

# Ethics and Sustainability Committee Report



**John (Jay) F. Glick**

Chair of the Ethics and Sustainability Committee

The work of the Ethics and Sustainability Committee has continued throughout 2023, with the focus on the development and reporting of the Group's environmental, social and governance ("ESG") matters.

Attention continues to be given to improving the quality of our carbon and climate data, with Hunting completing an assurance programme over the Company's scope 1 and 2 emissions during the year. The process confirmed the robust processes in place to capture this data. The Group also commenced a process to determine its scope 3 carbon emission inventories. We are pleased to be reporting initial scope 3 data in this Annual Report and aim to complete this scope of work in 2024.

As part of the Capital Markets Day, the Company confirmed its commitment to ensuring long-term sustainability and its focus on reducing its carbon emissions and increasing the purchase of electricity from renewable sources.

In summary, the Ethics and Sustainability Committee is encouraged by the Company's progress in these important areas over the past two years, and looks forward to reporting further progress in the future.

## Composition and frequency of meetings

The Committee comprises the Company Chair and the independent, non-executive Directors of the Company. Jay Glick chairs the Committee. The Committee met twice in the year, as planned, in June and December 2023. The Committee operates under written terms of reference approved by the Board, which are published on the Company's website at [www.huntingplc.com](http://www.huntingplc.com).

The attendance of the Ethics and Sustainability Committee is noted in the table on the left.

As noted elsewhere, Mr Glick is due to retire from the Board on 17 April 2024, with Margaret Amos to Chair the Committee from this date.

## Responsibilities

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

- Monitor the Group's scope 1, 2 and 3 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 ("TCFD") 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 of sanctioned territories;
- Monitor the Group's whistleblowing procedures; and
- Monitor the Group's anti-bribery and corruption initiatives.

	Member	Invitation
<b>Number of meetings held</b>	<b>2</b>	
<b>Number of meetings attended (actual/possible):</b>		
Annell Bay	2/2	–
Stuart Brightman	2/2	–
Carol Chesney	2/2	–
Bruce Ferguson	–	2/2
Jay Glick (Committee Chair)	2/2	–
Paula Harris	2/2	–
Jim Johnson	–	2/2
Keith Lough	1/2	–

## Ethics and Sustainability Committee Report continued

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**Terms of reference and Committee effectiveness**

At its December 2023 meeting, the Committee reviewed its terms of reference and considered its effectiveness, concluding that its performance had been satisfactory during the year.

**SASB reporting framework**

During the year, the Group reported against the SASB reporting standards for Oil & Gas – Services and Industrial Equipment & Machinery, which are noted on pages 80 and 81.

**Work undertaken by the Committee during 2023**

The Committee discussed, reviewed and made a number of decisions on key areas in 2023, which are set out below:

	Jun	Dec
<b>Carbon</b>		
Procedures for measuring and monitoring the Group's scope 1, 2 and 3 GHG emissions	•	•
TCFD and CRFD analysis and reporting	•	•
Climate scenario reports	•	•
<b>Stakeholders</b>		
Employee and workforce reports	•	•
Code of Conduct training reports	•	•
Whistleblowing summary reports	•	•
Quality assurance and health and safety reports	•	•
Community reports	•	•
<b>Ethics</b>		
Anti-bribery and corruption reports	•	•
Entertainment and hospitality summary	•	•
Modern slavery analysis	•	•
Customer and supplier risk analysis	•	•
Sanctions and export compliance	•	•

**Carbon and climate**

The Group has reported scope 1 and 2 emissions in its Annual Reports for a number of years. 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 a maximum of 17,937 tonnes CO<sub>2</sub>e by 2030. These targets were announced in March 2023.

In 2023, the Group completed an assurance programme over its scope 1 and 2 greenhouse gas emissions data. S&P Global was appointed in H2 2022 to complete this work, with the assurance process completing in July 2023, where the accuracy of the Group's externally published data was confirmed.

In Q3 2023, the Company appointed an independent, third-party expert adviser to assist Hunting with the determination of the Group's scope 3 greenhouse gas inventories. The Group has started this assessment with the Hunting Titan operating segment, given that the segment makes up a material proportion of our scope 1 and 2 emissions. Following analysis, Hunting is reporting against eight of the 15 pillars of scope 3 inventories. The analysis provides an estimate of the scope 1, 2 and 3 emissions for Titan, which enabled the Group's total emissions to be extrapolated. For further information, please see pages 70, 71 and 94. During 2024, this process will be extended to the Group's Subsea, EMEA and Asia Pacific operating segments, to enable a more accurate assessment of the Group's total scope 1, 2, and 3 inventories to be calculated. The North America operating segment will be assessed in 2025.

The Committee also reviewed the work completed in the year with respect to the Company's TCFD disclosures, which are included on pages 82 to 95. Hunting's TCFD reporting aligns with the four recommended pillars of governance, strategy, risk management and targets. 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.

At its meeting in June 2023, the Committee reviewed the results of the Gallup Q12 employee engagement survey, which had been completed in H1 2023. The Committee noted the improved scoring since the last survey in 2019, underpinning the Board's belief that Hunting's culture and engagement with its employees is robust. For further information on this process, please refer to the Strategic Report.

**Ethics and Sustainability Committee Report** continued**Quality assurance and HSE (“QAHSE”)**

As part of its review work, the Committee received quality assurance and health and safety reports from the Group’s Director for QAHSE. For further information on QAHSE 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 deals with a broad range of issues, including:

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

The Code of Conduct is available on the Group’s website and is distributed to most customers.

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

**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.

**Communities**

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

**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 2023, 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 jurisdictions where trafficking and slavery is more prevalent. Hunting published its Modern Slavery Act report in March 2023, located at [www.huntingplc.com](http://www.huntingplc.com).

The new Code of Conduct training course incorporates information on modern slavery and trafficking.

**Supplier Code of Conduct**

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.

On behalf of the Board



**John (Jay) F. Glick**  
Chair of the Ethics and Sustainability Committee

29 February 2024