

Ethics and Sustainability Committee Report

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John (Jay) F. Glick
Committee Chair

Introduction

The work of the Ethics and Sustainability Committee has developed in the year, following its formation in 2021 and good progress in the areas of ESG and Sustainability have been made across the Company.

In March 2022, Hunting published its maiden report against the requirements of the Task Force on Climate-related Financial Disclosure framework, in line with the UK's requirements. In the year, climate risk evaluation was expanded across the Group to include inputs from all global businesses and is now integrated into the Company's Risk Management Framework. As noted in this report and within the ESG and Sustainability section of the Strategic Report, Hunting's carbon data is currently being assured by Standard & Poor's Trucost. This process is due to complete in April 2023.

These new carbon and climate reporting initiatives have been overseen by the Committee during the year and continue Hunting's commitment to expanding its reporting in this area and integrating more sustainability initiatives across the Group.

Our employees continue to be our most important asset and regular HR reports have been reviewed by the Committee in the year, which have included training and development initiatives and a review of compensation, in light of the inflationary pressures facing all global companies.

Composition

The Committee currently comprises the independent non-executive Directors of the Company and is chaired by Jay Glick. Details of the Committee's experience can be found in the biographical summaries set out on pages 116, 117 and 125.

Frequency and Attendance of Meetings

The Committee met twice in the year, as planned, in June and December 2022.

The attendance record of Committee members and Board invitees is noted in the table below on the left.

In addition to the Directors, the regular attendees to meetings of the Committee include the Group's Chief HR Officer, the Global Director of QAHSE and the Group's General Counsel.

Terms of Reference and Committee Effectiveness

The Committee operates under written terms of reference which are published on the Company's website at www.huntingplc.com. In December 2022, the Committee considered its effectiveness, in line with the other Board committees.

	Member	Invitation
Number of meetings held	2	
Number of meetings attended (actual/possible):		
Annell Bay	2/2	–
Carol Chesney	2/2	–
Bruce Ferguson	–	2/2
John (Jay) Glick (Committee Chair)	2/2	–
Paula Harris	2/2	–
Jim Johnson	–	2/2
Keith Lough	2/2	–

Responsibilities

The principal responsibilities of the Ethics and Sustainability Committee are to:

- Monitor the Group's Scope 1 and 2 greenhouse emissions and the initiatives to contain and reduce its carbon footprint;
- Monitor public disclosures in respect of the Task Force on Climate-related Financial Disclosures framework;
- Monitor the risks and opportunities which climate change presents to the Group's operations;
- Monitor the Quality Assurance and Health, Safety and Environmental reports prepared by the Executive Committee;
- Monitor the Group's employee and human capital matters, including engagement with Hunting's workforce;
- Monitor the Group's interaction with other key stakeholders, including customers, suppliers and communities;
- Monitor the Group's Modern Slavery Act initiatives;
- Monitor the Group's policies and procedures in respect to sanctioned territories;
- Monitor the Group's whistleblowing procedures; and
- Monitor the Group's anti-bribery and corruption initiatives.

Work Undertaken by the Committee During 2022

The Committee discussed, reviewed and made a number of decisions on key areas in 2022, which are set out below:

	Jun	Dec
Carbon		
Procedures for measuring and monitoring the Group's Scope 1 and 2 emissions	•	•
TCFD analysis and reporting		•
Climate scenario reports		•
Stakeholders		
Employee and workforce report	•	•
Code of Conduct training report	•	•
Whistleblowing summary report	•	•
Quality Assurance and Health and Safety report	•	•
Community report	•	•
Ethics		
Anti-bribery and corruption reports	•	•
Entertainment and hospitality summary	•	•
Modern slavery analysis	•	•
Customer and supplier risk analysis	•	•
Sanctions and export compliance	•	•

SASB Reporting Framework

During the year, the Group has reported against the SASB reporting standard for Oil and Gas – Services and Industrial Equipment and Machinery standards, which are noted on pages 100 and 101.

Carbon and Climate

The Group has reported Scope 1 and 2 emissions in its Annual Reports for a number of years and in 2019 published its first carbon reduction targets. These targets committed Hunting to reducing its carbon footprint to 32,287 tonnes of CO₂e by 2029, which was 10% below the level reported for the year ended 31 December 2019.

In December 2022, the Committee and Board approved new carbon reduction targets, which now commit Hunting to reducing its carbon footprint (scope 1 and 2 emissions only) to 50% of the 2019 level or to 17,937 tonnes CO₂e by 2030.

The Committee and wider Board has monitored the enhancement of the internal reporting of the Group's carbon emissions data, with a new carbon reporting policy manual issued to all Group businesses in May 2022, and enhanced data collection within the twice yearly carbon data reporting submissions.

The Committee also reviewed the work completed in the year in respect to the TCFD disclosures, which are included on pages 88 to 99.

Hunting's TCFD reporting aligns with the four recommended pillars of governance, strategy, risk management and targets. In the year, additional climate risk management procedures were rolled out across the Group with all business units required to report on energy transition plans and business sustainability in a rapid energy transition scenario.

Further, the TCFD disclosures include the 11 recommended areas of narrative proposed by the TCFD panel, which was issued in 2017 and updated in 2021.

For further information on the areas of carbon and climate, please refer to the Strategic Report.

Employees

The Committee received workforce reports from the Group's Chief HR Officer in the year, which included details of employee changes, tenure and engagement initiatives undertaken. Of note has been the focus on the development of talent across the Company, with training and development programmes being a key area of consideration.

The HR reports also included diversity and inclusion planning which are to be put in place in the coming years.

Quality Assurance and HSE ("QAHS")

As part of its review work, the Committee received Quality Assurance and Health and Safety reports from the Group's Director for QAHS.

In the year, new reporting procedures, to include vehicle incident monitoring in line with the SASB standards, were implemented.

For further information on QAHS performance, please refer to the Strategic Report.

Code of Conduct

The Group's Code of Conduct contains policies and procedures covering how the Group conducts business and maintains its relationships with business partners. The Code of Conduct is available on the Group's website and is sent to most customers and suppliers.

In 2023, a new Code of Conduct training programme will be rolled out, which reflects new procedures introduced by the Company since 2018, and which now includes sustainability and climate change considerations.

Communities

The Committee also reviewed a report which summarised Community initiatives which were undertaken by the Group's businesses throughout the year.

Whistleblowing

The Company's Senior Independent Director, Keith Lough, is the primary point of contact for staff or other key partners of the Group to raise, in confidence, concerns they may have over possible improprieties, financial or otherwise. In addition, the Group engages the services of SafeCall Limited to provide an independent and anonymous whistleblowing service available to staff across all of Hunting's operations. All employees have been notified of these arrangements through the corporate magazine, Group notice boards and the Group's website.

Bribery Act

In compliance with the UK Bribery Act, Hunting has procedures in place, including the publication of Anti-Bribery and Corruption policies and detailed guidelines on interacting with customers, suppliers and agents, including specific policies for gifts, entertainment and hospitality.

Senior managers across the Group are required to report their compliance activities, including an evaluation of risk areas.

The Group has completed a screening exercise to identify relevant employees who face a heightened risk of bribery, with all relevant personnel completing a formal training and compliance course, in line with the Group's procedures.

The Committee reviewed the compliance procedures relating to the Bribery Act at its December meeting, which incorporates risk assessments completed by each business unit and gifts and entertainment disclosures made during the reporting period.

The Group's internal audit function reviews local compliance with the Bribery Act and reports control improvements and recommendations to the Committee, where appropriate.

Modern Slavery Act

The Modern Slavery Act 2015 was enacted in 2016 and requires companies to evaluate internal and external risks related to human trafficking and modern slavery.

Procedures were introduced during 2016 and continued in 2022, whereby each business unit across the Group completed due diligence on its workforce to highlight employment risks in relation to trafficking and slavery.

All businesses within the Group also completed a risk-mapping exercise of their known supply chain to evaluate those customers and suppliers to the Group who operate in those jurisdictions where trafficking and slavery is more prevalent. Hunting published its Modern Slavery Act report in March 2022, located at www.huntingplc.com.

In 2023 a new "Code of Conduct" training course will be rolled out to all employees of the Group, which incorporates information on modern slavery and trafficking.

In the year, the Company also introduced a Supplier Code of Conduct, which commits businesses within Hunting's supply chain to many of the principles contained in the Company's Code of Conduct.

Sanctions and Export Compliance

The Group sells products to over 70 countries which presents a general risk of export and sanctions compliance.

Hunting has detailed procedures in place that monitor sales in medium to high risk territories, where End User disclosures, company evaluation and analysis are completed prior to a sales order being agreed.

The Committee received regular reports on these sales and procedures. In the year, the Company introduced a Supplier Code of Conduct, which commits businesses in Hunting's supply chain to many of the principles contained in the Company's Code of Conduct.

On behalf of the Board



John (Jay) F. Glick
Chairman

2 March 2023