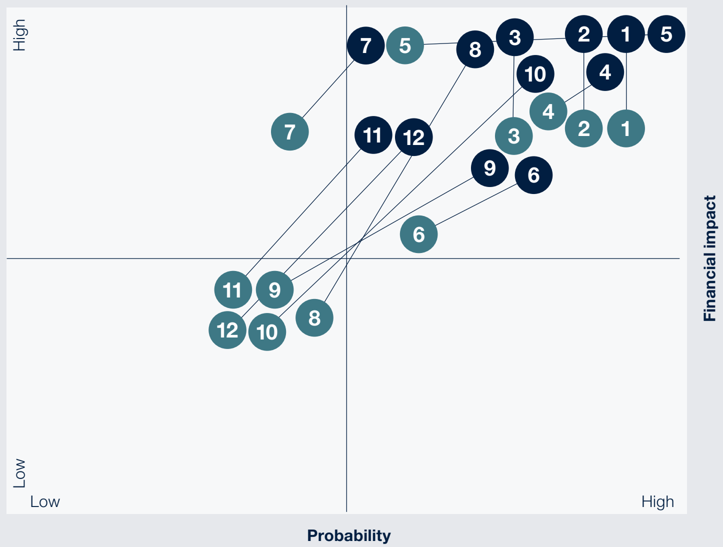
Movement in risks (post-control) during the year



- Current status
- Prior year status
- New risk

1 Increased competition and market consolidation
2 Geopolitical instability
3 Adverse movement in commodity prices
4 Climate change and energy transition
5 Cyber security
6 Loss of key executives or staff and shortage of skilled staff
7 Work environment issues including health and safety
8 Product quality and reliability
9 Our ability to achieve our strategic goals depends on how we react to external and internal forces
10 Third-party risk, including joint-venture, distributor and agent
11 Acquisition risk
12 Increased quantity and complexity of changing global rules and regulations

Effectiveness of internal controls



- Post-control status
- Pre-control status

Risk Management continued

1. Increased competition and market consolidation

Risk category
Strategic

Change from last year

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth
Operational Excellence

Risk description

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 and margins were put under pressure. 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. Competition to secure raw materials and components for the oil and gas services industry was strong throughout 2023.

Technological advancements in the oil and gas industry continue at pace and failure to keep ahead will result in lost revenue and market share. Additionally, the oil and gas industry is undergoing continuing consolidation that could impact our operations and financial results.

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, whilst also presenting an opportunity in geothermal and carbon capture markets.

Key mitigations

Management has been working to widen the Group's sources of raw materials; 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 operators. 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.

Key changes during 2023

Hunting's operations are established close to their end-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, Hunting management continues to work closely with customers to place orders with the Group earlier than usual and to be more consenting of longer lead-times in the short term. 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, with a focus on strategic partnerships, as detailed within the Chief Executive's Report on pages 18 to 23.

Risk Management continued

2. Geopolitical instability

Risk category
Operational

Risk owner
Chief Executive, Finance Director, subsidiary management

Change from last year

Link to strategy
Growth
Operational Excellence
Strong Returns
ESG and Sustainability

Risk description
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 which countries to operate from, considering the differing economic and geopolitical risks associated with each geographic territory.

Key mitigations
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 40 to 54.

Key changes during 2023
Geopolitical issues remain a feature of the modern world in which Hunting 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. The conflict in Gaza further adds to volatility in the region and worldwide. 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 remained high over the last twelve months.

3. Adverse movement in commodity prices

Risk category
Strategic

Risk owner
Chief Executive, subsidiary management

Change from last year

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description
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. The continued volatility of commodity prices, inclusive of both oil and gas and raw materials, cause a number of ongoing risks for the business.

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. Falling gas prices, leading to oversupply in oil plays, are also leading to pricing pressure.

Key mitigations
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 to plan for and predict improvements or declines in activity levels.

The Group is undertaking a measured diversification into non-oil and gas markets including geothermal and carbon capture which helps 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.

Key changes during 2023
Hunting's exposure to this risk was relatively high at the start of the year and has remained as such during the year. The oil price reflects the volatility caused by differences in the supply and demand and other influences such as geopolitics.

Risk Management continued

4. Climate change and energy transition

Risk category
Strategic

Change from last year

Risk owner
Chief Executive, Finance Director

Link to strategy
Growth, Operational Excellence, Strong Returns, ESG and Sustainability

Risk description

Failure to adapt to climate change and energy transition or to mitigate the Company's impact on the environment has the potential to damage the Company's reputation and cause issues, 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 regulations;
- increased cost and/or incidences of asset purchases in order to comply with new technological regulations;
- increased energy costs and liability insurance premiums; and
- increased taxation on perceived non-sustainable industries as governments set about using the tax system to pay for their net carbon emissions targets.

Key mitigations

The Group takes seriously its commitment to environmental compliance and stewardship. We have continued to increase and refine our climate-related disclosures. In 2023, the Company announced new GHG emissions targets, with the Group's scope 1 and 2 emissions reduction now targeted at 50% below the 2019 base-year 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. In addition, a number of workgroups, including an Ethics and Sustainability Committee, are monitoring climate-based matters.

The Group's environmental, climate and TCFD disclosures are described in detail on page 38 and pages 62 to 95.

Key changes during 2023

Climate risk commenced as a principal risk in the 2022 financial year as a high risk and has remained high throughout 2023. The Hunting 2030 Strategy outlined key targets for ongoing energy transition and long-term investment in geothermal and carbon capture.

Risk Management continued

5. Cyber security

Risk category
Operational

New Risk

Risk owner
Chief Executive, Finance Director, Chief IT Officer

Link to strategy
Operational Excellence

Risk description
Our continued dependence on Information Technology systems for our operations mean we rely heavily on secure and resilient IT systems. Components of this risk range from high-impact cyber security attacks, data leakage and server outage to the emerging risk of Artificial Intelligence and the confidential data storing practices in unsecure third-party environments. Through increased disaster recovery procedures, security awareness training, regular monitoring, content filtering, and DNS security solutions, risk mitigation has grown significantly over the past several years and most components of the risk have lowered net risk likelihoods although cyber attack remains high.

Key mitigations
Risks associated with cyber security range from loss of control or financial data, reputational damage and lost client and supplier trust, and financial loss.

Key mitigating actions include regular monitoring, back-ups and offsite servers (Cloud), and disaster recovery procedures including security awareness training, secure mail gateway, content filtering, and DNS security solutions.

Key changes during 2023
Hunting's exposure to this risk was relatively high due partly to the external factors impacting cyber risk.

In 2023, we have rolled out cyber security training, alongside a phishing campaign launched in July. Several infrastructure and data centre initiatives have been launched, and all 2023 objectives were tied directly to improving business reliability as well as Hunting's stance against the never-ending cyber security threats. With the stronger focus on cyber risk and ongoing mitigation, cyber risk has been escalated into our top principal risk list.

6. Loss of key executives or staff and shortage of key staff

Risk category
Operational

Change from last year

Risk owner
Chief Executive, Finance Director, Chief HR Officer, Remuneration Committee

Link to strategy
Growth | Operational Excellence | Strong Returns | ESG and Sustainability

Risk description
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. Similarly, skilled labourers, especially skilled machinists, are critical to operations and their shortage has the potential to compromise product quality in the near term. Rising inflation in certain regions can cause higher resignation rates, therefore competition for skilled labour remains high globally.

Key mitigations
Remuneration packages are regularly reviewed to ensure that key executives are remunerated in-line with market rates including healthcare and pension arrangements. External consultants are engaged to provide guidance on best practice. In response to the heightened risk of losing key employees and skilled labour, base and entry-level salaries were raised and a new pension scheme was set up for certain US employees in order to provide an incentive to remain with the Group. A new Directors' Remuneration Policy is to be introduced, and closer work with recruitment agents is underway.

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 131 to 154.

Key changes during 2023
Executives with tangible skills are capable of migrating to other industries with less exposure to cyclicality 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 key executives remained at a high level throughout 2023 as does the shortage of skilled labour.

Risk Management continued

7. Work environment issues including health and safety

Risk category
Operational

Change from last year

Risk owner
Chief Executive, subsidiary management

Link to strategy
Operational Excellence
ESG and Sustainability

Risk description

Due to the broad 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. Additionally, inadequately perceived environmental safety can contribute to reputational risk.

Key mitigations

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 34 and 75.

Key changes during 2023

The Group recorded an HSE total recordable incident rate of 0.91 in the year, which is significantly below the industry average and is a decrease from the prior year. This particular risk pertaining to HSE incidents, therefore, continues to be relatively low, post-controls. Ongoing audits and Group reporting have highlighted no material weakness or significant deficiencies.

8. Product quality and reliability

Risk category
Operational

Change from last year

Risk owner
Chief Executive, subsidiary management

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description

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.

Risk of developing or innovating products or differentiating existing products could have an adverse effect on responding to customers' needs and could result in a loss of customers, as well as adversely affecting future success and profitability.

Key mitigations

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 replacement has been established in order to mitigate the risk of machine breakdowns affecting product quality.

Key changes during 2023

The risk of 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.

The Group's commitment to product quality is detailed on pages 29 and 79.

Risk Management continued

9. Our ability to achieve our strategic goals depends on how we react to external and internal forces

Risk category
Strategic

New Risk

Risk owner
Chief Executive, Finance Director

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description
Hunting's ability to achieve its strategic goals depends on how we react to external and internal forces. This presents itself both as a risk as well as an opportunity. Hunting has set out a clear strategy with long-term growth objectives to investors during its Capital Markets Day and those plans need to be executed on, including the delivery of financial targets for profitability and cash generation.

Internal and external risks could cause Hunting to miss financial targets previously communicated to shareholders. This could impact investor confidence and, therefore, impact the Hunting share price. Additionally, Hunting has a range of external stakeholders and shareholders, whose interests, and definitions of success are different. There is a risk that our definition of success is not aligned to the changing external perspective.

Key mitigations
Hunting's first Capital Markets Day hosted in 2023 enabled the sharing of strategy and long-term goals to inform the market. Increased focus on continuously developing investor and analyst relations further influenced the ongoing collection of market intelligence to enable Hunting to address any change in shareholder expectations more quickly.

Key changes during 2023
Facing competition in all aspects of our business means that failing to manage our costs and operational performance could result in inadequate earnings, cash flows and other financial performance metrics. This in turn can affect Hunting being perceived as an attractive proposition for shareholders and lenders. A stronger focus on monitoring both internal and external environments and stakeholder expectations has been a priority for 2023, therefore escalating the risk.

10. Third-party risk, including joint-venture, distributor, and agent

Risk Category
Operational

New Risk

Risk Owner
Chief Executive, subsidiary management

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description
Third-party risk has been evolving due to Group's focus on global partnerships and joint ventures. Partnerships can expose Hunting to regulatory non-compliance as a result of reduced oversight of relevant internal controls. Furthermore, failure to find an appropriate joint venture partner or a failure by a joint venture partner to perform to the standards required by the joint venture agreement could result in negative financial and reputational impact to the Hunting Group.

Key mitigations
Apart from regular monitoring practices, a new Supply Chain Code of Conduct was implemented, and bi-annual reports are now required from each third party in EMEA and Singapore. The Board, Chief Executive and Finance Director additionally hold post-investment appraisals.

Key changes during 2023
Ongoing relationship building with joint-venture partners has been a focus to ensure compliance and the application of our Global principles wherever we work. This year, the Hunting Group has updated the Supply Chain Code of Conduct, which has been sent to all our suppliers and customers. Continuous monitoring of practices keep this risk high, yet stable.

11. Acquisition risk

Risk category
Strategic

New Risk

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description
Due to the nature of our business, and especially a focus on alternative revenue streams such as geothermal or carbon capture, acquisitions are an integral part of Hunting 2030 Strategy. This puts us in a position of managing the inherent risks of identifying and integrating businesses that we have or may acquire. Furthermore, acquisitions and investments may not result in anticipated benefits and may present risks not originally considered, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Key mitigations
With a clear long-term strategy mapped out at the Group's Capital Market's Day, increased monitoring of Hunting's businesses has been in place, with increased reporting to the Board. Further mitigation includes undertaking additional due diligence, and defining investment criteria for investment appraisals. Ongoing post-investment appraisals and additional Board, Chief Executive and Financial Director appraisals are in place.

Key changes during 2023
Acquisition risk is a new entrant to the Group's annual risks, although its risk rating has remained unchanged from its previous rating during the year, with no significant issues raised by the Group.

12. Increased quantity and complexity of changing global rules and regulations

Risk category
Legal and Compliance

New Risk

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth
Operational Excellence
Strong Returns
ESG and Sustainability

Risk description
Hunting operates globally in complex regulatory environments, and there is an ongoing risk that we are not compliant with global rules and regulations. Further increasing risks range from increased tax regulations, labour regulatory risks and their long-term impacts, and increased climate regulatory requirements and changing international rules and regulations such as TCFD. The development of climate change regulations also differs globally, influencing varied shareholder expectations, especially between the US and the UK.

Key mitigations
Ongoing monitoring and increased resource allocation for internal monitoring has helped in efforts to continuously track any evolving regulatory requirements.

Key changes during 2023
The risk of increased rules and regulations is a new addition to the principal risk list due to changing priorities of the UK regulatory environment, as well as ongoing evaluation of climate-related requirements. It is a risk that is continually monitored with no significant issues being raised by the Group.

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 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 96 and 97 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 uncertainty 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 Asset Based Lending facility ("ABL") is a four-year bank borrowing facility that commenced in February 2022. 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 financial statements are approved, is the appropriate length of time to reasonably assess the Group's viability.

Assessment

The nature of the Group's operations exposes the business to a variety of risks, which are noted on pages 98 to 105.

The Board regularly reviews the principal risks and assesses the appropriate mitigation and further actions required as described on page 96 and pages 98 to 105. The Board has further considered their potential impact within the context of the Group's viability assessment.

In assessing the viability of the Group, the Board consider internal financial projections to the end of 2027 which made the following assumptions:

- global exploration and production spend, excluding Russia, China and Central Asia, is expected to rise by 48% from 2023 to 2027;
- 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 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 continues to widen its customer base beyond the oil and gas industry, including into non-oil and gas energy, aerospace, military and medical markets;
- the Group's cost base is expected to benefit from improved efficiency resulting from reductions in fixed costs, simplified management structures and back office services, which together with the improved operating leverage, is expected to drive EBITDA margins up; and
- the Group will continue to have a low to medium exposure to higher risk countries given the proportion of its current revenues and profits derived from politically stable regions such as North America, Europe and South East Asia.

A downside case of the financial projections was also produced to model a severe but plausible deterioration in market conditions relevant to the Group's principal risks. The downside case models a reduction in revenue of between 10-15% per year in 2026 and 2027 and the resulting impact on EBITDA and total cash and bank assuming a modest reduction in discretionary corporate cash outflows such as dividends and treasury share purchases. If conditions were worse than anticipated in the downside case, corporate cash outflows, capital expenditure and operating costs would be reassessed resulting in additional financial flexibility. In the downside scenario, the Group continued to generate cash and had significant headroom under its committed facilities and financial covenants.

Liquidity and solvency

The $150m ABL facility is a four-year bank borrowing facility and includes an option that allows Hunting to increase the facility by a further $50m subject to the lenders' credit approval. The ABL facility was partially utilised during 2023 in order to fund working capital. At 31 December 2023, the Group's total cash and bank position was broadly zero (NGM K). The Group's internal financial projections indicate that the Group is expected to deliver a cash positive position by the end of 2024.

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 against the principal risks, the availability of borrowing facilities 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

Introduction

The Group's principal cash outflows include capital investment, labour costs, inventory purchases and dividends. 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 2023, 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"). Throughout 2023, the facility was partially utilised in order to fund working capital. At 31 December 2023, the Group had total cash and bank of broadly zero (NGM K). The Group's internal financial projections indicate that the Group is expected to return to a cash-positive position by the end of 2024 and consequently has sufficient resources to meet its liabilities as they fall due over the next twelve months following the date of approval of the financial statements.

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 as well as the availability of borrowing facilities. The Board also considered the principal risks faced by the Group and the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. Management also sensitised the forecasts to reflect plausible downside scenarios and these demonstrated that the Group is able to maintain sufficient cash resources to meet its liabilities as they fall due over the twelve months following the date of approval of the financial statements. 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 the financial statements.

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 2023 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 will promote the continued success of the Company, for the benefit of its members and stakeholders as a whole.

The Board 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 longstanding 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; and
- 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 ensure we 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;
- Our second global employee engagement survey was launched during the year leading to additional training programmes being set up;
- Updated Code of Conduct training programmes were rolled out to all Group employees in 2023 as well as cyber security training;
- A Supplier Code of Conduct was rolled out during the year;
- Charitable donations were made in-line with the new policy to distribute unclaimed dividends to UK-based charities;
- The Group has continued to expand its carbon data and climate reporting. During the year, the Company announced its targets to reduce carbon emissions, based on its scope 1 and 2 carbon footprint;
- The Group also completed its first carbon data assurance project, using S&P Global;
- The Group commenced the analysis of its scope 3 emissions, beginning with the Hunting Titan operating segment, which will enable the Company to estimate its scope 1, 2 and 3 greenhouse gas emissions;
- Hunting's TEK-HUB™ continues to build relationships with innovative individuals and organisations that are developing technologies that align with our customers' and wider stakeholders' requirements;
- The Company held a Capital Markets Day during which senior management presented the Hunting 2030 Strategy, outlining the Company's ambitions to expand in traditional energy, energy transition markets as well as non-oil and gas markets such as aviation, commercial space, defence, medical and power generation;
- Teams from Singapore, China and Indonesia organised various events to celebrate International Women's Day, which included team building exercises, speakers and activities. The workshops addressed several topics including diversity and equality in regard to the workplace;
- In February 2023, the Society of Petroleum Engineers hosted a roundtable discussion led by Hunting staff, with the event providing the perfect opportunity to showcase how the Company is supporting global energy transition projects; and
- 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 2023 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 31 and 32);
- lenders (pages 31 and 32);
- employees (pages 31 and 33 to 35);
- customers (pages 31, 36 and 37);
- suppliers (pages 31 and 37);
- environment and climate change (pages 31 and 38);
- governments (pages 31 and 39); and
- communities (pages 31 and 39).

On behalf of the Board

Jim Johnson
Chief Executive

Bruce Ferguson
Finance Director

29 February 2024

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 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 Tuesday 27 February 2024.

Directors
The Directors of the Company, during the year and up to the date of signing these accounts, are listed on pages 112 and 113.

Powers of the Directors
Subject to the Articles, UK legislation and any directions prescribed by resolution at a general meeting, the business of the Company is managed by the Board. The Articles may only be amended by special resolution at a general meeting of shareholders. Where class rights are varied, such amendments must be approved by the members of each class of share separately.

The Directors have been authorised to allot and issue Ordinary shares and to disapply statutory pre-emption rights. These powers are exercised under authority of resolutions of the Company passed at its AGM. During the financial year ended 31 December 2023, no Ordinary shares were issued pursuant to the Company's various share plans.

The Company has authority, renewed annually, to purchase up to 14.99% of the issued share capital, equating to 24,724,518 shares. Any shares purchased will either be cancelled and the number of Ordinary shares in issue reduced accordingly, held in treasury, sold for cash or (provided Listing Rule requirements are met) transferred for the purposes of or pursuant to an employee share scheme.

These powers are effective for 15 months from the date of shareholder approval, or up to the next general meeting where new authorities are sought. The Directors will be seeking a renewal for these powers at the 2024 AGM.

Appointment and Replacement of Directors
The rules about the appointment and replacement of Directors are contained in the Articles. On appointment, in accordance with the Articles, Directors may be appointed by a resolution of the Board but are then required to be reappointed by ordinary resolution by shareholders at the Company's next AGM.

Directors' interests
Details of Directors' remuneration, service contracts and interests in the Company's shares and share options are set out in the Directors' Remuneration Policy and Annual Report on Remuneration, located at www.huntingplc.com. Further information regarding employee long-term incentive schemes is given in note 37 of the financial statements.

Directors' conflict of interest
All Directors have a duty under the Companies Act 2006 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest with the Company. The duty applies, in particular, to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it. The Articles provide a general power for the Board to authorise such conflicts.

Directors are not counted in the quorum for the authorisation of their own actual or potential conflicts. Authorisations granted are recorded by the Company Secretary in a register and are noted by the Board. On an ongoing basis, the Directors are responsible for informing the Company Secretary of any new, actual or potential conflicts that may arise, or if there are any changes in circumstances that may affect an authorisation previously given.

Even when provided with authorisation, a Director is not absolved from his or her statutory duty to promote the success of the Company. If an actual conflict arises post-authorisation, the Board may choose to exclude the Director from receipt of the relevant information and participation in the debate, or suspend the Director from the Board, or, as a last resort, require the Director to resign. As at 31 December 2023, no Director of the Company had any beneficial interest in the shares of Hunting's subsidiary companies.

Auditors

A resolution for the reappointment of Deloitte LLP as auditor to the Company and a resolution which gives the Audit Committee the authority to determine the remuneration of the auditor will be proposed at the 2024 AGM.

Statement of Disclosure of Information to Auditors

In accordance with the Companies Act 2006, all Directors in office as at the date of this report have confirmed, so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware and each Director has taken all reasonable steps necessary in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. This confirmation should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Share capital

Hunting PLC is a premium-listed public company limited by shares, with its Ordinary shares quoted on the London Stock Exchange. The Company's issued share capital comprises a single class, which is divided into 164,940,082 Ordinary shares of 25 pence each.

All of the Company's issued Ordinary shares are fully paid up and rank equally in all respects. Details of the issued share capital of the Company and the number of shares held in treasury as at 31 December 2023 can be found in note 33 to the financial statements.

Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may, by ordinary resolution, decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board (as defined in the Articles) may decide.

Voting rights and restrictions on transfer of shares

Holders of Ordinary shares are entitled to receive dividends (when declared), receive the Company's Annual Report and Accounts, attend and speak at general meetings of the Company, and appoint proxies or exercise voting rights.

On a show of hands at a general meeting of the Company, every holder of Ordinary shares present in person or by proxy and entitled to vote has one vote and, on a poll, every member present in person or by proxy and entitled to vote has one vote for every Ordinary share held. None of the Ordinary shares carry any special rights with regard to control of the Company.

Proxy appointments and voting instructions must be received by the Company's Registrars no later than 48 hours before a general meeting. A shareholder can lose their entitlement to vote at a general meeting where that shareholder has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

Shareholders' rights to transfer shares are subject to the Articles of Association. Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST. The Directors may decide to suspend the registration of transfers, for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST. There are no restrictions on the transfer of Ordinary shares in the Company other than:

- certain restrictions that may, from time to time, be imposed by laws and regulations, for example insider trading laws;
- pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval to deal in the Company's shares; and
- where a shareholder with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

Interests in voting rights

Other than as stated in the table on page 162, the Company is not aware of any further agreements between shareholders that may result in restrictions on the transfer of Ordinary shares or on voting rights.

Market capitalisation

The market capitalisation of the Company at 31 December 2023 was £0.5bn (2022 – £0.5bn).

Share price

	2023 p	2022 p
At 1 January	**333.0**	169.2
At 31 December	**295.5**	333.0
High during the year	**351.5**	365.0
Low during the year	**197.4**	169.2

Dividends

The Company normally pays dividends semi-annually. Details of the Company's dividend policy is set out on page 10.

The Company paid the 2022 final dividend of 4.5 cents per share on 12 May 2023, which absorbed $7.1m of cash. At the Group's 2023 Half Year Results, the Board declared an interim dividend of 5.0 cents per share, which was paid to shareholders on 27 October 2023, and absorbed $7.9m of cash. The Board is recommending a final dividend for 2023 of 5.0 cents per share, to be paid to shareholders on 10 May 2024, subject to approval by shareholders at the Company's 2024 AGM.

Employee Benefit Trust

The Group operates an Employee Benefit Trust (the "Trust") as a vehicle to satisfy share options and awards granted to employees who participate in the Company's share-based incentive schemes. At 31 December 2023, the Trust held 6,591,918 Ordinary shares in the Company (2022 – 5,370,963). The Trust has a policy to purchase shares in the market or subscribe for new shares to partially meet the future requirements of these incentive schemes. The Trust has waived all dividends payable by the Company and voting rights in respect of the Ordinary shares held by it.

Directors' Report continued

Major shareholders

The Company's major shareholders, as at 31 December 2023, are listed in the table below.

	Notes	Number of Ordinary Shares	% of ISC
BlackRock, Inc.		12,749,575	7.73
Schroder Investment Management		11,649,926	7.06
Hunting Investments Limited	1/4/5	11,003,487	6.67
Abrdn		10,784,962	6.54
GLG Partners		9,565,911	5.80
J P Morgan Asset Management		8,443,282	5.12
Hunting Employee Benefit Trust		6,591,918	4.00
Slaley Investments Limited	5	6,424,591	3.89
Orbis Investment Management		5,951,997	3.61
J Trafford – as trustee	2/5	5,228,660	3.17
David RL Hunting	1/2/3/4/5	194,120	0.12
– as trustee		3,157,750	1.91
– other beneficial		1,875,950	1.14
Dimensional Fund Advisers		5,076,993	3.08

1. 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.
2. After elimination of duplicate holdings, the total Hunting family trustee interests shown above amount to 5,228,660 Ordinary shares.
3. David RL Hunting and his children are or could become beneficiaries under the relevant family trusts of which Mr Hunting is also a trustee.
4. David RL Hunting is a director of Hunting Investments Limited.
5. 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 29 February 2024, the Hunting Family Interests, party to the agreement, totalled 24,170,900 Ordinary shares in the Company, representing 14.7% of the total voting rights.

Other information

Significant agreements

The Company is party to the Asset Based Lending facility in which the counterparties can determine whether or not to cancel the agreement where there has been a change of control of the Company. The service agreements of the executive Directors include provisions for compensation for loss of office or employment as a result of a change of control.

Political contributions

It is the Group's policy not to make political donations. Accordingly, there were no political donations made during the year (2022 – $nil).

Payments to governments

In accordance with the UK's Disclosure and Guidance Transparency Rule 4.3A, Hunting PLC is required to report annually on payments made to governments with respect to its oil and gas activities. Hunting's report on "Payments to Governments" for the year ended 31 December 2022 was published on 20 April 2023 and totalled $875,964.

Research and development

Group subsidiaries undertake, where appropriate, research and development to meet particular market and product needs.

The Group's research and development costs in the year totalled $6.9m (2022 – $5.8m), with the amount expensed in the year totalling $4.7m (2022 – $4.8m).

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 2023.

The Strategic Report incorporates the Hunting 2030 Strategy, Key Performance Indicators, Company Chair's Statement, Chief Executive's Review and Outlook, Market Summary, Business Model and Strategy, Stakeholders and Engagement protocols, Product Review, Operating Segment Review, Group Review, ESG and Sustainability, and Risk Management and is located on pages 2 to 108.

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 20 and 21);
- dividends (page 15);
- future developments (page 23);
- risk management, objectives and policies (pages 96 to 98);
- bribery and corruption (pages 33 to 37 and 78);
- ethnicity and diversity (pages 33 and 76);
- employment of disabled persons (pages 33 and 76); and
- greenhouse gas emissions and environmental matters (pages 38, 69 to 73, 82 and 95).

For further information, please see the Shareholder and Statutory Information section located on pages 246 and 247.

The Companies (Miscellaneous Reporting) Regulations 2018

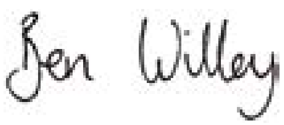
As required by The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), the Board of Hunting PLC has prepared a section 172(1) statement, which can be found on page 108 and also on the Group's website www.huntingplc.com.

The Directors' Stakeholder Engagement and decision making disclosures are summarised within the Strategic Report on pages 32 to 39, 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 2023 Annual Report and Accounts were approved by the Directors at their meeting on Tuesday 27 February 2024.

By order of the Board



Ben Willey
Company Secretary

29 February 2024