
“HUNTING HAS CONTINUED TO APPLY THE PRINCIPLES OF THE UK CORPORATE GOVERNANCE CODE DURING THE YEAR.

IN 2017 THE BOARD INITIATED SUCCESSION PLANS TO APPOINT A NEW CHIEF EXECUTIVE AND CHAIRMAN. FOLLOWING THE EVALUATION OF INTERNAL AND EXTERNAL CANDIDATES, JIM JOHNSON, HUNTING’S CHIEF OPERATING OFFICER, WAS PROMOTED TO CHIEF EXECUTIVE IN SEPTEMBER 2017. THE BOARD ARE DELIGHTED THAT JIM ACCEPTED THIS OPPORTUNITY, GIVEN HIS LONG SERVICE AND KNOWLEDGE OF THE GROUP’S ACTIVITIES.

IN SEPTEMBER, RICHARD HUNTING RETIRED AS CHAIRMAN AFTER HOLDING THIS ROLE FOR 26 YEARS. WE THANK HIM FOR HIS COMMITMENT AND SERVICE TO THE COMPANY. RICHARD REMAINS ON THE BOARD AS A NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR.”

**JOHN F. GLICK
CHAIRMAN**

Compliance

The Board of Hunting PLC has adopted governance principles aligned with the 2016 UK Corporate Governance Code (the “Code”) which can be found at www.frc.org.uk. The Company is reporting its corporate governance compliance against this Code.

During the year, Hunting became fully compliant with the provisions of the Code following the audit tender process and the appointment of an independent non-executive Chairman.

Governance Framework

Subject to the Company’s Articles of Association, UK legislation and any directions prescribed by resolution at a general meeting, the business of the Company is managed by the Hunting PLC Board. The Board is responsible for the management and strategic direction of the Company and to ensure its long-term success, as prescribed by UK law.

The Board has three committees to which it delegates key governance and compliance procedures: the Nomination Committee, whose report can be found on pages 64 and 65, the Audit Committee, whose report can be found on pages 66 to 70, and the Remuneration Committee, whose report can be found on pages 71 to 92.

Responsibilities of the Board

The Board of Hunting PLC has clearly defined areas of responsibility, which are separate to those of the Chairman, executive management and of the Committees of the Board. The Directors approve the strategic aims and objectives of the Company, as set by executive management, and approves all major acquisitions, divestments, capital investments and annual budgets.

The Board has overall leadership of the Company, sets the values of the Hunting Group providing a strong tone from the top, to which all businesses within the Group and its employees are encouraged to adopt.

The Directors monitor Hunting’s trading performance, including the progress against the Annual Budget, the review of monthly management accounts and forecasts, comparing forecasts to current market consensus and reviewing other financial matters. They review and approve all public announcements, including financial results and trading statements, and sets the dividend policy of the Group.

The internal control and risk management framework and associated procedures are reviewed by the Board, however, key monitoring procedures are delegated to the Audit Committee.

There is a clear division of responsibilities between the Chairman and Chief Executive, as noted in the table following:

Responsibilities of the Chairman

- To lead and build an effective and complementary Board;
- To chair meetings of the Board, ensuring agendas and materials are fit for purpose;
- To ensure the Directors are provided with accurate, timely and clear information;
- To encourage good dialogue between all Directors, with strong contributions from all Board members;
- To meet the non-executive Directors without the executive Directors and to discuss training and development;
- To arrange appropriate Director induction programmes; and
- To arrange an annual board evaluation and to act on its findings.

Responsibilities of the Chief Executive

- To manage the day-to-day activities of the Group;
- To recommend and implement the strategic direction of the Group to the Board;
- To identify and execute new business opportunities, acquisitions and disposals;
- To ensure appropriate internal controls are in place;
- To report to the Board regularly on the Group's performance and position; and
- To present to the Board an annual budget and operating plan.

The Board approves all key recommendations from the Nomination, Audit and Remuneration Committees and approves all appointments to these Committees.

Governance principles of the Company are set by the Board and key Group-level policies are reviewed and approved by the Directors.

Board Composition

The Board comprises the independent non-executive Chairman, Chief Executive, Finance Director, three independent non-executive Directors, one of whom is the Senior Independent Director, and one non-independent, non-executive Director.

The independent non-executive Directors are a key source of expertise and contribute to the delivery of the Company's strategic goals.

Non-executive Directors are chosen from the oil and gas industry and regulatory sectors in which Hunting operates. The expertise and competencies of the non-executive Directors is noted in the table below, and underpin the balance of skills and knowledge that contribute to the "Group Think" of the Board:

Director	Expertise
Annell Bay	Upstream oil and gas, US energy market development and US quoted companies.
Jay Glick	Oilfield services and manufacturing, US energy market development and US quoted companies.
John Hofmeister	Upstream oil and gas, Human Resources, US energy market development and political environment.
Richard Hunting	UK Corporate Governance, Investor Relations.
John Nicholas	Accounting and Auditing, UK Corporate Governance and Regulatory Developments.

Board Independence and Conflicts of Interest

The Directors, together with brief biographical details, are identified on pages 56 and 57.

As an independent, non-executive Chairman, Jay Glick's appointment has brought Hunting in line with the recommendations of the UK Corporate Governance Code, following the retirement of Richard Hunting. Mr Glick also chairs the Nomination Committee. Following his retirement as Chairman, Mr Hunting remains on the Board as a non-independent, non-executive Director and has been appointed to the Audit Committee.

As at 31 December 2017, excluding the Chairman, the Board comprised 50% independent non-executive Directors. Including the Chairman, 57% of the Board is comprised of independent Directors.

All the non-executive Directors, including the Chairman, have access to professional advisers, at the Company's expense, to fulfil their various Board and Committee duties.

The Group has procedures in place to manage Conflicts of Interest. Each Director is required to declare any potential conflicts that exist, or may arise, which are formally recorded by the Company Secretary. Appropriate decision making, in light of this declaration, is undertaken, which could include a Director not participating in a Board decision or vote. Each Director is required to complete a declaration of known Conflicts of Interest annually.

Company Secretary

The Company Secretary is appointed by the Board and supports the Chairman in providing all materials and information flows between the executive and non-executive Directors, specifically on matters of governance and regulatory compliance. The Company Secretary is also available to the Board and all its Committees for advice and ensures that all procedures are followed.

Work Undertaken by the Board During 2017

The Board met 10 times in 2017, on six occasions as regularly timetabled, and on four further occasions to discuss recommendations from the Remuneration and Nomination Committees.

The attendance of the Directors at Board meetings during 2017 is detailed in the table below:

Number of meetings held	10
Number of meetings attended (actual/possible):	
Annell Bay	10/10
Jay Glick	10/10
John Hofmeister	10/10
Richard Hunting	10/10
Jim Johnson (from 1 September 2017)	2/2
John Nicholas	10/10
Dennis Proctor (to 1 September 2017)	8/8
Peter Rose	10/10

Each Board meeting follows a prescribed agenda and agreed schedule of matters.

At each meeting, the Chief Executive updates the Board on key operational developments, provides an overview of the market, reports on health and safety, and highlights important milestones reached towards the delivery of Hunting's strategic objectives.

The Finance Director provides an update on the Group's financial performance and position, banking arrangements, legal issues, analyst discussions and statutory reporting developments relevant to Hunting. These topics lead to discussion, debate and challenge amongst the Directors.

CORPORATE GOVERNANCE REPORT CONTINUED

During 2017, the standing items and other items for regular Board meetings included the following business:

	Feb	Apr	Jun	Aug	Oct	Dec
Standing items						
Chief Executive Update	✓	✓	✓	✓	✓	✓
Finance Director Report	✓		✓	✓	✓	✓
Operational Reports	✓		✓	✓		✓
Quality Assurance and HSE Reports	✓		✓	✓		✓
Shareholder Report	✓	✓	✓	✓	✓	✓
Other items						
Annual Report and Accounts	✓					
Board Evaluation	✓					✓
Risk Review	✓					
AGM Preparation		✓				
Trading Statement		✓			✓	
Strategy			✓			✓
Financial Personnel Succession			✓			
Half Year Report				✓		
Annual Budget						✓
Non-executive Director Remuneration						✓
Chairman/Senior Independent Director						
Investor Feedback						✓

Directors' and Officers' Liability Insurance

Hunting maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by the Directors and Officers in the discharge of their duties. This is a qualifying third-party indemnity provision that was in force throughout the year.

Board Appointments

All appointments to the Board are in accordance with the Company's Articles of Association and the Code and are made on recommendation of the Nomination Committee.

In April, the Board commenced a succession process to appoint a new Chief Executive. On 1 September 2017, Hunting appointed Jim Johnson as the new Chief Executive of the Group. Dennis Proctor stepped down as a Director on the same date. More information on this process can be found in the Nomination Committee Report on pages 64 and 65.

In August, the Nomination Committee recommended to the Board the appointment of Jay Glick as Chairman to succeed Richard Hunting. Mr Glick's appointment was effective from 1 September 2017.

For the appointment of executive Directors, the Company enters into a Service Contract with the Director, which reflects the terms of employment, remuneration and termination, taking into account country of residence and applicable local employment laws. For more information on the Service Contracts of the current executive Directors, please see page 80 of the Remuneration Committee Report.

On appointment, each non-executive Director is provided with a letter of appointment, outlining the time commitments, responsibilities and fiduciary duties required under Company Law and, following Company policy, are normally appointed for a three-year term. All appointment letters are available for inspection at the Company's AGM or at Hunting's registered office. Due to the small size of the Hunting Board, non-executive Directors are paid fees that are above the UK market median, reflecting a higher level of time commitment required for Company matters.

As prescribed by the Code, all the Directors submit themselves for annual re-election at the Company's AGM and at the 2017 AGM all Directors were re-elected by shareholders.

Board Induction and Training

As part of the formal induction process for the new Chief Executive and Chairman, the Company Secretary organised a number of briefing sessions by the professional advisers to the Group. Immediately following their respective appointments, both Mr Johnson and Mr Glick also undertook investor meetings to discuss the Group's operations, strategy and governance.

In June, the Board received a corporate governance and accounting briefing that highlighted the regulatory and financial reporting changes to occur over the next few years.

The Chairman also met with the non-executive Directors throughout the year to discuss and agree, among other matters, training and development.

Board Evaluation

The Directors undertake an annual evaluation of the Board and its Committees, which includes completion of a detailed questionnaire on the operation and governance responsibilities in relation to the Company's governance framework. Both the executive and non-executive Directors are appraised collectively and individually, with the results of the process reported to the Board through the Chairman. This process was undertaken in December 2017, with the Board concluding that each Director, the Committees of the Board and the Board itself remained effective.

Furthermore, the Chairman's performance was evaluated in a separate exercise by the non-executive Directors led by John Hofmeister, the Company's Senior Independent Director. The non-executive Directors concluded that Mr Glick had been an effective and able Chairman of the Company since his appointment.

In 2015, the Company completed an externally facilitated evaluation that was managed by IDDAS. This process will be repeated in 2018.

Board Accountability

The Board has procedures in place to review all shareholder communications, including the financial statements and Stock Exchange announcements issued by the Company. Hunting's business model and strategy is detailed on pages 30 to 46. The Board has delegated the responsibility of assessing whether the financial statements are fair, balanced and understandable to the Audit Committee. Further details of the responsibilities of the Audit Committee can be found within its report on pages 66 and 67.

Going Concern Basis and Viability Statement

The Audit Committee and Board review the Going Concern Basis twice a year and the Group's Viability Statement annually, in parallel to supporting reports from the executive Directors and Hunting's central finance function.

On 26 February 2018, the Board approved the Going Concern Basis and Viability Statement for the 2017 year end, which is detailed on page 55.

Risk Management Procedures

The Board acknowledges its responsibility for monitoring the Group's principal risks and system of internal control and for reviewing its effectiveness as required by the Code, with key authorities being delegated to the Audit Committee. At the Board's February 2017 meeting, the Directors completed a robust assessment and review of the Group's risk management framework and the principal risks facing the Company.

Hunting's principal risks, risk management framework and systems of internal control are reviewed by the Board annually and are detailed in the Strategic Report on pages 47 to 54.

Annual General Meeting ("AGM")

The AGM of the Company will take place on Wednesday, 18 April 2018 at The Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS, commencing at 10.30 a.m. to which all shareholders are invited. Shareholder voting procedures follow the provisions of the Articles of Association and the Code, including a separate resolution on each material item of business, the availability of voting via proxy and the offer of a "vote withheld". At the 2018 AGM, all resolutions will be voted on by way of a poll. Further details of the resolutions and voting procedures are set out in the Notice of AGM.

Shareholders can vote by completing the form of proxy sent with the Notice of AGM, or by submitting votes electronically via the Registrars' website www.sharevote.co.uk or via their online portfolio service, Shareview, if registered as a member. Alternatively, shares held in CREST may be voted through the CREST Proxy Voting Service. To be valid, all votes must be received no later than 48 hours before the time set for the meeting.

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 2017, 433,917 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 24,544,579 shares. Any shares purchased will either be cancelled, and the number of Ordinary shares in issue reduced accordingly, or held in Treasury. During 2017, no Ordinary shares were purchased by the Company, under this authority.

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 new authorities for these powers at the 2018 AGM.

Employee Share Trust

The Group operates an Employee Share 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 2017, the Trust held 656,808 Ordinary shares in the Company (2016 – 791,852). 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. During the year, the Trust subscribed for 433,917 Ordinary shares at the nominal value of 25 pence per share.

In accordance with Listing Rule 9.8.4C, the Trust has waived all dividends payable by the Company and voting rights in respect of the Ordinary shares held by it. Total dividends waived by the Trust in the financial year to 31 December 2017 were \$nil, due to the Company suspending dividends at present, to comply with its bank facility restrictions.

Shareholders

The Company uses a number of processes for communicating with shareholders, including Stock Exchange announcements, the annual and half-year reports, webcasts, trading statements and the AGM to which all shareholders are invited. In addition, the Chief Executive and Finance Director meet on a one-to-one basis with principal shareholders at least twice a year, following the Group's annual and half-year results, or when requested to update them on Group performance and strategy. The Board is in turn briefed by the Chief Executive, when appropriate, on matters raised by shareholders.

During the year, the Chairman and Senior Independent Director also met with a number of shareholders to discuss strategy, governance and other matters. Their comments were passed on to the Board by the Chairman. The non-executive Directors are also available to meet shareholders.

The Company's major shareholders, as at 31 December 2017, are listed below:

	Notes	Number of Ordinary shares	Percentage of issued Ordinary shares
BlackRock	(7)	24,607,553	15.0
Franklin Templeton group of companies		16,363,892	10.0
Hunting Investments Limited	(1/4/5)	11,073,487	6.7
Nordea Asset Management	(6)	8,144,447	5.0
Wellington Management		7,047,309	4.3
Mensarius		6,721,443	4.1
AXA group of companies		6,552,956	4.0
Slaley Investments Limited	(5)	6,411,679	3.9
J Trafford – as trustee	(2/5)	5,970,864	3.6
Lazard Asset Management		5,020,131	3.1
David RL Hunting	(5)	194,120	0.1
– as trustee	(2/5)	2,549,117	1.6
– other beneficial	(3/5)	2,484,583	1.5

Notes:

- Included in this holding are 9,437,743 Ordinary shares held by Huntridge Limited, a wholly owned subsidiary of Hunting Investments Limited. Neither of these companies is owned by Hunting PLC either directly or indirectly.
- After elimination of duplicate holdings, the total Hunting family trustee interests shown above amount to 5,970,864 Ordinary shares.
- Arise because David RL Hunting and his children are or could become beneficiaries under the relevant family trusts of which David RL Hunting is a trustee.
- Richard H Hunting (non-executive Director of Hunting PLC) and David RL Hunting are both directors of Hunting Investments Limited.
- In 2014, Hunting Investments Limited, Slaley Investments Limited, certain Hunting family members, including Richard H Hunting and David RL Hunting and the Hunting family trusts, to which James Trafford is a trustee (together known as "the Hunting Family Interests") entered into a voting agreement. The voting agreement has the legal effect of transferring all voting rights of Hunting PLC Ordinary shares held by the Hunting Family Interests to a voting committee. The beneficial ownership of Hunting PLC Ordinary shares remains as per the table shown above. At 1 March 2018, the Hunting Family Interests party to the agreement totalled 25,458,715 Ordinary shares in the Company, representing 15.5% of the total voting rights.
- On 8 January 2018, Nordea Asset Management notified the Company that on 21 December 2017, its holding had decreased to below 5.0% of the issued capital.
- Between 10 January 2018 and 19 February 2018, the Company received 8 notifications from BlackRock which detailed changes to its shareholding. At 19 February 2018, BlackRock's holding was 26,159,695 Ordinary shares, representing 15.9% of the issued share capital.

Further information on Share Capital can be found in note 29 and on page 160.

CORPORATE GOVERNANCE REPORT CONTINUED

Diversity

Hunting's approach to diversity is based on policies that promote prejudice-free decision making and are focused on ensuring the right person is attached to the right role, to further all stakeholder interests.

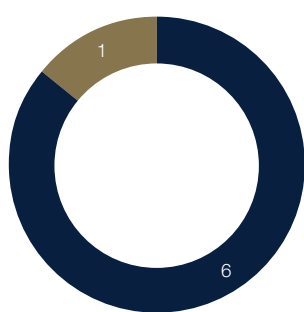
The Group's diversity policy is located at www.huntingplc.com/environment-and-society/our-people.aspx.

The policy commits Hunting to build a working environment in which all individuals are able to make best use of their skills, free from unfair discrimination, victimisation, harassment and/or bullying, and in which all appointments are based on merit. Further, the objectives of the policy focus on recruitment, training and development, conditions of work and disciplinary procedures. While there are no mandatory senior management diversity targets in place, all recruitment policies require fair and prejudice-free appointments, regardless of gender.

Gender

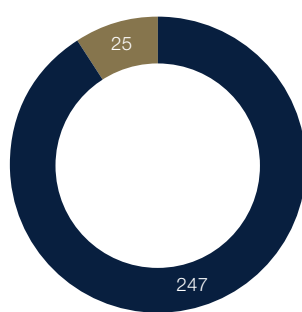
The Group has collected annual information on the gender diversity of its Board, senior management and workforce, with the 2017 data noted below:

BOARD



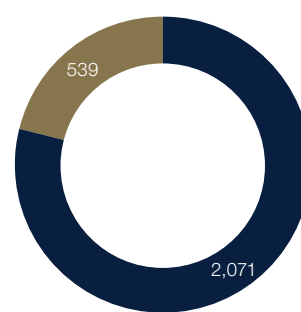
Male (86%) Female (14%)

SENIOR MANAGEMENT



Male (91%) Female (9%)

WORKFORCE



Male (79%) Female (21%)

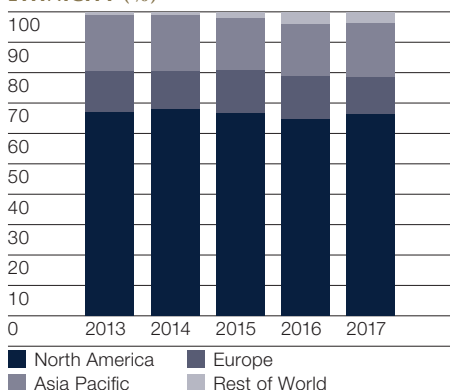
The Board has noted the recommendations of the Hampton-Alexander and Parker Committees regarding gender diversity and ethnicity. Consideration to these recommendations will be made as the Board is refreshed over the coming years.

Further, the Board has noted the legislation to report on the Gender Pay Gap for companies incorporated in the UK. Hunting confirms that none of the Group's UK-based companies meet the reporting threshold and as a consequence has not submitted data to the UK government's database.

Ethnicity

Hunting's global operating footprint now extends to 12 countries and, at 31 December 2017, employed 2,610 people. Our investments in Asia Pacific and Africa in recent years has diversified the ethnicity of the Group from its traditional North American and European focus and will continue to evolve with the changes to the global energy industry. The chart below notes the geographic and, therefore general, ethnic evolution of the Group over the past five years'.

ETHNICITY (%)



John F. Glick
Chairman

1 March 2018

DIRECTORS' REPORT

For the purpose of 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 2017.

The Strategic Report, incorporating the Chairman's Statement, Chief Executive's Statement, Market Review, Key Performance Indicators, Group Review and Outlook, Segmental Review, Business Model and Strategy and Risk Management is located on pages 4 to 55.

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

- changes in the Group and its interests (pages 12 to 14);
- future developments (page 16);
- risk management, objectives and policies (pages 47 to 54);
- ethnicity and diversity (page 62); and
- greenhouse gas emissions (pages 40 and 41).

Up to the date of this report, there have been no post-balance sheet events that require disclosure. As noted in the Strategic Report, the Group commenced the process to exit from the suspension period covenants and terms attached to the Group's revolving credit facility in December 2017, with the process completing in January 2018.

In addition, information relating to the Directors' indemnity provisions, substantial shareholder interests and dividend waivers, as required by legislation, are disclosed within the Corporate Governance Report on pages 60 and 61.

Investor-related information and further disclosures incorporated into the Directors' Report, such as information relating to the AGM, dividends, Directors' powers and interests, share capital, political donations, research and development and significant agreements, can be found within the Shareholders' Information section located on pages 159 to 161.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Audit and Remuneration Committee Reports, and the financial statements in accordance with applicable laws and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

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 Group and the Company and of the results of the Group for the year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for the maintenance and integrity of the Group's website, www.huntingplc.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Pursuant to the Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules sourcebook and the UK Corporate Governance Code, each of the Directors, whose names and responsibilities are listed on pages 56 and 57, confirm that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company;
- the Strategic Report on pages 4 to 55 includes a fair review of the development and performance of the Group's operations and the year end position of the Group and the Company, together with a description of the principal risks and uncertainties they face. The Strategic Report also details the Group's policies on human rights, gender balance and its Scope 1 and 2 greenhouse gas emissions; and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance and position, business model and strategy.

Ben Willey
Company Secretary

1 March 2018