

Corporate governance overview

Hunting's governance procedures have remained robust, with the Company becoming fully compliant to the 2016 UK Corporate Governance Code in the year. Further, a number of improvements were implemented during 2018, including the formation of an Executive Committee, comprising senior operational managers of the Group.

After a relationship extending nearly 30 years, PricewaterhouseCoopers will retire as external auditors at the Company's AGM in April 2019, with Deloitte being proposed as new auditors, following completion of a tender process in 2017. The Board wish to record their thanks to PwC for their many years of service.

The Board has evaluated the new 2018 version of the UK Corporate Governance Code and is currently reviewing proposals for compliance. New stakeholder engagement initiatives are planned, with reporting to commence in 2019.

John (Jay) F. Glick
Chairman

Introduction

Hunting's governance framework has remained strong during 2018, with key initiatives to enhance the Group's structure being put in place in the second half of the year, including the formation of an Executive Committee. This Committee was formed on 30 August 2018 as part of Hunting's strategic planning. The Committee reports directly to the Board and its members align with the reporting segments introduced in 2017. Members of the Executive Committee are noted on page 58.

Governance Framework – Company Board and Committees



The Executive Committee meets four times a year and members of the Committee periodically present to the Board, providing a detailed overview to the Directors on the business strategy for each region of the Group.

Board Composition and Diversity

During the year, two non-executive Directors retired from the Board after nine years of service to the Company. John Nicholas retired in April, also stepping down as Chair of the Audit Committee. John Hofmeister retired as Senior Independent Director and Chair of the Remuneration Committee in August.

Recruitment of new Directors commenced in H2 2017. The Board was keen to maintain the very strong industry knowledge and representation within the skills profile of the Directors, which led to the appointment of Keith Lough, who sits on the boards of a number of UK listed exploration and production companies. Following John Hofmeister's retirement, Keith has been appointed Senior

29%

Percentage of female Directors on the Board

Independent Director. Carol Chesney was appointed alongside Keith in April 2018 and was appointed Chair of the Audit Committee, following John Nicholas's retirement. Carol is a qualified Chartered Accountant and Chairs the Audit Committees of two other FTSE 350 companies and brings strong financial and UK governance expertise to the Board. Additionally, Anell Bay has been appointed Chair of the Remuneration Committee, following John Hofmeister's retirement. Anell has been a member of the Committee since 2015.

The Company's Directors now include two female members, representing 29% of the Board.

Board Evaluation

During the year, the Board undertook its third externally facilitated performance and effectiveness evaluation. Recommendations raised from the process have been discussed by the Board for implementation.

External Auditors Rotation

After nearly 30 years, PricewaterhouseCoopers LLP will retire as auditors to the Group at Hunting's AGM on 17 April 2019, following an audit tender completed in 2017 which led to the selection of Deloitte LLP. Deloitte's appointment will be tabled for shareholders' approval at the AGM. Deloitte has attended a number of meetings of the Audit Committee during 2018 as transition arrangements were implemented. On behalf of the Directors of the Company and its shareholders we thank PwC for their excellent work over this long period of time.

99%

Shareholder approval for 2018 Directors' Remuneration Policy

Remuneration Policy

On 18 April 2018, shareholders approved, with a 99% vote in favour, a new Directors' Remuneration Policy, incorporating changes which better align Hunting's remuneration framework with best practice UK governance principles. The annual bonus for the executive Directors now incorporates a bonus deferral mechanism by share retention, while the Hunting Performance Share Plan has a two-year mandatory holding period for all vested shares for awards granted from 2018, giving a total of a five-year cycle from grant to final award.

100%

Compliance with the 2016 Code

New Governance Developments

With the publication of the new UK Corporate Governance Code in July 2018, the Board of Hunting is considering new governance procedures to enhance stakeholder engagement and comply with the new requirements. As part of these new arrangements, Anell Bay has been appointed the designated non-executive Director for employee engagement, as recommended by section 1, provision 5, of the new 2018 Code. Anell will be working with the Group's Chief Executive and Chief Human Resources Officer to develop initiatives and appropriate Board reporting to address this important area. Further, new disclosures in the 2019 Annual Report are planned, to enable the Company to report its compliance with the new Code.

On behalf of the Board, I would like to thank all shareholders and stakeholders for their support over the past year.



John (Jay) F. Glick
Chairman

28 February 2019

Board of Directors and Company Secretary



John (Jay) F. Glick
Non-executive Chairman

Nationality

American.

Length of service

4 years; appointed to the Board as a non-executive Director in 2015. In 2017, Jay was appointed non-executive Chairman.

Skills and experience

Jay was formerly the president and chief executive officer of Lufkin Industries Inc and, prior to that, held several senior management roles within Cameron International Corporation.

External appointments

Jay is currently a non-executive director of TETRA Technologies Inc.

Committee membership

Nomination Committee (Chair) and by invitation.



Arthur James (Jim) Johnson
Chief Executive

Nationality

American.

Length of service

27 years; appointed to the Board as a Director and Chief Executive in 2017.

Skills and experience

Jim held senior management positions within Hunting from 1992 up to his appointment as Chief Operating Officer of the Group in 2011. In this role he was responsible for all day-to-day operational activities of the Company. Jim is a member of, and Chairs, the Executive Committee.

External appointments

None.

Committee membership

By invitation.



Peter Rose
Finance Director

Nationality

British.

Length of service

22 years; appointed to the Board as Finance Director in 2008.

Skills and experience

Peter is a member of the Institute of Chartered Accountants of Scotland. Before joining Hunting he held senior financial positions with Babcock International and, prior to that, spent several years with PwC working in the UK and Hong Kong. Peter is a member of the Executive Committee.

External appointments

None.

Committee membership

By invitation.



Annell Bay
Non-executive Director

Nationality

American.

Length of service

4 years; appointed to the Board as a non-executive Director in 2015 and was re-appointed for a second three-year term in February 2018. On 30 August 2018, Annell was appointed Chair of the Remuneration Committee.

Skills and experience

Annell was formerly a vice-president of global exploration at Marathon Oil Corporation and, prior to that, vice-president of Americas Exploration at Shell Exploration and Production Company.

External appointments

Annell is currently a non-executive director of Apache Corporation and Verisk Analytics Inc.

Committee membership

Nomination Committee.
Remuneration Committee (Chair).
Audit Committee.



Carol Chesney
Non-executive Director

Nationality

Joint American and British citizenship.

Length of service

1 year; appointed to the Board as a non-executive Director and Chair of the Audit Committee on 23 April 2018.

Skills and experience

Carol is a Fellow of the Institute of Chartered Accountants in England and Wales. Mrs Chesney was formerly the Group Financial Controller and, latterly, the Company Secretary, of Halma PLC.

External appointments

Carol is currently a non-executive director of Renishaw plc and Biffa plc.

Committee membership

Nomination Committee.
Remuneration Committee.
Audit Committee (Chair).



Richard Hunting C.B.E.
Non-executive Director

Nationality

British.

Length of service

46 years; elected an executive Director in 1989 and was Chairman from 1991 to 2017. In 2017, Richard retired as Chairman, and remains on the Board as a non-independent, non-executive Director.

Skills and experience

Richard has previously held a variety of management positions around the Hunting Group.

External appointments

None.

Committee membership

By invitation.



Keith Lough
Senior Independent Non-executive Director

Nationality

British.

Length of service

1 year; appointed to the Board as a non-executive Director on 23 April 2018 and appointed Senior Independent Director on 30 August 2018.

Skills and experience

Keith was formerly the non-executive Chairman of Gulf Keystone Petroleum plc and previously held a number of executive positions within other energy-related companies including British Energy plc and LASMO plc.

External appointments

Keith is currently a non-executive director of Cairn Energy plc, Rockhopper Exploration plc and the UK Gas and Electricity Markets Authority.

Committee membership

Nomination Committee.
Remuneration Committee.
Audit Committee.



Ben Willey
Company Secretary

Nationality

British.

Length of service

9 years; joined Hunting in 2010 and was appointed Company Secretary in 2013.

Skills and experience

Ben is a Fellow of the Institute of Chartered Secretaries and Administrators. He was formerly a partner at Buchanan, a WPP company and, prior to that, worked in investment banking with Evolution Securities plc.

External appointments

None.

Committee membership

Audit Committee (Secretary).
Nomination Committee (Secretary).
Remuneration Committee (Secretary).

Executive committee

Rick Bradley
Chief Operating Officer

Nationality

American.

Length of service

8 years; joined Hunting in 2011 and was appointed Chief Operating Officer in 2017.

Jason Mai
Managing Director –
Hunting Titan

Nationality

American.

Length of service

4 years; joined Hunting in 2015 and was appointed Managing Director in 2017.

Scott George
Managing Director –
US Operations

Nationality

American.

Length of service

9 years; joined Hunting in 2010 and was appointed Managing Director in 2011.

Randy Walliser
Managing Director –
Canada Operations

Nationality

Canadian.

Length of service

Joined Hunting and appointed Managing Director in February 2019.

Bruce Ferguson
Managing Director –
Europe Operations

Nationality

British.

Length of service

25 years; joined Hunting in 1994 and was appointed Managing Director in 2013.

Sean O'Shea
Managing Director –
Middle East & Africa Operations

Nationality

Irish.

Length of service

22 years; joined Hunting in 1997 and was appointed Managing Director in 2013.

Daniel Tan
Managing Director –
Asia Pacific Operations

Nationality

Singaporean.

Length of service

11 years; joined Hunting in 2008 and was appointed Managing Director in 2011.

The Board of Directors and members of the Executive Committee are all designated PDMRs.

Corporate governance report

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.

Hunting became fully compliant with all the provisions of the Code in the year, following changes to the composition of the Audit Committee in April 2018.

Following the publication of the revised UK Corporate Governance Code in July 2018, the Company is establishing initiatives to address the additional requirements of the Code. Hunting will be reporting its compliance with the new Code in its 2019 Annual Report.

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 main committees to which it delegates governance and compliance procedures: the Nomination Committee, whose report can be found on pages 66 and 67, the Remuneration Committee, whose report can be found on pages 68 to 85, and the Audit Committee, whose report can be found on pages 86 to 90.

An Executive Committee comprising of the executive Directors and Managing Directors of each segment of the Group was formed on 30 August 2018 and details of its operation are noted on page 62.

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, dividends, capital investments and annual budgets.

The Board has overall leadership of the Company, setting the values of the Hunting Group and 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 progress against the Annual Budget, reviewing 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, trading statements and set 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 following tables:

Responsibilities of the Chairman

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

Responsibilities of the Chief Executive

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

The Board approves all key recommendations from the Nomination, Remuneration and Audit 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 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. Profiles of each Director are found on pages 56 to 57.

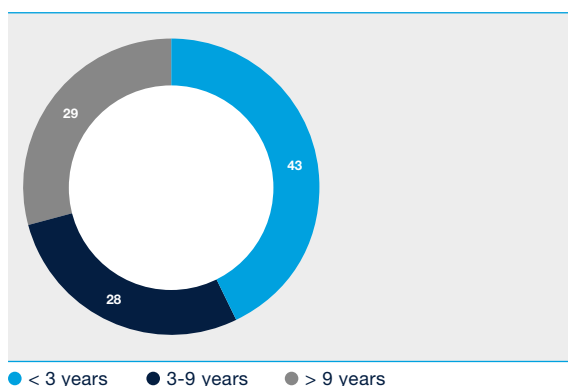
The independent non-executive Directors are a key source of expertise and contribute to the delivery of the Company's strategic goals.

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 are noted in the table below, and underpin the balance of skills and knowledge of the Board:

Director	Expertise
Annell Bay	Upstream oil and gas, US energy market development and US quoted companies.
Carol Chesney	Accounting, UK Corporate Governance, Ethics Compliance and UK quoted companies.
Jay Glick	Oilfield services and manufacturing, US energy market development and US quoted companies.
Richard Hunting	UK Corporate Governance, Investor Relations.
Keith Lough	Accounting, upstream oil and gas, UK energy regulation and market development and UK quoted companies.

The tenure of the Board, including both executive and non-executive Directors, is shown in the chart below. The average tenure of the Directors as at 28 February 2019 is 7.4 years.

Board tenure (%)



Board Independence and Conflicts of Interest

As at 31 December 2018, excluding the Chairman, the Board comprised 50% independent non-executive Directors. Including the Chairman, 57% of the Board comprises 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 2018

The Board met six times in 2018, as regularly timetabled. The attendance of the Directors at Board meetings during 2018 is detailed in the table below:

Number of meetings held	6
Number of meetings attended (actual/possible):	
Annell Bay	6/6
Carol Chesney (from 23 April 2018)	4/4
Jay Glick	6/6
John Hofmeister (to 30 August 2018)	4/4
Richard Hunting	6/6
Jim Johnson	6/6
Keith Lough (from 23 April 2018)	4/4
John Nicholas (to 18 April 2018)	2/2
Peter Rose	6/6

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 among the Directors.

During 2018, 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 and Half-Year Report and Accounts	✓			✓		
Board Evaluation	✓			✓		✓
Risk Review	✓					
AGM Preparation		✓				
Trading Statement		✓			✓	
Strategy			✓			✓
Organisation and Personnel Review, Development and Succession			✓			
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 February 2018, Annell Bay was re-appointed for a second three-year term, following a rigorous evaluation in December 2017.

In April 2018, the Nomination Committee concluded a process to recruit two new independent non-executive Directors to succeed John Nicholas and John Hofmeister, both of whom were scheduled to retire from the Hunting Board in 2018 following completion of nine years' service. On 17 April 2018, the Nomination Committee recommended to the Board the appointments of Carol Chesney and Keith Lough, with the Board considering the recommendation at its meeting on 18 April 2018. Mrs Chesney and Mr Lough joined the Board as Directors on 23 April 2018, with Mrs Chesney being appointed Chair of the Audit Committee on the same date, following the retirement of Mr Nicholas on 18 April 2018. Mr Hofmeister retired from the Board on 30 August 2018, with Annell Bay being appointed Chair of the Remuneration Committee and Keith Lough being appointed the Company's Senior Independent Director on the same date.

More information on this process can be found in the Nomination Committee Report on pages 66 and 67.

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 the 2017 Remuneration Committee Report located at www.huntingplc.com.

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 high 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 2018 AGM all Directors were re-elected by shareholders. John Nicholas retired from the Board at the AGM and did not offer himself for re-election. As prescribed by the Company's Articles of Association, Carol Chesney and Keith Lough will automatically retire and offer themselves for re-appointment by shareholders at the 2019 AGM. All other Directors will also retire and offer themselves for re-election, as recommended by the UK Corporate Governance Code.

Board Induction and Training

As part of the formal induction process for Mrs Chesney and Mr Lough, internal briefings were organised to introduce key finance personnel, following their appointments. In addition, facility tours to the Group's operations in the UK and US were organised in the year, where key members of the Group's leadership team gave presentations on each operating segment.

As part of the Group's regular programme of investor relations, Mr Lough's induction to the role of Senior Independent Director included meeting with institutional shareholders in January 2019.

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

Board Evaluation

Annually, the Directors undertake an internal 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.

In 2018, the Board organised its third externally facilitated Board effectiveness evaluation which was undertaken by Clare Chalmers Limited. The process involved the review of Board and Committee papers and individual Director interviews. Ms Chalmers submitted the findings from the process to the Chairman, which were reviewed by the Board at its December meeting. The Board noted these findings, including areas for further improvement, which had been noted during the external evaluation process. Further, this process will be repeated in 2021. Clare Chalmers has no other connection to the Company.

Overall, the Chairman and the Board as a whole concluded that each Director, the Committees of the Board and the Board itself remained effective.

Furthermore, in December 2018 the Chairman's performance was evaluated in a separate exercise by the non-executive Directors led by Keith Lough, the Company's Senior Independent Director. The non-executive Directors concluded that Mr Glick had been an effective and able Chairman of the Company.

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 28 to 43. 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 86 to 90.

Executive Committee

The Hunting Executive Committee was formed in August 2018 comprising the executive Directors and regional Managing Directors of the Group. Profiles of each member of the Executive Committee are found on pages 56 and 58. Under its terms of reference, which have been published on the Hunting website, www.huntingplc.com, the Committee meets four times a year. Key matters for consideration by the Committee include:

- operational reports from each Managing Director, covering the performance of each operating segment during the previous quarter and capital investments currently being undertaken;
- segmental financial performance in the year to date;
- Health and Safety performance, including consideration of issues that have arisen and any reportable HSE incidents which may have occurred;
- Quality Assurance performance;
- Internal Control and Risk Register review;
- Human Resources reports, including key data from the previous quarter;
- IT infrastructure performance, cyber security, data protection and planned investment;
- compliance initiatives, including bribery and corruption; and
- other legal matters.

The Chief Executive and Finance Director subsequently report these activities to the Board of the Company and on any issues which arise from the Executive Committee.

As noted in the Company's Half-Year Results, all members of the Executive Committee are determined to be PDMRs of the Group.

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 with supporting reports from the executive Directors and Hunting's central finance function.

On 26 February 2019, the Board approved the Going Concern Basis and Viability Statement for the 2018 year-end, which is detailed on page 53.

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 2018 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 44 to 52.

Annual General Meeting ("AGM")

The AGM of the Company will take place on Wednesday, 17 April 2019 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 UK Corporate Governance 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 2019 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 they are 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 2018, 900,000 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 24,609,623 shares. Any shares purchased will either be cancelled, and the number of Ordinary shares in issue reduced accordingly, or held in Treasury. As noted below, through the Group's Employee Share Trust, 750,000 Ordinary shares were purchased in the year, 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 a renewal for these powers at the 2019 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 2018, the Trust held 1,247,672 Ordinary shares in the Company (2017 – 656,808). 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.

In April 2018, the Trust subscribed for 900,000 Ordinary shares at the nominal value of 25 pence per share, to partially satisfy vested awards under the HPSP.

Further, in November 2018 the Trust purchased 750,000 Ordinary shares in the Company to satisfy future HPSP share vestings.

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 2018 were \$21,259 (2017 – \$nil), based on 531,482 Ordinary shares being subject to this waiver.

Non-Financial Information Directive

In compliance with the European Union's Non-Financial Information reporting directive, the Group has provided relevant information throughout the Strategic Report. The Directors' Report on page 65 provides details on the location of this information.

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.

In January 2019, the Chairman and Senior Independent Director 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 2018, are listed below:

	Notes	Number of Ordinary shares	Percentage of issued Ordinary shares
Franklin Resources group of companies		12,291,521	7.4
Hunting Investments Limited	(1/4/5)	11,003,487	6.7
BlackRock	(6)	9,350,395	5.7
JP Morgan Chase & Co		8,543,374	5.2
Slaley Investments Limited	(5)	6,411,679	3.9
Lazard Asset Management		6,144,957	3.7
J Trafford – as trustee	(2/5)	5,970,864	3.6
Dimensional Fund Advisors		5,967,545	3.6
Barclays group of companies		5,725,272	3.5
David RL Hunting	(5)	194,120	0.1
– as trustee	(2/5)	2,549,117	1.5
– 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 28 February 2019, the Hunting Family Interests party to the agreement totalled 25,388,715 Ordinary shares in the Company, representing 15.4% of the total voting rights.
- On 7 January 2019, BlackRock notified the Company that its holding has decreased to 5.7% of the issued share capital. Further, on 10 January 2019, BlackRock notified the Company that its holding was less than 5% of the issued share capital.

Further information on share capital can be found in note 30 and on page 168.

Diversity

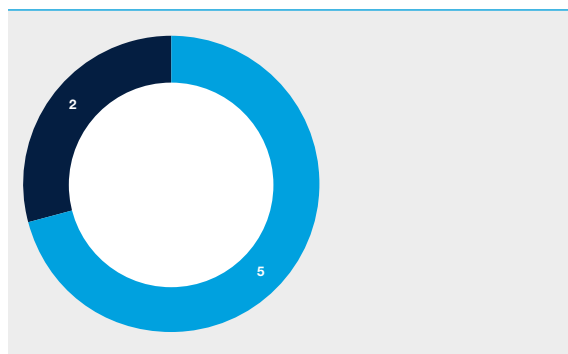
Hunting's approach to diversity is based on policies that promote prejudice-free decision making and are focused on ensuring the right person is attached to the right role, to further all stakeholder interests. The Group's diversity policy is located at www.huntingplc.com/environment-and-society/our-people.aspx. The policy commits Hunting to building 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 senior management diversity targets in place, all recruitment policies require fair and prejudice-free appointments, regardless of gender.

Gender

Gender diversity data of Hunting's Board, senior management and workforce is noted below:

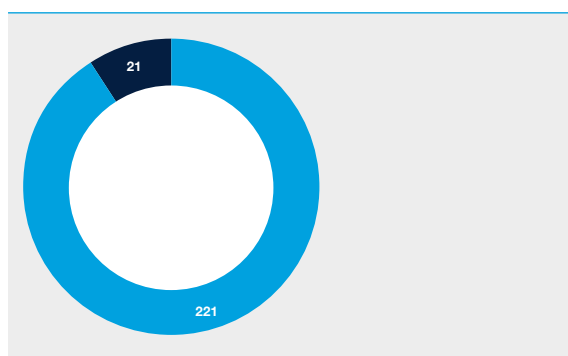
Board



● Male (71%) ● Female (29%)

(2017 – Male 86% : Female 14%)

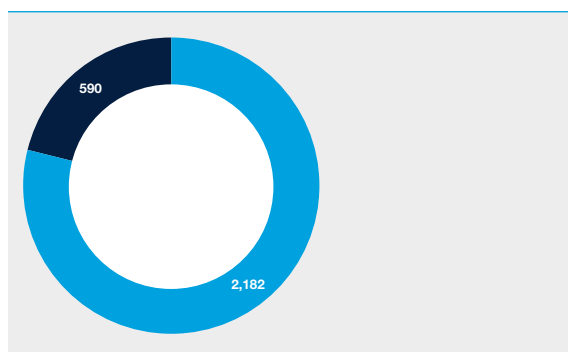
Senior Management



● Male (91%) ● Female (9%)

(2017 – Male 91% : Female 9%)

Workforce



● Male (79%) ● Female (21%)

(2017 – Male 79% : Female 21%)

Senior management, in the context of the chart above, is defined as an employee holding a senior position within the Group, and has management oversight of a key operational function. For further information on the Group's workforce please refer to page 32.

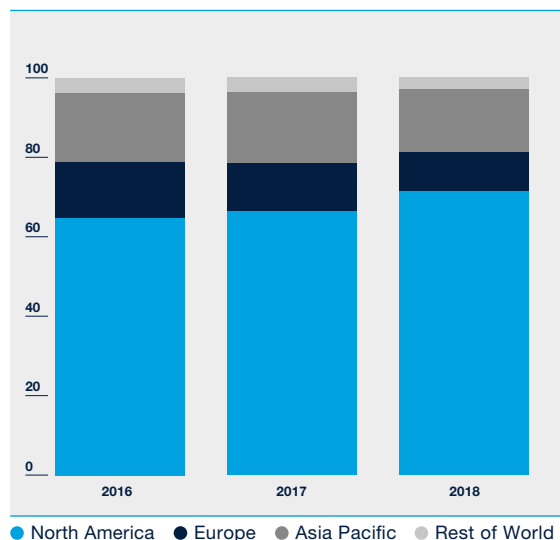
Further, the Board has noted the recommendations of the Hampton-Alexander and Parker Committees regarding gender diversity and ethnicity. Consideration to these recommendations will continue to be made as the Board is refreshed over the coming years. At 31 December 2018, the Executive Committee and direct reports to members of the Executive Committee (excluding the executive Directors) totalled 67 employees with a gender balance of 10% female and 90% male.

Further, the Board has noted the legislation to report on the Gender Pay Gap and CEO pay ratios for companies incorporated in the UK. Hunting confirms that none of the Group's UK-based companies meet the reporting thresholds.

Ethnicity

Hunting's global operating footprint extends to 11 countries and, at 31 December 2018, employed 2,772 people. The Group remains North American focused with over 70% of employees from that region at 31 December 2018.

Group ethnicity (%)



● North America ● Europe ● Asia Pacific ● Rest of World

John (Jay) F. Glick
Chairman

28 February 2019

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 2018.

The Strategic Report, incorporating the Chairman's Statement, Chief Executive's Statement and Outlook, Market Review, Key Performance Indicators, Group Review, Segmental Review, Business Model and Strategy and Risk Management is located on pages 4 to 53. 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 14 to 18);
- future developments (page 7);
- risk management, objectives and policies (pages 44 to 47);
- bribery and corruption (page 34);
- employees (page 32);
- ethnicity and diversity (pages 63 and 64); and
- greenhouse gas emissions and environmental matters (page 37).

Up to the date of this report, there have been no post-balance sheet events that require disclosure.

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 59 to 64. 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 167 to 169.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and parent Company financial statements in accordance with IFRSs as adopted by the European Union. 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 parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' Confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed in Board of Directors confirm that, to the best of their knowledge:

- the parent Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent Company's auditors are aware of that information.

By order of the Board



Ben Willey
Company Secretary

28 February 2019

Nomination committee report

For the year ended 31 December 2018

In 2018 the Committee's work focused on the recruitment of new non-executive Directors, following the planned retirement of John Nicholas and John Hofmeister, both of whom were appointed in 2009.

After a thorough search process, we were pleased to recommend to the Board the appointment of Carol Chesney and Keith Lough, which maintains the Board's strong governance and industry expertise required for the Company as it continues a new growth phase.

John (Jay) F. Glick

Chair of the Nomination Committee

Composition and Frequency of Meetings

The Committee currently comprises the Company Chairman and all the independent non-executive Directors of the Company and is chaired by John (Jay) Glick.

On 18 April 2018, John Nicholas retired from the Board and the Committee following completion of nine years' service as a Director.

On 23 April 2018, Carol Chesney and Keith Lough joined the Committee following their appointments as Directors.

On 30 August 2018, John Hofmeister also retired from the Board and the Committee following completion of nine years' service as a Director.

The Committee meets as required to discuss succession matters and to ensure that an orderly process of Board refreshing occurs.

In 2018, the Committee met three times, in February and April to consider and recommend new independent non-executive Directors, and in December to review its effectiveness.

The Committee operates under written terms of reference approved by the Board, which are published on the Company's website at www.huntingplc.com.

Attendance at the Nomination Committee meetings during the year is detailed in the table below:

	Member	Invitation
Number of meetings held	3	
Number of meetings attended (actual/possible):		
Annell Bay	3/3	–
Carol Chesney (from 23 April 2018)	1/1	–
Jay Glick (Committee Chair)	3/3	–
John Hofmeister (to 30 August 2018)	2/2	–
Richard Hunting	–	3/3
Jim Johnson	–	3/3
Keith Lough (from 23 April 2018)	1/1	–
John Nicholas (to 18 April 2018)	2/2	–
Peter Rose	–	3/3

Re-appointment of Non-executive Director

In February 2018, Annell Bay was re-appointed for a second three-year term, following an evaluation process completed in December 2017.

Appointment of New Non-executive Directors

In 2018, John Nicholas and John Hofmeister were both due to retire as Directors, following completion of nine years' service.

In anticipation of this, in H2 2017 the Committee commenced a process to recruit new independent non-executive Directors to succeed Messrs Nicholas and Hofmeister.

As part of the process, the Committee reviewed the skills profile required for the Company as the Group commenced a new phase of growth, following the industry downturn within the oil and gas sector, and also as the Group contemplated new governance recommendations published by the UK's Financial Reporting Council.

The Committee concluded that the Board needed to maintain its strong industry experience, given that the Group had successfully navigated the market depression between 2014 and 2017 and was now poised for new growth in its core markets. Additionally, the Committee reviewed the regulatory environment in which Hunting operated in, and also concluded that maintaining strong UK governance expertise was also imperative, as new initiatives were published in the year, to which Hunting is looking to comply fully over time. The Committee also recognised the need to maintain strong and relevant financial expertise, as recommended by the UK Corporate Governance Code.

The Committee engaged Boyden Associates to assist with the selection process, which culminated in candidate interviews with members of the Nomination Committee and with the wider Board. Boyden Associates does not have a connection with the Company aside from this brief.

Following a thorough process, the Nomination Committee recommended to the Board the appointment of Carol Chesney who brings strong financial and governance experience, given her Directorships at two other FTSE 350 companies, namely chairing the Audit Committees of Renishaw plc and Biffa plc. Keith Lough was also recommended to the Board for appointment, given his strong sector and financial experience, in particular with UK listed oil and gas exploration and production companies.

Mrs Chesney and Mr Lough were recommended for appointment by the Committee to the Board at its meeting on 17 April 2018, with both Directors joining the Board on 23 April 2018. Mrs Chesney assumed the role of Chair of the Audit Committee from this date. Mr Lough was appointed Senior Independent Director on 30 August 2018.

As noted elsewhere, Anell Bay was appointed Chair of the Remuneration Committee on 30 August 2018.

Senior Management Development and Succession

The Group appointed a global Chief Human Resources Officer during 2018. The new appointment will assist the executive Directors in furthering senior management development and succession, ensuring an appropriate pipeline of talent exists within the Group.

The Chief HR Officer will also develop reporting procedures to comply with the new principles contained within the revised UK Corporate Governance Code.

Board Evaluation

As noted in the Corporate Governance Report on pages 61 to 62, the Board undertook an externally facilitated Board evaluation in 2018. The process concluded that the skills and experience of the Directors was strong and appropriate for the size and profile of the Group.

Committee Effectiveness

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

Gender Diversity

In 2012, the Company issued its gender diversity policy for new Director appointments. Hunting's diversity policy commits the Group 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 candidate shortlists comprising of an appropriate gender balance for consideration by the Nomination Committee;
- a target of at least one female Director of the Company when practicable; and
- a periodic review by the Nomination Committee of its progress in complying with best practice recommendations.

Following the appointment of Anell Bay in 2015 and Carol Chesney in 2018, Hunting's Board comprises 29% of female Directors, which is close to the recommended UK gender target of 33%.



John (Jay) F. Glick
Chair of the Nomination Committee

28 February 2019

Remuneration committee report

For the year ended 31 December 2018

In 2018 the Group received strong backing from shareholders for its revised Directors' Remuneration Policy, which has been applied throughout the year.

The levels of remuneration paid for the year reflect a strong return to growth for the Company, given the market momentum in the onshore US shale basins, leading to a financial performance well ahead of the Board's expectations, and exceeding the annual targets set at the start of the year.

The Committee will continue to listen to, and take into account, comments from shareholders and market regulators regarding management remuneration and seek to match reward with performance.

Annell Bay

Chair of the Remuneration Committee

Letter from the Chair of the Remuneration Committee

Introduction

On behalf of the Board I am pleased to present my first Remuneration Committee Report to shareholders for the year ended 31 December 2018. This letter provides a summary of the work completed by the Remuneration Committee ("the Committee") in the year, including the major decisions taken as it monitors executive remuneration and provides details on how the approved Directors' Remuneration Policy was implemented during the year. John Hofmeister retired as a Director in August 2018 and on behalf of the Board, I would like to thank John for his strong contribution as a Director, particularly over the past four years as Chair of the Remuneration Committee, where significant progress has been made in aligning Hunting's compensation practices to the evolving UK governance environment.

Major Decisions Made by the Committee

Implementation of new Policy: At the Company's Annual General Meeting ("AGM") in April 2018, the Directors tabled a revised Directors' Remuneration Policy, which reflected a full review of the remuneration framework operated by the Company. New aspects of the revised Policy include the introduction of an annual bonus deferral mechanism, whereby a proportion of the annual bonus awarded to the executive Directors is converted into Ordinary shares in the Company, to be held for two years. The operation of the Hunting Performance Share Plan ("HPSP") was also amended to incorporate a two-year holding period on post-tax vested shares, which now means that Hunting's long-term incentive arrangements operate on a five-year time frame, as recommended by the new UK Corporate Governance Code. The Committee has also amended the performance conditions of both the annual bonus and HPSP, with a personal performance component being added to the annual bonus and a strategic scorecard being added to the HPSP. Shareholders gave strong support to these proposals, with the resolution to approve the new Policy receiving 99% votes in favour at the AGM.

Base salary and fee review: In April 2018 the Committee reviewed benchmarked base salary data, prepared by Mercer/Kepler ("Kepler"). Following discussion, the base salary of the Chief Executive remained unchanged and the base salary of the Finance Director was increased by 3%, with effect from 1 April 2018. This change in base salary was in line with the changes to Hunting's workforce pay for 2018. All future salary reviews will now take place in April each year.

In December 2017, the Board reviewed the fees paid to the non-executive Directors and the Chairman and following discussion, fees remained unchanged for 2018. In December 2018 the Committee reviewed benchmarked fee data for the Company Chairman and agreed a 5% increase to his annual fee to £183,750, effective from 1 January 2019. This was in line with the proposed average increase in workforce salaries.

Annual bonus: The Group's results continued to improve during 2018, driven by high completion activity levels within the US onshore shale basins. These activity levels led to strong increases in profitability within the Hunting Titan and US operating segments of the Group, with the annual targets set in December 2017 being materially exceeded. For the year ended 31 December 2018, underlying profit before tax ("PBT") was \$104.0m and underlying return on capital employed ("ROCE") was 9%. The annual targets agreed by the Board contained within the Group's Annual Budget were PBT of \$49.0m and ROCE of 4%. As both these key performance indicators exceeded the maximum targets set for 2018, a full vesting of these performance conditions was recorded.

Following the introduction of the revised annual bonus plan arrangements in April 2018, 20% of the bonus is based on the delivery of personal performance objectives set by the Committee. In February 2019 the Committee met to discuss the delivery of these targets and as noted on pages 80 and 81 of this report, the Committee agreed that each executive Director had delivered on their respective personal objectives in full and agreed to award a full vesting of this portion of the annual bonus.

Mr Johnson was therefore awarded an annual bonus of \$1.4m and Mr Rose was awarded \$651k. As required by the amended Directors' Remuneration Policy, 25% of the post-tax value of these awards will be converted to Ordinary shares in the Company to be held by the executive Directors for a minimum of two years.

Vesting of HPSP Awards: On 25 February 2019, the Committee reviewed the final vesting report for the 2016 share awards granted under the HPSP. Given the improved profitability of the Group through the three-year performance period, a full vesting of the EPS performance condition was recorded. Further, a nil vesting of the ROCE performance condition was recorded. The TSR performance condition was independently measured resulting in a top quartile ranking against Hunting's peer group comprising of 14 companies leading to a full vesting of this portion of the 2016 grant.

Peter Rose, as an executive Director on the date of grant, will be entitled to receive 111,328 Ordinary shares on 11 March 2019, being the vesting date of the 2016 award, which reflects a 66.7% vesting of the performance conditions noted above.

Jim Johnson, serving as Chief Operating Officer below Board on the date of grant, was subject to a fourth performance condition, based on the Group's internal manufacturing reject rate performance over the three-year period. This recorded a full vesting. Based on this outcome, Mr Johnson's 2016 award will record a 75.0% vesting, and he will be entitled to receive 179,745 Ordinary shares on the vesting date.

Dividends paid by the Company during the performance period, totalling 8.0 cents per share, will be added to the final award, in line with the rules of the HPSP.

2018 AGM Result

As noted above, at the Company's AGM held on 18 April 2018, the Company received 99% votes in favour of the resolution to approve a new Directors' Remuneration Policy.

The Company also received 76% votes in favour of the resolution to approve the 2017 Annual Report on Remuneration. The Committee and the Hunting Board has considered the votes received in respect of the Annual Report on Remuneration, and given that the lower level of shareholder support was attributed to legacy remuneration arrangements in relation to the Group's former Chief Executive, the Committee considers the matter has been fully addressed with no further actions planned by the Board.

Context of Remuneration Awarded in 2018

The Group's strong performance in the year, as noted above, has led to an "Above Target" vesting of the annual bonus and HPSP. The single figure remuneration paid to Jim Johnson was therefore \$3.7m in 2018 (2017 – \$819k) and the remuneration paid to Peter Rose was \$2.1m (2017 – \$1.4m).

Activities Undertaken by the Remuneration Committee During 2018

The Committee's principal activities and matters addressed during 2018 are as follows:

	Feb	Apr	Aug	Dec
Overall remuneration				
Annual base salary review		✓		
Review senior management emoluments	✓			
Review total remuneration against benchmarked data			✓	
Items specific to annual bonus				
Approve annual bonus including delivery of personal performance targets	✓			
Review Annual Bonus Plan Rules			✓	
Agree personal performance targets for year ahead				✓
Items specific to long-term incentives				
Approve HPSP vesting and new annual grant	✓			
Review HPSP performance conditions		✓		
Review HPSP grant performance targets				✓
Governance and other matters				
Approve Annual Report on Remuneration	✓			
Review and approve Remuneration Policy	✓			
Review governance voting reports		✓		
Review AGM proxy votes received for Annual Statement of Remuneration and Policy			✓	
Review Committee Effectiveness and Terms of Reference				✓



Annell Bay
Chair of the Remuneration Committee

28 February 2019

Remuneration at a glance

Remuneration Policy

A summary of the Directors' Remuneration Policy is found on pages 72 to 76. The Policy was approved by shareholders on 18 April 2018, following a comprehensive review of Hunting PLC's remuneration framework in 2017. As part of the deliberations of the Committee, feedback and recommendations from major institutional shareholders were incorporated into the revised Policy, particularly in respect to the weightings of KPIs within the short- and long-term incentive structures.

The results of the remuneration-related resolutions at the Company's 2018 Annual General Meeting are noted on page 77 of the Annual Report on Remuneration, with a 99% approval gained for the new Policy.

Link to Strategy and KPIs

The Group's Key Performance Indicators are noted on pages 12 to 13 and include financial measures including profit before tax, return on capital employed and net earnings growth. Non-financial measures were incorporated into HPSP awards in 2018 and include the Group's Quality Assurance and Safety performance. Both these metrics underpin Hunting's standing and reputation in the global energy industry and supports the Group's long-term strategy.

The Company's chosen financial and non-financial KPIs are therefore central to measuring Hunting's long-term success and are fully integrated into the remuneration framework approved by shareholders. The Committee also believes that these KPIs fully align executive remuneration to the broader shareholder experience.



Fixed Pay

Jim Johnson was appointed Chief Executive on 1 September 2017, therefore his single figure remuneration for 2018 reflects his first, full year in the role. Benefits and pension arrangements for both the Chief Executive and Finance Director were materially unchanged during the year, however, the base salary of the Finance Director was increased 3% from 1 April 2018, in line with changes across the wider workforce. Given this increase was implemented part way through the year, the actual period-on-period increase was 2.2%.



Chief Executive

\$700k

Unchanged

Finance Director

£323k

+2%

Company Performance Summary

The performance of the Group in the year, as noted in the Letter from the Chair of the Remuneration Committee, reported a strong return to growth compared to 2017 with results significantly exceeding the Annual Budget agreed in December 2017.

This performance, coupled with a top quartile TSR performance when benchmarked to its industry peers provides the basis of the remuneration paid in the year.

Annual Bonus Policy

The annual bonus combines profit before tax, return on capital employed and personal performance targets as the basis of the short-term awards to the executive Directors.

**Profit before tax
(1-year)**

\$104.0m

212% of target

**ROCE
(1-year)**

9%

207% of target



Annual Bonus

The underlying target PBT and ROCE performance, as agreed by the Board in December 2017, was \$49.0m and 4% respectively. Achieved PBT and ROCE was \$104.0m and 9% or 212% and 207% of budget, leading to a maximum vesting for the financial targets. The Committee set personal performance targets for both the Chief Executive and Finance Director and, as noted on pages 80 and 81 of the Annual Report on Remuneration, both executives achieved a full vesting. Based on these outcomes, the bonuses paid to the Chief Executive and Finance Director are \$1.4m and £488k (\$651k) respectively.



Chief Executive

\$1,400k

-8%

Finance Director

£488k

+3%

Long-term Incentive Policy

The Group's 2016 long-term incentive arrangements incorporated EPS, ROCE and TSR performance targets over a three-year period, divided equally into a one-third portion for each performance metric.

Relative TSR (3-year)	Diluted EPS growth (3-year)	Average ROCE (3-year)
33%	33%	33%

Hunting Performance Share Plan

As noted above, the 2016 awards to the executive Directors were based on the three performance conditions. The outcomes are presented below:

TSR (3-year)	EPS (3-year)
Top quartile 100% vesting	152% growth 100% vesting
ROCE (3-year)	Internal manufacturing reject rate (3-year)*
0.9% 0% vesting	0.4% 100% vesting

* Jim Johnson's 2016 HPSP was granted when he was Chief Operating Officer, with his award being subject to four equally weighted performance conditions.

On this basis, 66.7% of the share awards to Peter Rose will vest and he will receive 111,328 Ordinary shares.

Jim Johnson's 2016 award (which was granted before his promotion to the Board) incorporated a fourth performance condition, based on the internal manufacturing reject rate, which has vested in full. Mr Johnson's award will therefore vest at 75.0% and he will receive 179,745 Ordinary shares.

Dividends paid by the Company during the vesting period, totalling 8.0 cents per share, will be added to the award.

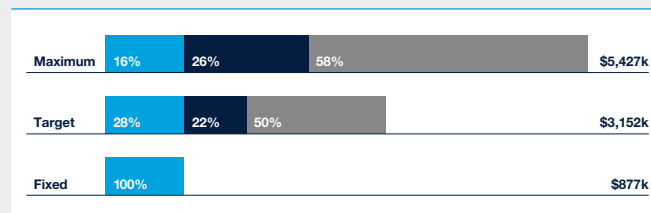
Chief Executive	Finance Director
179,745 Shares will vest	111,328 Shares will vest

Shareholder Experience

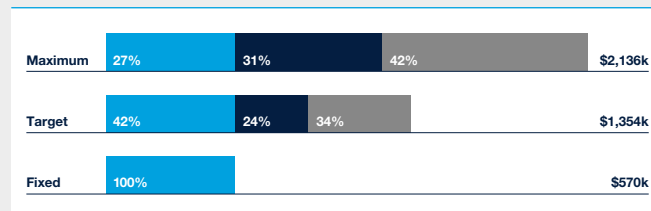
Total shareholder return is measured and ranked against a peer group of 14 companies, all focused on upstream oil and gas services. For the three years ended 31 December 2018, Hunting had a top quartile ranking with a TSR of +79%, compared to the peer group median performance of 16%.

Pay Scenarios

Chief Executive



Finance Director



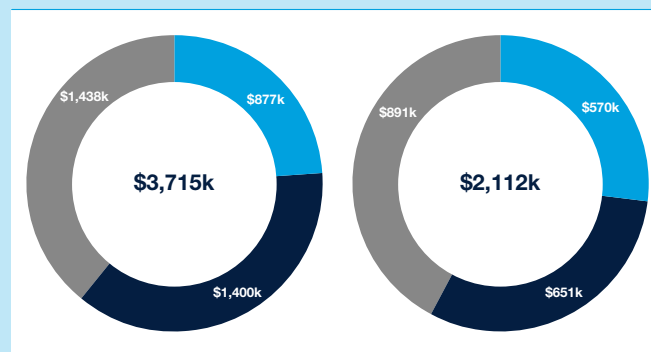
● Fixed ● Annual Bonus ● HPSP

Pay In the Year Summary

The remuneration outcomes for the executive Directors are therefore as follows:

Chief Executive

Finance Director



● Fixed ● Annual Bonus ● HPSP

This executive Director remuneration outcome is "Above Target" in respect to the scenarios table noted above.



Directors' remuneration policy summary

Policy Overview

The Hunting PLC Directors' Remuneration Policy (the "Policy"), was approved by shareholders on 18 April 2018, following a comprehensive review of the Directors' Remuneration framework in 2017. The full Policy can be found at www.huntingplc.com/investors/corporate-governance. The Policy reflects evolutionary changes consulted on with shareholders including simplification of the Annual Bonus Plan through the removal of the personal performance adjuster, and the introduction of best practice features such as annual bonus share deferral and a holding period on vested HPSP shares. The Policy is designed to comply with the principles of the UK Corporate Governance Code and the Companies Act 2006 regarding remuneration and to ensure that the Company can attract, retain and motivate talented executive Directors to promote and deliver long-term success for the Group. The package comprises fixed and variable incentives and is structured to link total reward to both corporate and individual performance.

The remuneration structures of the Chief Executive and Finance Director are based on externally benchmarked data aimed at providing them with competitive levels of remuneration. The Chief Executive's remuneration is benchmarked to global peers who are mostly headquartered in the US, while the Finance Director is benchmarked to UK listed companies of similar size.

Non-executive Director fees are set at levels that take into account the time commitment and responsibilities of each role. Given the small size of the Hunting Board, each non-executive Director is required to give an above average time commitment to Group matters. The non-executive Directors do not receive cash bonuses or other variable emoluments. The fees are benchmarked to other companies of a similar size, profile and profitability and are reviewed annually by the executive Directors. The Chairman's fee is set by the Remuneration Committee. The Policy tables which follow below provide an overview of each element of the Directors' Remuneration Policy.

Remuneration Committee Discretion

The Committee has defined areas of discretion within the Directors' Policy framework. Where discretion is applied, the Committee will disclose the rationale for the application of discretion. The Committee will operate the Annual Bonus Plan and HPSP in accordance with the relevant plan rules and this Policy. The Committee retains discretion as to the operation and administration of these plans as follows:

Annual Bonus

- Discretion to adjust the amount of any bonus to reflect any fact or circumstance that the Committee considers to be relevant, and to ensure that the outcome is a fair reflection of performance.
- The assessment of part-year performance in the event of the exit of a Director, including but not limited to, reviewing forecast financial performance of the Group and the outlook of the business in the context of wider market conditions. Bonus awards for good leavers will generally be pro-rated for the proportion of the performance period completed.
- The Committee may apply discretion to vary the percentage of an award settled in cash or shares.

HPSP

- Selection of the TSR comparator group for the HPSP. The Committee reviews the comparator group annually ahead of each grant made to the executive Directors under the HPSP. The Committee also retains the discretion to make adjustments to the comparator group for subsisting awards if it believes that a constituent of the comparator group has distorted the vesting outcome if, for example, a constituent company has been subject to a material corporate action.
- The Committee may amend the performance conditions applying to an award in exceptional circumstances if the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance conditions when set. The oil and gas industry is a highly cyclical industry, where sentiment is driven by oil and gas commodity prices and activity levels across the industry. Given that these market conditions are outside management's control, the Committee retains the discretion to partially adjust the performance targets of the performance conditions adopted for the HPSP, to align with the general market outlook, while continuing to be a demanding and stretching incentive. Any upward discretion would be subject to prior shareholder consultation.

Other

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the Policy outlined above where the terms of the payment were agreed either:

- before the Policy came into effect; or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

Relevance to Employee Pay

The Policy tables summarise the remuneration structure that operates within Hunting and which also applies to senior executives of the Group. While bonus and pension arrangements are in place for most of the Group's employees, lower aggregate remuneration operates at below the executive Director and senior manager level, with total remuneration driven by market comparatives and the individual responsibilities of each role.

Consideration of Employment Conditions Elsewhere in the Group

The Committee considers the general basic salary increases for the broader employee population when determining the annual salary increases for the executive Directors. Employees have not been consulted in respect of the design of the Company's senior executive remuneration policy.

Other Information

Details of the terms of employment of the Directors, including Service Contracts, Letters of Appointment, New Director Recruitment and Leaver Policies are located in the 2017 Annual Report and Accounts and on the Company's website at www.huntingplc.com. Jim Johnson and Peter Rose have a one-year notice period contained within their respective Service Contracts. Further, while Mr Johnson and Mr Rose do not hold any external directorships, the shareholder approved Directors' Remuneration Policy makes provision for them to retain any fees for such directorships.

Executive Director Remuneration Policy Table

Fixed Emoluments

Base Salary

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To attract, retain and reward executives with the necessary skills to effectively deliver the Company strategy. 	<ul style="list-style-type: none"> Base salaries are set at competitive rates, which take into account the individual's country of residence and primary operating location as well as pay for comparable roles in comparable companies. Aimed at the market mid-point. Annual increases take into account company performance, inflation in the UK, US and increases across the wider workforce. Relocation and tax equalisation agreements are also in place for employees working across multiple geographic jurisdictions. 	<ul style="list-style-type: none"> There is no prescribed maximum annual increase. Increases will normally be guided by the general increase for the broader employee population, but on occasions may need to recognise, for example, development in role, change in responsibility, and/or specific retention issues. 	<ul style="list-style-type: none"> Individual and Group performance are taken into account when determining appropriate salaries. 	<ul style="list-style-type: none"> None.

Pension

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To provide normal pension schemes appropriate to the country of residence. 	<ul style="list-style-type: none"> The Group contributes on behalf of the Chief Executive (currently resident in the US), to a US 401K deferred savings plan and an additional deferred compensation scheme. The Finance Director (currently resident in the UK) receives an annual cash sum in lieu of contributions to a company pension scheme. Additional benefits may be provided to ensure the Group remains competitive within the relevant local market. 	<ul style="list-style-type: none"> Pension contributions vary based on individual circumstances. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Directors' remuneration policy summary continued

Benefits

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To provide normal benefits appropriate to the country of residence. 	<ul style="list-style-type: none"> Each executive Director is provided with healthcare insurance and the option of a company car with fuel benefits. Additional benefits may be provided to ensure the Group remains competitive within the relevant local market. 	<ul style="list-style-type: none"> There is no maximum value set on benefits. They are set at a level that is comparable to market practice. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Variable Emoluments

Annual Bonus

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To incentivise annual delivery of financial and operational targets. To provide a high reward potential for exceeding demanding targets. 	<ul style="list-style-type: none"> Awards are subject to the Annual Bonus Plan rules adopted by the Board in 2010 and amended in 2018. Bonus begins to accrue when 80% of the Annual Budget targets are achieved and increases on a straight-line basis to a maximum when 120% of Budget is achieved. For an on-target performance, defined as actual results equal to the Budget, the Chief Executive is paid 100% of base salary and the Finance Director is paid 75% of base salary. 25% of the post-tax value of the annual bonus is payable in Hunting shares. These shares are required to be held for two years from the vesting date. Malus and clawback provisions are incorporated and allow the Committee to reduce the bonus, potentially down to zero, in cases of material financial misstatement, calculation error or gross misconduct. 	<ul style="list-style-type: none"> The Chief Executive and Finance Director have a maximum annual bonus opportunity of 200% and 150% of salary, respectively. 	<ul style="list-style-type: none"> The annual bonus is based 60% on underlying PBT, 20% on underlying ROCE and 20% on the delivery of Personal/Strategic objectives. The vesting of the Personal/Strategic component is subject to a financial underpin. Should the financial targets not be met, a 50% vesting cap of the Personal/Strategic component will be implemented. 	<ul style="list-style-type: none"> None.

Hunting Performance Share Plan (“HPSP”)

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To align the interests of executives with shareholders in growing the value of the business over the long term. 	<ul style="list-style-type: none"> The HPSP provides for annual awards of performance shares or nil cost options to eligible participants. Vesting is based on a three-year performance period. On vesting, awards are subject to an additional two-year holding period (subject to settlement of any tax charges on vesting). Awards are subject to clawback and malus provisions. The Committee has the ability to exercise discretion to override the HPSP outcome in circumstances where strict application of the performance conditions would produce a result inconsistent with the Company's remuneration principles. Any upward discretion would be subject to prior shareholder consultation. 	<ul style="list-style-type: none"> Chief Executive: 550% of base salary. Finance Director: 450% of base salary. The policy limit provides the Committee with flexibility in cases such as recruitment. The Committee has set the current award levels for the Chief Executive and Finance Director of 450% and 210% of salary, respectively and does not currently intend to increase these. Achievement of a threshold performance target results in a 25% vesting for any portion of the award. 	<ul style="list-style-type: none"> Awards vest on achievement of financial and strategic performance measures, measured over a three-year performance period. Financial measures include EPS, ROCE and TSR and receive an aggregate weighting of 85% of each award. A fourth measure, in the form of a Strategic Scorecard, comprising a number of sub-measures, having an aggregate weighting of 15% of each award. HPSP awards are based 35% on ROCE, 25% on EPS, 25% on relative TSR and 15% on a Strategic Scorecard. The Scorecard measures for 2018 include the Group's Quality Assurance and Safety outcome across the performance period. 	<ul style="list-style-type: none"> None.

Minimum Stock Ownership Requirement

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To encourage the retention of shares under award to the executive Directors. To align the long-term interests of the executive with shareholders. 	<ul style="list-style-type: none"> Directors have five years to achieve the required holding level from the date of their appointment to the Board. The Board has discretion to extend this time period if warranted by individual circumstances. 	<ul style="list-style-type: none"> The target holding of the Chief Executive is equal to the market value of 500% of base salary and for the Finance Director 200% of base salary. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Directors' remuneration policy summary continued

Non-executive Director Remuneration Policy Table

The remuneration of the non-executive Directors is designed to reflect the time and commitment of each to their respective roles.

Chairman and Non-executive Director Fees

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To attract and retain high-calibre non-executive Directors by offering a market competitive fee. 	<ul style="list-style-type: none"> Fees for the Chairman and non-executive Directors are determined by the Board as a whole, following receipt of external fee information and an assessment of the time commitment and responsibilities involved. The Chairman is paid a single consolidated fee of £183,750 (\$245,000) for his responsibilities including chairing the Nomination Committee. The non-executive Directors are paid a basic fee of £60,000 (\$80,000). The Directors who chair the Board's Audit and Remuneration Committees and the Senior Independent Director are paid an additional fee of £10,000 (\$13,333) to reflect their extra responsibilities. The non-executive Directors and Chairman do not participate in the Group's share plans and do not receive a cash bonus or any other benefits. 	<ul style="list-style-type: none"> Fees paid to the non-executive Directors are benchmarked to other UK companies of a similar size and profile to the Group. Given the small size of the Board, each non-executive Director is expected to give an above average time commitment to Group matters and fees are based on this increased commitment. The Company's Articles of Association prescribe aggregate maximum fees for all non-executive Directors which is set at £750,000 (c.\$1.0m). 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Minimum Stock Ownership Requirement

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Change to policy for 2019
<ul style="list-style-type: none"> To align the non-executive Directors' interests with the long-term interests of shareholders. 	<ul style="list-style-type: none"> Non-executive Directors are required to build up a holding of shares in the Company and have five years to achieve the required holding level from the date of their appointment to the Board. 	<ul style="list-style-type: none"> The target holding for the Chairman and non-executive Directors is equal to 100% of the annual fee. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.



Annell Bay
Chair of the Remuneration Committee

28 February 2019

Annual report on remuneration

Introduction

The principles set out in the Directors' Remuneration Policy (the "Policy"), approved by shareholders in April 2018, have been applied throughout the year. The new Policy incorporates the following changes:

- the addition of a Personal Performance measure to the annual bonus, whereby up to 20% of the bonus is awarded, subject to the satisfactory delivery of objectives set by the Remuneration Committee (the "Committee") during the year;
- the performance measures of the annual bonus have been re-weighted, following consultation with major institutional investors, with the 2018 award based up to 60% on underlying Profit Before Tax ("PBT"); up to 20% on Return on Capital Employed ("ROCE"), and up to 20% on Personal Performance;
- the introduction of a share deferral mechanism to the annual bonus, whereby 25% of the post-tax value of the bonus is delivered to the executive Directors in Hunting shares, to be held for two years;
- the addition of a Strategic Scorecard to the Hunting Performance Share Plan ("HPSP"), whereby key non-financial performance indicators are measured, with the scorecard being up to 15% of the value granted annually to the executive Directors; and
- the performance measures of the HPSP have been re-weighted, following consultation with major institutional investors, with the 2018 grant based on 25% – Total Shareholder Return; 35% – Return on Capital Employed; 25% – Earnings Per Share; and 15% – Strategic Scorecard; and the addition of a two-year holding period for post-tax vested shares awarded under the HPSP.

Variable emoluments granted to the executive Directors from 2018 have therefore been based on this revised framework, with the outcomes recorded throughout this report.

Role, Membership and Attendance

The Committee is responsible for setting the remuneration of the executive Directors and the Company Chairman. The Chairman and Chief Executive are consulted on proposals relating to the remuneration of the Finance Director and designated senior management. Where appropriate, the Chairman and other Directors are invited by the Committee to attend meetings, but are not present when their own remuneration is considered. The remuneration of the non-executive Directors is agreed by the Board as a whole. The full scope of the role of the Committee is set out in its terms of reference, which are reviewed annually, and can be found on the Group's website at www.huntingplc.com. The Committee consists entirely of independent non-executive Directors. The Committee met four times during the year and attendance details are shown in the table below.

	Member	By invitation
Number of meetings held	4	
Number of meetings attended (actual/possible):		
Annell Bay (Committee Chair – from 30 August 2018)	4/4	–
Carol Chesney (from 23 April 2018)	2/2	–
Jay Glick	–	4/4
John Hofmeister (Committee Chair – to 30 August 2018)	3/3	–
Richard Hunting	–	4/4
Jim Johnson	–	4/4
John Nicholas (to 18 April 2018)	2/2	–
Keith Lough (from 23 April 2018)	2/2	–
Peter Rose	–	4/4

John Nicholas retired as a Director and member of the Committee on 18 April 2018. Carol Chesney and Keith Lough joined the Committee following their appointment as Directors of the Company on 23 April 2018. John Hofmeister retired as a Director and Chair of the Remuneration Committee on 30 August 2018, following completion of nine years' service. Annell Bay succeeded Mr Hofmeister as Chair of the Committee on the same date. At 31 December 2018 and up to the date of signature of the accounts, the members of the Committee and their unexpired term of office were:

Director	Latest appointment date	Unexpired term as at 28 February 2019
Annell Bay	2 February 2018	23 months
Carol Chesney	23 April 2018	26 months
Keith Lough	23 April 2018	26 months

Shareholder Voting at the 2018 AGM

At the AGM of the Company held in April 2018, the resolutions to approve the Directors' Remuneration Policy and Annual Report on Remuneration received the following votes from shareholders:

	Directors' Remuneration Policy		Annual Report on Remuneration	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	134,833,215	98.92	102,139,351	75.71
Against	1,466,059	1.08	32,768,195	24.29
Votes withheld ⁱ	517,307	–	1,909,035	–
Total votes cast	136,816,581	100.00	136,816,581	100.00

i. A vote withheld is not a vote in law and is not included in the calculation of the % of votes cast.

The Committee and Board noted the number of votes against received for the resolution to approve the Annual Report on Remuneration. Given the feedback from shareholders, the Board believe that the reduced level of support related to the remuneration paid to the Group's former Chief Executive in 2017, which were in line with the Directors' Remuneration Policy and the legacy clauses contained in his Service Contract. The Board believes that these matters have been fully resolved, with no further actions planned.

Annual report on remuneration continued

Director Remuneration (audited)

	Fixed remuneration				Variable remuneration				Total remuneration 2018
	Base salary/fees ⁱ	Benefits ⁱⁱ	Pension ⁱⁱⁱ	Sub total	Annual cash bonus ^{iv}	HPSP awards ^{vi}	Sub total	Other remuneration ^{viii}	
2018	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Executives									
Jim Johnson	700	51	126	877	1,400	1,438	2,838	–	3,715
Peter Rose	431	31	108	570	651	891	1,542	–	2,112
Non-executives									
Annell Bay ^x	84	–	–	84	–	–	–	–	84
Carol Chesney (from 23 April) ^x	64	–	–	64	–	–	–	–	64
Jay Glick ^{xi}	233	–	–	233	–	–	–	–	233
John Hofmeister (to 30 August) ^{xii}	71	–	–	71	–	–	–	–	71
Richard Hunting ^{xiii}	80	–	–	80	–	–	–	–	80
Keith Lough (from 23 April) ^{xiv}	60	–	–	60	–	–	–	–	60
John Nicholas (to 18 April) ^{xv}	28	–	–	28	–	–	–	–	28
Total	1,751	82	234	2,067	2,051	2,329	4,380	–	6,447

	Fixed remuneration				Variable remuneration				Total remuneration 2017
	Base salary/fees ⁱ	Benefits ⁱⁱ	Pension ⁱⁱⁱ	Sub total	Annual cash bonus ^v	HPSP awards ^{vi}	Sub total	Other remuneration ^{viii}	
2017 (restated)	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Executives									
Jim Johnson (from 1 September)	233	16	42	291	467	61	528	–	819
Dennis Proctor (to 1 September)	524	65	120	709	1,047	530	1,577	1,688	3,974
Peter Rose	407	32	148	587	610	191	801	–	1,388
Non-executives									
Annell Bay	77	–	–	77	–	–	–	–	77
Jay Glick	126	–	–	126	–	–	–	–	126
John Hofmeister	103	–	–	103	–	–	–	–	103
Richard Hunting	112	–	–	112	–	–	–	–	112
John Nicholas	90	–	–	90	–	–	–	–	90
Total	1,672	113	310	2,095	2,124	782	2,906	1,688	6,689

- Notes:
- Jim Johnson was appointed Chief Executive on 1 September 2017, with an annual base salary of \$700,000. During 2018, Mr Johnson's base salary remained unchanged. On 1 April 2018, Mr Rose's base salary was increased by 3% to £325,532 (\$434,032) in line with salary increases implemented across the Group. The average £:\$ exchange rate in the year was 1.3333 (2017 – 1.2877).
 - Benefits include the provision of healthcare insurance, a company car and fuel benefits.
 - Jim Johnson's and Dennis Proctor's single figure pension remuneration represents Company contributions payable to their US pension arrangements. Peter Rose's pension figure represents a cash sum in lieu of Company pension contribution, which is set at 25% of his annual base salary.
 - As noted in the Letter from the Chair of the Remuneration Committee, the operation of the annual bonus was revised during 2018, following approval of the new Directors' Remuneration Policy in April 2018. The financial targets for the bonus were set in December 2017 as part of the Annual Budget process, and the personal performance targets were confirmed with the executive Directors in January 2018. Given the strong performance of the Company during 2018, and as noted below, all targets set with the executive Directors were met, leading to a maximum vesting of the annual bonus. Jim Johnson was therefore awarded a bonus of \$1.4m, and Peter Rose was awarded \$651k. Under the revised rules of the Annual Bonus Plan, 25% of the post-tax value of the bonus is to be delivered to the executive Directors in Hunting shares.
 - In the year, Jim Johnson received a bonus totalling \$466,690, reflecting his period of service as Chief Executive from 1 September 2017 and Peter Rose received a bonus totalling \$610,466. Dennis Proctor's bonus reflected a maximum payout, pro-rated for his period of service to 1 September 2017, totalling \$1,047,467.
 - The share awards granted in 2016 under the HPSP had a three-year performance period to 31 December 2018. The awards were measured on this date against the performance conditions, with a 100% vesting recorded for the EPS performance condition and a nil vesting for the ROCE performance condition. The TSR performance condition was measured by Kepler in line with the HPSP rules, which resulted in a 100% vesting of this portion of the award. As an executive Director on the date of grant, Peter Rose will receive 111,328 Ordinary shares based on a 66.7% vesting. Jim Johnson's award was made when he was Chief Operating Officer and incorporated a fourth performance condition based on the Group's internal manufacturing reject rate. This performance condition has also vested in full, therefore Mr Johnson's 2016 award will vest at 75.0% and he will receive 179,745 shares. For the purposes of the single figure calculation, the average mid-market closing price of £6.16 during Q4 2018 has been applied to the number of vested shares and converted to \$ using the average £:\$ exchange during Q4 2018, being \$1.2865. Further, a cash payment equaling the dividends paid during the vesting period has been added to the single figure calculation, totalling 8.0 cents per vested share. The vesting date of the 2016 award is 11 March 2019, when the final values of the awards will be determined.
 - The 2015 awards under the HPSP had a three-year performance period to 31 December 2017. The awards were measured on this date against the performance conditions, with a nil vesting recorded for the EPS and ROCE performance metrics. The TSR performance condition was measured by Kepler in line with the HPSP rules, which resulted in a 49% vesting of this portion of the award granted. On this basis, Jim Johnson received 24,733 shares; Peter Rose received 17,234 shares and Dennis Proctor received 47,579 shares. The vesting date of the 2015 award was 30 April 2018. The market price of a Hunting PLC Ordinary share on 30 April 2018 was £8.00 and converted to \$ using the spot rate of \$1.3527. Further, a cash payment equaling the dividends paid during the vesting period was added to the single figure calculation, totalling 30.9 cents per vested share. The value of Jim Johnson's 2015 HPSP award included in the single figure table has been pro-rated for his time as an executive Director being 1 September 2017 to the date of vesting. The 2017 single figure table has been restated to reflect the actual values of the awards made to the executive Directors.
 - Following Dennis Proctor's retirement from the Group on 1 September 2017, a payment of \$1,688,350 was made reflecting a payment in lieu of notice and other legal entitlements due under US employment law.
 - Annell Bay was appointed Chair of the Remuneration Committee from 30 August 2018, with her 2018 fees increasing to reflect this additional responsibility.
 - Carol Chesney was appointed as a Director and Chair of the Audit Committee on 23 April 2018 with an annual fee of £70,000 (\$93,331).
 - Jay Glick was appointed Company Chairman on 1 September 2017 with his annual fee increasing to £175,000 (\$233,328). Mr Glick does not receive any additional fee for chairing the Nomination Committee.
 - John Hofmeister retired as a Director, Senior Independent Director and Chair of the Remuneration Committee on 30 August 2018.
 - Richard Hunting retired as Company Chairman on 1 September 2017, with his annual fee reducing to £60,000 (\$80,000).
 - Keith Lough was appointed as a Director on 23 April 2018 and subsequently Senior Independent Director on 30 August 2018, with an annual fee of £70,000 (\$93,331).
 - John Nicholas retired as a Director and Chair of the Audit Committee on 18 April 2018.

The remuneration of Peter Rose and the non-executive Directors is originally denominated in Sterling and is as follows:

2018	Fixed remuneration				Variable remuneration			Other remuneration £000	Total remuneration 2018 £000
	Base salary/fees £000	Benefits £000	Pension £000	Sub total £000	Annual cash bonus £000	HPSP awards £000	Sub total £000		
Executives									
Peter Rose ⁱ	323	23	81	427	488	692	1,180	–	1,607
Non-executives									
Annell Bay ⁱⁱ	63	–	–	63	–	–	–	–	63
Carol Chesney (from 23 April) ⁱⁱⁱ	48	–	–	48	–	–	–	–	48
Jay Glick ^{iv}	175	–	–	175	–	–	–	–	175
John Hofmeister (to 30 August) ^v	53	–	–	53	–	–	–	–	53
Richard Hunting ^{vi}	60	–	–	60	–	–	–	–	60
Keith Lough (from 23 April) ^{vii}	45	–	–	45	–	–	–	–	45
John Nicholas (to 18 April) ^{viii}	21	–	–	21	–	–	–	–	21

2017 (restated)	Fixed remuneration				Variable remuneration			Other remuneration ⁱ £000	Total remuneration 2017 £000
	Base salary/fees £000	Benefits £000	Pension £000	Sub total £000	Annual cash bonus £000	HPSP awards £000	Sub total £000		
Executives									
Peter Rose	316	25	115	456	474	141	615	–	1,071
Non-executives									
Annell Bay	60	–	–	60	–	–	–	–	60
Jay Glick ^{iv}	98	–	–	98	–	–	–	–	98
John Hofmeister	80	–	–	80	–	–	–	–	80
Richard Hunting ^{vi}	87	–	–	87	–	–	–	–	87
John Nicholas	70	–	–	70	–	–	–	–	70

Notes:

- In April 2018, Peter Rose's base salary was increased to £325,532 with effect from 1 April 2018.
- Annell Bay was appointed Chair of the Remuneration Committee on 30 August 2018, with her annual fee increasing to £70,000.
- Carol Chesney was appointed a Director and Chair of the Audit Committee on 23 April 2018, with her annual fee set at £70,000.
- Jay Glick was appointed Company Chairman on 1 September 2017, with his annual fee set at £175,000 for this role.
- John Hofmeister retired as a Director, Senior Independent Director and Chair of the Remuneration Committee on 30 August 2018.
- Richard Hunting retired as Chairman on 1 September 2017, with his annual fee reducing to £60,000, in line with other NEDs.
- Keith Lough was appointed as a Director on 23 April 2018 and subsequently Senior Independent Director on 30 August 2018, with his annual fee set at £70,000.
- John Nicholas retired as a Director and Chair of the Audit Committee on 18 April 2018.

Salary and Fees

On 1 April 2018, Mr Rose's base salary was increased by 3% to £325,532 (\$434,032), in line with the base salary increases implemented across the wider workforce of the Group. Mr Johnson's base salary remained unchanged during the year.

In December 2018, the Board reviewed the fee levels for non-executive Directors, which resulted in no changes being made for 2019. The Committee also reviewed benchmarked fee data for the Company Chairman and in line with the proposed base salary increases across the workforce, agreed to increase his annual fee to £183,750, effective 1 January 2019.

Pensions (audited)

Jim Johnson is a member of a deferred compensation scheme in the US, which is anticipated to provide a lump sum on retirement and contributes to a US 401K match deferred savings plan. Company contributions to the former arrangement were \$109,500 (2017 – \$42,001) in the year. There are no additional benefits provided on early retirement from this arrangement. In the year, the Group contributed to Mr Johnson's 401K saving plan, totalling \$16,500 (2017 – \$16,200, as Chief Operating Officer). Mr Proctor's pension contributions for 2017 are detailed in the 2017 Annual Report on Remuneration.

In 2018, the Company paid a cash sum in lieu of a pension contribution to Peter Rose totalling \$107,717 (£80,790) (2017 – \$101,485/£78,811) representing 25% of his annual base salary. In 2016, Peter Rose's pension arrangements were amended following the decision by the Group to cease contributions to the defined benefit section of the Hunting Pension Scheme (the "Scheme") operated in the UK. As a member of the Scheme, Mr Rose contributed to the Scheme up to 30 June 2016, the date on which all Group contributions ceased. No further benefits were built up during 2018 and during the year Mr Rose transferred the value of his benefits in the Scheme to his own pension arrangement meaning that there are \$nil benefits due from the Scheme as at 31 December 2018 (2017 – \$170,000 per annum). The Group has no further responsibility in relation to Mr Rose's previous pension benefits.

Annual report on remuneration continued

Annual Performance-Linked Bonus Plan (audited)

Following the Company's Annual General Meeting in April 2018, the executive Director annual performance-linked bonus plan was amended, as noted in the introduction of this report. The revised operation of the bonus plan is therefore:

Proportion of award	Performance metric
60%	Underlying Profit before Tax
20%	Underlying Return on Capital Employed
20%	Personal Performance Objectives

Delivery of Financial Objectives

The financial performance targets for the 2018 annual bonus were as follows:

	Threshold vesting	Target vesting	Maximum vesting	Actual result
Underlying Profit before Tax	\$39.2m	\$49.0m	\$58.8m	\$104.0m
Underlying Return on Capital Employed	3%	4%	5%	9%

The financial elements of the annual bonus start to accrue when 80% of the Annual Budget targets are met, increasing on a straight-line basis up to 120% of the budget target. The Target Vesting values are the basis of the 2018 Annual Budget agreed by the Board in December 2017. In 2018, the Group delivered an underlying profit before tax of \$104.0m and an underlying return on capital employed of 9%. Based on this outcome, the financial targets exceeded 120% of the Annual Budget target, resulting in a maximum vesting of these components of the annual bonus award.

Delivery of Personal Objectives

The Personal Performance objectives agreed by the Committee with the executive Directors with effect from January 2018 were as follows:

Jim Johnson (Chief Executive)	Peter Rose (Finance Director)
<ul style="list-style-type: none">Strategic PlanningPortfolio optimisation including an M&A frameworkDevelopment and implementation of the succession planning process with agreed development plans for key individuals	<ul style="list-style-type: none">Strategic PlanningImplementation of Investor Relations PlansImplementation of systems and process standardisation plans across business units with timetables and milestones

During the year, the Committee was updated on the progress of the objectives noted above – and for the year ending 31 December 2018 noted the following outcomes:

Strategic Planning and Portfolio Optimisation

In December 2017, the Board was presented a Strategic Plan by the Group's leadership team, which focused the direction of Hunting on targeted efficiencies and growth objectives. The main pillars of the Strategic Plan included focusing the Group on key product areas, which delivered proprietary and high value technologies, higher facility utilisation and the removal of historic business silos, to drive higher margins to increase profitability.

A restructuring of the Group's organisation was also undertaken to improve the alignment of management with these Strategic priorities. As noted in the Corporate Governance Report, an Executive Committee of the Board was formed, comprising the regional managing directors of the Group, which enabled further alignment and efficiencies to deliver the business strategy.

In addition, elements of the Strategic Plan presented to the Board in December 2017 were delivered ahead of schedule, creating a greater focus on key product lines and geographies, which included rationalisation of the Group's Africa operations, including the closure of facilities in Cape Town and Mombasa; and a performance review of the Group's business and products portfolio, to enhance capital allocation.

These initiatives contributed to the following outcomes:

- Revenue increases of 26%;
- Gross margin improvement of six percentage points to 30%;
- Strong levels of net cash – increasing \$30.9m in the year;
- Disciplined capital investments; and
- Restoration of dividends – 9.0 cents per share declared.

Succession Planning

Mr Johnson delivered a plan to the Board, which identified key personnel for leadership development and succession. A Chief HR Officer was recruited to enhance the management development process, including alignment to the Strategic Plan.

Investor Relations

The executive Directors delivered an Investor Relations programme, which broadened the Group's investor marketing initiatives. An international investor plan was implemented, with greater focus on the US and key European investor communities.

Process Standardisation

Mr Rose restructured the Group's financial management and reporting information, delivering efficiencies with better information flows and transparency to the Board and the investor community.

Further, the Committee noted the strong performance of the executive Directors through the year, following the leadership changes in 2017, providing stability to the senior management group and the re-inforcing of the strategic direction of the Group and the corporate values, which led to a successful performance in 2018. The Committee concluded that all Personal Performance objectives had been met during the year.

Based on this outcome the following bonus awards were made to the executive Directors:

Proportion of annual bonus available	Performance metric	Proportion of annual bonus awarded
60%	Underlying Profit before Tax	60%
20%	Underlying Return on Capital Employed	20%
20%	Personal Performance Objectives	20%

Mr Johnson was therefore awarded a bonus of \$1.4m (200% of base salary) and Mr Rose was awarded a bonus of \$651k (150% of base salary). In line with the revised operation of the Annual Bonus Plan rules 25% of the post-tax value of the bonus is delivered in Hunting shares, to be held for two years. The value of Mr Johnson's shares is c.\$212,275 and Mr Rose's shares is c.\$86,258, with the balance being delivered in cash.

In 2017 the annual bonus awards to the executive Directors were as follows: Mr Johnson – \$466,690 and Mr Rose – \$610,466.

2016 HPSP Vesting (audited)

On 31 December 2018, the 2016 awards under the HPSP were measured against the performance conditions following completion of the three-year performance period. The executive Director performance metrics were based on underlying diluted EPS; underlying ROCE; and relative TSR against a comparator group of 14 companies. A summary of the three-year EPS and ROCE performance is detailed below:

	2015 (Base year)	2016	2017	2018	Reported three-year performance	Required threshold vesting target	Required maximum vesting target	% Vesting outcome
Underlying diluted EPS	3.1c	-45.3c	8.0c	49.6c	152%	4.0%	15.0%	100%
Underlying ROCE	n/a	-7.7%	1.1%	9.3%	Average = 0.9%	10.0%	17.0%	Nil

The EPS performance condition records a 100% vesting, based on the growth in underlying diluted EPS during the performance period. The average ROCE across the performance period was below the threshold vesting target, resulting in a nil vesting. The Total Shareholder Return performance condition was measured by Kepler in January 2019, following completion of the three-year performance period. Hunting's TSR performance against the 14 comparator companies was then ranked, resulting in an top quartile position corresponding to 100% vesting of the TSR portion of the 2016 HPSP award. Given the full vesting of the EPS and TSR portions of the 2016 grant, the total vesting of the 2016 award is 66.7% based on these three performance conditions. Peter Rose, as an executive Director across the whole performance period, will receive 111,328 shares. As noted in the Letter from the Remuneration Committee Chair, Mr Johnson's 2016 award was made when he was Chief Operating Officer and not an executive Director, with his award subject to a fourth performance condition based on the Group's recorded average internal manufacturing reject rate across the performance period. The three-year outcome for this performance condition was 0.4%, with a threshold vesting target of 1.2% and a maximum vesting target of <0.6%. Based on this recorded performance, a 100% vesting has been recorded, equating to a 75.0% vesting for Mr Johnson's 2016 award. On the vesting date, Mr Johnson will therefore receive 179,745 shares. A cash equivalent of dividends paid by the Company during the vesting period, totalling 8.0 cents per vested share, will be added to the award on the vesting date. The 2016 HPSP vesting has been calculated as follows:

	No. of shares granted in 2016	Vesting %	No. of shares vested	Value of vested shares at 31 December 2018* \$	Value of dividends at 8.0 cents per share \$	Total award value \$
Jim Johnson**	239,660	75.0	179,745	1,423,595	14,380	1,437,975
Peter Rose	166,991	66.7	111,328	881,727	8,906	890,633

* As per the methodology for reporting the values of unvested awards, the average price of a Hunting PLC share during Q4 2018 has been applied and converted to \$ at the average \$:£ exchange rate for the period.

** Jim Johnson's 2016 award, as Chief Operating Officer on the date of grant, was subject to a fourth performance condition which has vested in full, equating to a 75% vesting of his award.

Final award values will be determined on 11 March 2019, being the vesting date of the 2016 award, and will be reported in the 2019 Annual Report on Remuneration.

2015 HPSP Vesting (audited)

On 31 December 2017, the 2015 awards under the HPSP were measured against the performance conditions following completion of the three-year performance period. The performance metrics were based on underlying diluted EPS; underlying ROCE; and relative TSR against a comparator group of 32 companies. A summary of the three-year EPS and ROCE performance is detailed below:

	2014 (Base year)	2015	2016	2017	Reported three-year performance	Required threshold vesting target	Required maximum vesting target	% Vesting outcome
Underlying diluted EPS	100.0c	3.1c	-45.3c	8.0c	Negative	6.0%	15.0%	Nil
Underlying ROCE	13.1%	1.1%	-7.7%	1.1%	Average = -1.8%	12.0%	17.0%	Nil

The Total Shareholder Return performance condition, as set out in the award, was measured by Kepler in January 2018 following completion of the three-year performance period. Hunting's TSR performance against the 32 comparator companies was then ranked, resulting in an above median position.

Annual report on remuneration continued

On this basis, 49% of the TSR portion of the 2015 HPSP award vested on 30 April 2018, with Mr Johnson receiving 24,733 shares and Peter Rose receiving 17,234 shares. The share price on the day of vesting was 800 pence. A cash equivalent of dividends paid by the Company during the vesting period, totalling 30.9 cents per vested share, was added to the award in line with the plan rules. The 2015 HPSP vested awards are as follows:

	No. of shares granted in 2015	Vesting %	No. of shares vested	Value of vested shares at 30 April 2018 \$	Value of dividends at 30.9 cents per share \$	Restated award value \$
Jim Johnson*	151,429	16.3	24,733	59,475	1,698	61,173
Peter Rose	105,513	16.3	17,234	186,490	4,722	191,212

* Jim Johnson's single figure 2017 HPSP award has been pro-rated from his appointment as Chief Executive on 1 September 2017. The gross value of the award was \$275,279.

The final award values were determined on 30 April 2018, being the vesting date of the 2015 award, with the 2017 single figure table restated to reflect the share price on the day of vesting.

2018 HPSP Grant (audited)

On 19 April 2018, the Committee approved the grant of nil-cost share awards to Jim Johnson and nil-cost options to Peter Rose under the rules of the HPSP. Awards will vest on 19 April 2021, subject to the achievement of the performance metrics detailed on page 75 of the Policy. Details of the grant are as follows:

Director	Award as % of base salary	Number of shares under grant	Face value of award at threshold vesting of 25% \$	Face value of maximum award vesting at 100% \$
Jim Johnson	450%	286,624	787,500	3,150,000
Peter Rose	210%	87,085	240,753	963,012

The Remuneration Committee has adopted absolute EPS, ROCE and TSR targets for the grants to the executive Directors in 2018. Following the approval by shareholders of the revised operation of the HPSP, the Committee has also added a Strategic Scorecard as a fourth performance metric for the awards to the executive Directors which is subdivided equally between two non-financial KPIs, namely Quality Assurance and Safety performance metrics published by the Group during the performance period.

The targets for each performance condition are as follows:

Performance condition ⁱ	Proportion of award	Threshold vesting target	Maximum vesting target
TSR	25%	Median	Upper quartile
EPS	25%	30 cents	50 cents
ROCE	35%	6%	15%
Strategic Scorecard			
– Quality Assurance	7.5%	0.8	0.5
– Safety	7.5%	2.00	<1.00

i. To be achieved in the three years ending 31 December 2020.

The following quoted businesses comprise the TSR comparator group for the 2018 award:

Aker Solutions	National Oilwell Varco	Tenaris
Dril-Quip	Oil States International	Vallourec
Flotek Industries	Schoeller-Bleckmann	Weatherford International
Forum Energy Technologies	Superior Energy Services	Weir Group
Frank's International	TechnipFMC	

The face value of the 2018 award is based on the closing mid-market share price on 18 April 2018, which was 785.0 pence.

Other Payments to Past Directors and for Loss of Office (audited)

Dennis Proctor, the Group's former Chief Executive, retired from the Company on 1 September 2017 and was treated as a good leaver. With the exception of outstanding HPSP awards, no emoluments were paid to Mr Proctor in 2018. Mr Proctor's 2015 HPSP grant vested on 30 April 2018, where he received 47,579 Ordinary shares and a cash equivalent dividend of \$14,702. The value of Mr Proctor's award on 30 April 2018 was \$529,557. In the year there were no payments in relation to loss of office.

Executive Director Remuneration and the Wider Workforce

The changes to the remuneration of the Chief Executive in 2018 compared to 2017 and those of the total workforce are as follows:

	Chief Executive	Average employee
Base salary	-8%	0%
Bonus	-8%	+33%
Benefits	-25%	+8%

Directors' Shareholdings, Ownership Policy and Share Interests (audited)

The beneficial interests of the Directors in the issued Ordinary shares of the Company are as follows:

Director ⁱ	At 31 December 2018 ⁱⁱ	At 31 December 2017 ⁱⁱ
Executives		
Jim Johnson	66,966	52,000
Peter Rose	97,028	87,923
Non-executives		
Annell Bay	11,840	11,840
Carol Chesney	2,000	–
Jay Glick	23,000	13,500
John Hofmeister	25,000	25,000
Richard Hunting	466,583	466,583
– as trustee	924,049	924,049
– as Director of Hunting Investments Limited	11,003,487	11,073,487
Keith Lough	2,000	–
John Nicholas	11,000	11,000

- i. Beneficial share interests are those Ordinary shares owned by the Director or spouse, which the Director is free to dispose of.
ii. Or cessation date.

There have been no further changes to the Directors' share interests in the period 31 December 2018 to 28 February 2019.

In 2014, the Group implemented a share ownership policy that requires Directors and certain senior executives within the Group to build up a holding in shares equal in value to a certain multiple of their base salary or annual fee. The multiple takes into account the post-tax value of vested but unexercised share awards or options. The required shareholding of each Director and the current shareholding as a multiple of base salary as at 31 December 2018 is presented below:

Director	Required holding expressed as a multiple of base salary or fee	Value of holding in shares including the post-tax value of vested but unexercised share awards and options expressed as a multiple of base salary or fee as at 31 December 2018	Requirement met?
Jim Johnson	5	0.5	N
Peter Rose	2	1.4	N
Annell Bay	1	0.8	N
Carol Chesney	1	0.1	N
Jay Glick	1	0.6	N
Richard Hunting	1	37.3	Y
Keith Lough	1	0.1	N

The interests of the executive Directors over Ordinary shares of the Group under the ESOP and HPSP are set out below. The vesting of options and awards are subject to performance conditions set out within the Policy on page 75.

Director	Interests at 1 January 2018	Options/awards granted in year	Options/awards exercised in year	Options/awards lapsed in year	Interests at 31 December 2018	Exercise price p	Grant date	Date exercisable	Expiry date	Scheme
Jim Johnson	15,169	–	–	(15,169)	–	784.5	04.03.08	04.03.11	03.03.18	ESOP
Sub total	15,169	–	–	(15,169)	–					
	151,429	–	(24,733)	(126,696)	–	nil	28.04.15	28.04.18	–	HPSP
	239,660	–	–	–	239,660 [^]	nil	11.03.16	11.03.19	–	HPSP
	223,533	–	–	–	223,533 [^]	nil	03.03.17	03.03.20	–	HPSP
	–	286,624	–	–	286,624 [^]	nil	19.04.18	19.04.21	–	HPSP
Sub total	614,622	286,624	(24,733)	(126,696)	749,817					
Total	629,791	286,624	(24,733)	(141,865)	749,817					
Peter Rose	21,670	–	–	(21,670)	–	784.5	04.03.08	04.03.11	03.03.18	ESOP
Sub total	21,670	–	–	(21,670)	–					
	105,513	–	(17,234)	(88,279)	–	nil	28.04.15	28.04.18	27.04.25	HPSP
	166,991	–	–	–	166,991 [~]	nil	11.03.16	11.03.19	10.03.26	HPSP
	115,889	–	–	–	115,889 [~]	nil	03.03.17	03.03.20	02.03.27	HPSP
	–	87,085	–	–	87,085 [~]	nil	19.04.18	19.04.21	18.04.28	HPSP
Sub total	388,393	87,085	(17,234)	(88,279)	369,965					
Total	410,063	87,085	(17,234)	(109,949)	369,965					

[^] Nil-cost share awards that are not yet vested or exercisable and still subject to the performance conditions being measured in accordance with the HPSP rules.

[~] Nil-cost share options that are not yet vested or exercisable and still subject to the performance conditions being measured in accordance with the HPSP rules.

On 3 March 2018, the final awards under the Hunting ESOP expired. The average exercise price for the 2015 HPSP awards was 800.0 pence.

Annual report on remuneration continued

Relative Importance of Spend on Pay

The table below shows the relative importance of spend on employee remuneration in relation to corporate taxation, dividends and capital investment. The choice of performance metrics represents certain operating costs of the Group and the use of operating cash flows in delivering long-term shareholder value.

	2018 \$m	2017 \$m	Change
Employee remuneration ⁱ	254.5	215.3	+18%
Net tax (paid) received ⁱⁱ	(2.6)	6.5	n/a
Dividends paid ⁱⁱ	6.6	–	n/a
Capital investment ⁱⁱ	30.1	11.4	164%

i. Includes staff costs for the year (note 8) plus benefits in kind of \$32.7m (2017 – \$25.9m), which primarily comprises US medical insurance costs.

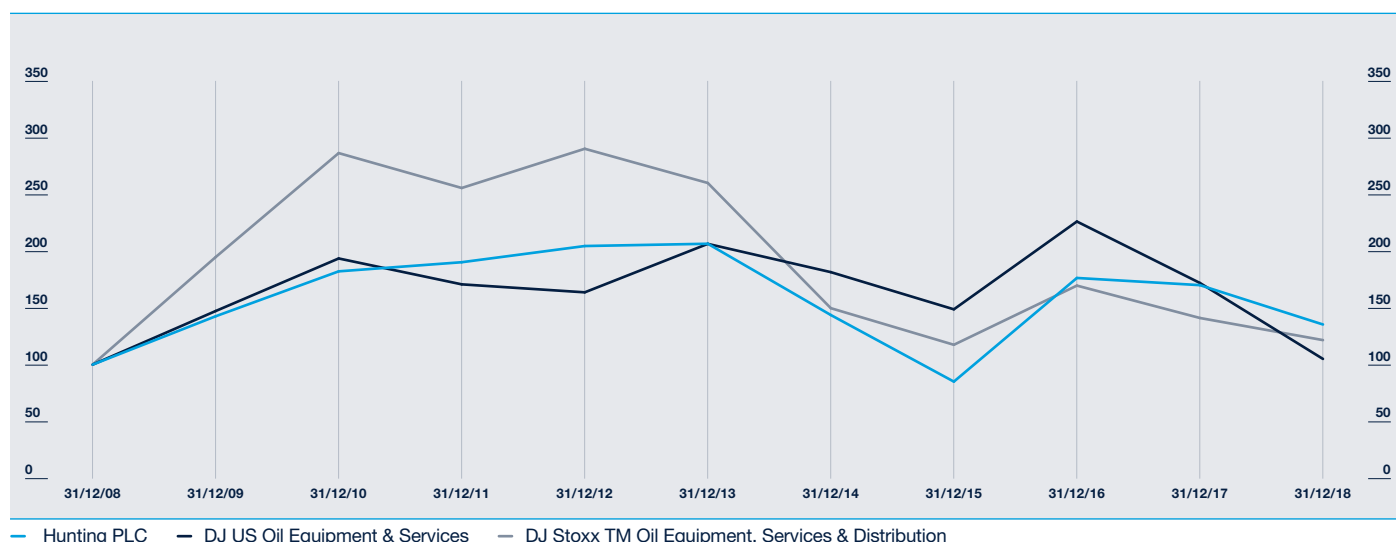
ii. Please refer to the Consolidated Statement of Cash Flows on page 102.

Executive Director Remuneration and Shareholder Returns

The following chart compares the TSR of Hunting PLC between 2008 and 2018 to the DJ Stoxx TM Oil Equipment, Services and Distribution and DJ US Oil Equipment and Services indices. In the opinion of the Directors, these indices are the most appropriate indices against which the shareholder return of the Company's shares should be compared because they comprise other companies in the oil and gas services sector.

Total Shareholder Return

(Rebased to 100 at 31 December 2008)



Summary Table of Chief Executive's Remuneration

The accompanying table details remuneration of the Chief Executive:

	Single figure remuneration ⁱ \$000	Annual cash bonus % ⁱⁱ	ESOP/PSP/ HPSP % vesting ⁱⁱⁱ	LTIP % award ^{iv}
2018 – Jim Johnson	3,715	100	75	n/a
2017 – Jim Johnson (from 1 September) ^v	819	33	4	n/a
2017 – Dennis Proctor (to 1 September) ^v	3,974	67	13	n/a
2016 – Dennis Proctor	941	Nil	Nil	n/a
2015 – Dennis Proctor	1,031	Nil	Nil	Nil
2014 – Dennis Proctor	4,808	57	Nil	100
2013 – Dennis Proctor	4,442	42	Nil	100
2012 – Dennis Proctor	5,497	75	66	100
2011 – Dennis Proctor	3,261	100	Nil	31
2010 – Dennis Proctor	1,876	100	100	5
2009 – Dennis Proctor	2,363	17	100	62

i. Single figure remuneration reflects the aggregate remuneration paid to the Chief Executive as defined within the Directors' Remuneration Policy.

ii. Annual cash bonus percentages reflect the bonus received by the Chief Executive each year expressed as a percentage of maximum bonus opportunity.

iii. Percentage vesting reflects the % of the ESOP that vested in the financial year and the % of the PSP and HPSP where a substantial portion of the performance period was completed at the financial year-end. Messrs Johnson's and Proctor's awards have been pro-rated for their period of service as Chief Executive.

iv. LTIP award percentage reflects the award value expressed as a percentage of maximum award opportunity received each year measured at 31 December. The LTIP expired in 2015, with no further awards outstanding.

v. 2017 single figure data has been restated to reflect the final vesting values of the 2015 HPSP award.

Implementation of Policies in 2019

The remuneration policies for 2019 will be applied in line with those detailed on pages 73 to 82 of the 2017 Annual Report and Accounts.

Salary and Fees

In December 2018, the Board concluded that there would be no changes made to fees payable to the non-executive Directors for 2019. As noted in the letter from the Committee Chair, the Company Chairman's fee was increased by 5% with effect from 1 January 2019 to £183,750.

As noted above, the Remuneration Committee will meet in April 2019 to consider base salary changes for the executive Directors. Any changes are likely to align with Group-wide base salary increases.

Annual Bonus

The annual performance-linked bonus for 2019 will operate in line with the revised Remuneration Policy. The Committee will disclose details of the retrospective performance against the pre-set financial and personal performance targets, as the Board believes that forward disclosure of these targets is commercially sensitive. The annual bonus weightings will remain unchanged from 2018, being 60% PBT, 20% ROCE and 20% personal performance.

HPSP

The grants to the executive Directors for 2019 will be made in March 2019. The performance conditions, weightings and targets for the HPSP award will generally align with the 2018 HPSP grant. The performance targets will be included in the Stock Exchange announcement to be issued on award of the 2019 HPSP grant. Financial targets will be based on accounting policies before the adoption of IFRS 16, with the targets to be re-stated after the accounting impact of IFRS 16 Leases has been finalised.

External Advisers

During the year, Kepler and Pearl Meyer and Partners were engaged by the Committee to provide remuneration consultancy services. Both firms were subject to a formal tender process prior to appointment and are regarded as independent, having been appointed by and acting under direction of the Committee. The total cost of advice to the Committee during the year to 31 December 2018, which was wholly related to services provided by Kepler, was \$104,727 (2017 – \$131,617) and includes fees paid in respect of the review of the Directors' Remuneration Policy, share plans and remuneration reporting disclosure requirements.

Compliance Statement

The Directors' Remuneration Policy and 2018 Annual Report on Remuneration reflect the Remuneration Committee's reporting requirements under the amended Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The 2018 Annual Report on Remuneration, which includes the Letter from the Chairman of the Remuneration Committee, details how the approved Directors' Remuneration Policy was applied during 2018.



Annell Bay
Chair of the Remuneration Committee