

# Corporate Governance



**John (Jay) F. Glick**  
Chairman



**Developments in the year have shown that many economies need secure oil and gas, therefore the Group's strategy to focus on this important sector is proving to be correct."**

## Chairman's Overview

### Introduction

2022 has been a year which has seen the global energy industry return to growth, following the challenges of the past two years due to the COVID-19 pandemic.

Following a slow first quarter, momentum in industry activity accelerated throughout the remainder of the year as many western economies rolled back COVID-19 restrictions, allowing travel, entertainment and hospitality and industrial growth to occur.

For Hunting, this macro-economic improvement has been reflected in the Group's financial results for the year, with strong increases in revenue and a return to an adjusted profit before tax.

Developments in the year have shown that many economies need secure oil and gas, therefore the Group's strategy to focus on this important sector is proving to be correct. As part of our 2030 strategic ambition, Hunting is also planning for a longer-term pivot to other industries which need our skills and core competencies. Good progress has been made on many fronts to improve performance and efficiencies, while pursuing growth opportunities within and without the oil and gas sector.

I would therefore like to commend Jim Johnson, our Chief Executive, for the efforts over the past two years in steering the Group successfully through those difficult times, while placing Hunting on solid foundation for the future.

### ESG and Sustainability

From a governance perspective, 2022 has been a year which has seen the embedding of procedures which were implemented in 2021, which included our focus on ESG and Sustainability matters, with Hunting making great progress throughout the year, including the setting of stronger carbon emissions targets and widening of our climate-related risk procedures.

This is detailed throughout this report with some of the Board's decision making reflecting Hunting's progress in respect to ESG matters across the Group, with the Company remaining well positioned to develop these further in the year ahead.

While Hunting has always fostered a fantastic working environment, new processes to attract new employees has also been a key initiative in the year as our businesses show clear signs of growth.

## Board Changes

In March 2022, the Board proposed Paula Harris as a new, independent, non-executive Director, submitting her election to shareholders for approval. At the Company's Annual General Meeting ("AGM") in April 2022, the necessary votes in favour were received, with Paula joining the Board and all of its Committees on 20 April 2022.

At the AGM, the Company also saw the retirement of Richard Hunting, after nearly 50 years of service to Hunting. While the Board will miss his counsel, we wish him a happy retirement.

As part of the Board's long-term rotation and succession planning in January 2023 Stuart Brightman was appointed as a new, independent non-executive Director. Stuart brings strong manufacturing, strategy and investor engagement expertise to the Board. With our 2030 strategic ambition now being announced, he will be playing a major part in the oversight of this long-term pivot of the Group's revenue to new sectors outside of oil and gas.

While the Board's gender balance has temporarily shifted due to Stuart's appointment, further recruitment to the Board is planned for the coming year.

Later in 2023, the Board will also begin planning for my own retirement in 2024. This process will be led by Keith Lough, Hunting's Senior Independent Director and announcements will be made in due course as this process evolves.

## Dividends

Reflecting the Board's confidence in the future performance of the Company, based on the strong market fundamentals of the oil and gas industry, the Directors increased the Interim Dividend paid to shareholders to 4.5 cents per share. This distribution was paid in October 2022.

The Directors are proposing a Final Dividend of 4.5 cents per share, to be approved by shareholders at the 2023 AGM. Subject to this approval, the dividend will be paid on 12 May 2023, bringing the total distribution to shareholders to \$14.4m (2021 – \$12.6m).

## Remuneration of the Executive Directors

The Remuneration Committee has spent a great deal of time over the past two years balancing the performance of the Company with a suitable and fair level of remuneration to the executive Directors. The Board, as a whole, has been supportive of a fair application of the Directors' Remuneration Policy during this time but has also applied downward discretion to share awards during 2020 and 2021 which reflect, in part, the broader shareholder experience during COVID-19.

For 2022, the Remuneration Committee has approved the payment of an annual bonus which reflects the exceeding of targets set at the start of the year, and as activity accelerated in H2 2022. The bonus payments reflect the maximum opportunity to both executive Directors, reflecting a strong performance of the Company in the year.

In line with the workforce base salary increases proposed by management, in October 2022 the Remuneration Committee also approved a 5% base salary increase to both Jim Johnson and Bruce Ferguson. The new salaries were applied in December 2022.

In summary, the Board is satisfied with the decision making of the Committee, given the challenges over the past two years and the clear return to growth and stronger profitability.



**John (Jay) F. Glick**  
Chairman

2 March 2023

# 9.0 cents

Dividends declared in the year  
(2021 – 8.0 cents)

# 5%

Average base salary increases  
across workforce  
(2021 – 9%)

**“The Directors are proposing a Final Dividend of 4.5 cents per share, to be approved by shareholders at the 2023 AGM.”**

# Board of Directors

## John (Jay) F. Glick

Non-executive Chairman

### Nationality

American.

### Length of Service

8 years; appointed to the Board as a non-executive Director in 2015 and is viewed as independent. In 2017, Jay was appointed non-executive Chairman. In September 2020, Jay was re-appointed for a further, three-year term. Age 70.

### 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 and chairman of TETRA Technologies Inc.

### Committee Membership

**N E I**



## Arthur James (Jim) Johnson

Chief Executive

### Nationality

American.

### Length of Service

31 years; appointed to the Board as a Director and Chief Executive in 2017. Age 62.

### 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

**I**



## Bruce Ferguson

Finance Director

### Nationality

British.

### Length of Service

29 years; appointed to the Board as a Director and Finance Director in 2020. Age 51.

### Skills and Experience

Bruce is a Chartered Management Accountant and has held senior financial and operational positions within the Group since 1994. From 2003 to 2011, Bruce was the financial controller of the Group's European operations. From 2011, Bruce held the position of managing director of Hunting's EMEA operating segment and has been a member of the Executive Committee since its formation in 2018.

### External Appointments

None.

### Committee Membership

**I**



## Annell Bay

Non-executive Director

### Nationality

American.

### Length of Service

8 years; appointed to the Board as a non-executive Director in 2015 and is viewed as independent. In February 2021, Annell was re-appointed for a final three-year term. Annell is Chair of the Remuneration Committee and is also the Company's designated non-executive Director for employee engagement. Age 67.

### 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

**N E R A**



**Key to committees**

<b>N</b>	Nomination Committee
<b>E</b>	Ethics and Sustainability Committee
<b>R</b>	Remuneration Committee
<b>A</b>	Audit Committee
<b>I</b>	By invitation
<b>Chair</b>	Chair

**Stuart M. Brightman**

Non-executive Director

**Nationality**

American.

**Length of Service**

Appointed to the Board in January 2023 as a non-executive Director and is viewed as independent. Age 66.

**Skills and Experience**

Stuart has spent the majority of his career at TETRA Technologies Inc. ("TETRA"), Dresser Inc. and Cameron Iron Works. During his time at TETRA, Stuart held the position of Chief Operating Officer between 2005 and 2009, when he was appointed Chief Executive Officer, a position he held to 2019, before his retirement from the business.

**External Appointments**

Stuart is currently a non-executive director of NexTier Oilfield Solutions Inc.

**Committee Membership****N E R A****Carol Chesney**

Non-executive Director

**Nationality**

American and British.

**Length of Service**

5 years; appointed to the Board as a non-executive Director in 2018 and is viewed as independent. Carol is Chair of the Audit Committee. In April 2021, Carol was re-appointed for a further three-year term. Age 60.

**Skills and Experience**

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

**External Appointments**

Carol is currently a non-executive director of IQE plc.

**Committee Membership****N E R A****Paula Harris**

Non-executive Director

**Nationality**

American.

**Length of Service**

1 year; appointed to the Board as a non-executive Director in April 2022 and is viewed as independent. Age 59.

**Skills and Experience**

Paula has extensive oilfield services experience following a 33 year career at Schlumberger, the international energy services group, where latterly she was Director of Stewardship.

**External Appointments**

Paula is currently a non-executive director of Chart Industries, Inc and Helix Energy Solutions Group, Inc.

**Committee Membership****N E R A****Keith Lough**

Senior Independent Non-executive Director

**Nationality**

British.

**Length of Service**

5 years; appointed to the Board as a non-executive Director in April 2018 and appointed Senior Independent Director in August 2018. In April 2021, Keith was re-appointed for a further three-year term. Age 64.

**Skills and Experience**

Keith was formerly the non-executive Chairman of Gulf Keystone Petroleum Limited 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 the non-executive Chairman of Rockhopper Exploration plc and Southern Water.

**Committee Membership****N E R A**

# Executive Committee

## Jason Mai

Managing Director – Hunting Titan

**Nationality**  
American.

**Length of Service**  
7 years; joined Hunting in 2016.  
Age 54.

## Daniel Tan

Managing Director – Asia Pacific

**Nationality**  
Singaporean.

**Length of Service**  
15 years; joined Hunting in 2008.  
Age 60.

## Scott George

Managing Director – North America

**Nationality**  
American.

**Length of Service**  
13 years; joined Hunting in 2010.  
Age 49.

## Liese Borden

Chief HR Officer

**Nationality**  
American.

**Length of Service**  
5 years; joined Hunting in 2018.  
Age 61.

## Dane Tipton

Managing Director – Subsea Technologies

**Nationality**  
American.

**Length of Service**  
13 years; joined Hunting in 2010.  
Age 51.

## Ryan Elliott

Chief IT Officer

**Nationality**  
American.

**Length of Service**  
10 years; joined Hunting in 2013.  
Age 45.

## Randy Walliser

Manager Director – Canada

**Nationality**  
Canadian.

**Length of Service**  
4 years; joined Hunting in 2019.  
Age 62.

## Gregory T. Farmer

Global Director – QAHSE/Compliance

**Nationality**  
American.

**Length of Service**  
30 years; joined Hunting in 1993.  
Age 56.

## Stewart Barrie

Managing Director – EMEA

**Nationality**  
British.

**Length of Service**  
11 years; joined Hunting in 2012.  
Age 54.

## Ben Willey

Group Company Secretary

**Nationality**  
British.

**Length of Service**  
13 years; joined Hunting in 2010  
and was appointed Group  
Company Secretary in 2013.  
Age 49.

# Corporate Governance Report

## Compliance

The Board of Hunting PLC has adopted governance principles aligned with the 2018 UK Corporate Governance Code (the "Code"), which can be found at [www.frc.org.uk](http://www.frc.org.uk). Hunting PLC is reporting its Corporate Governance compliance against this Code.

The Board has assessed its compliance with the Code and notes the following provision to which it is not compliant:

The pension contribution rate of the Chief Executive (who is resident in the US) currently does not align with the workforce as required by provision 38 of the Code. Mr Johnson was appointed prior to the implementation of the 2018 Code. It should be noted that since his appointment to the Board in 2017, the pension contribution Jim Johnson received from the Company averaged 11% of base salary. Under the current Directors' Remuneration Policy, the Board has agreed that the pension contribution rates for all new executive Director appointments will be capped at 12% of base salary, in line with the UK workforce.

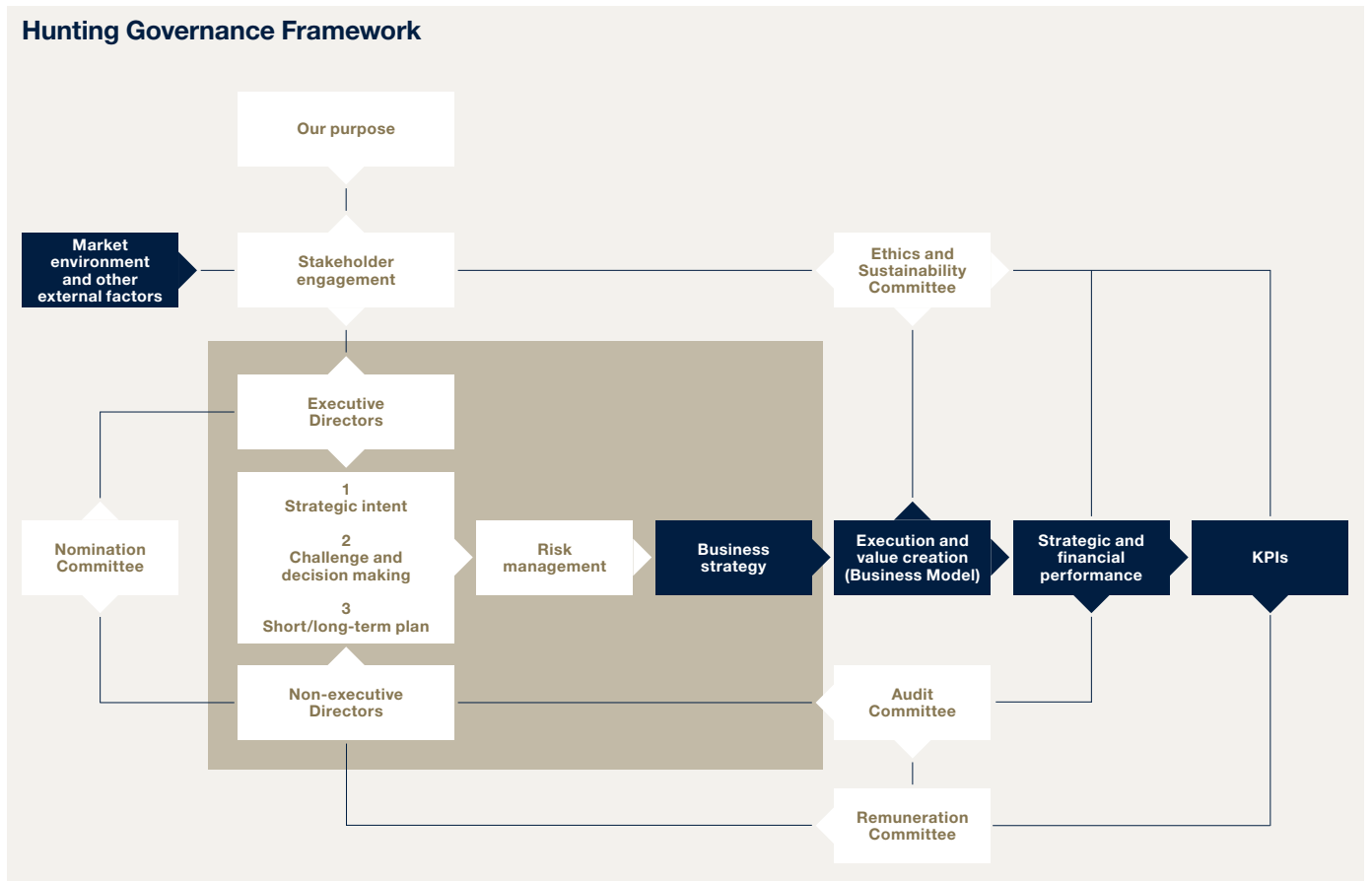
As noted in the Remuneration Committee Report, during 2022 the Committee has overseen the development of a new deferred savings plan in the US, which will be implemented in 2023. The new plan allows for the Group's US senior employees to make additional pension savings contributions over the US 401k limit. The contribution rates of this new plan fully align executive management to the workforce, with an overall contribution rate of 6% of base salary. The Board believes these arrangements align with typical US compensation practices and enables Hunting to be competitive in this key labour market. Should any future Chief Executive of the Company be appointed by the Board who is resident in the US, it is anticipated that they will be offered participation in this new savings plan.

## Governance Framework

### Introduction

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").

The Board is responsible for the management and strategic direction of the Company, to ensure its long-term success by generating value for its shareholders, while giving due consideration to other stakeholders, as prescribed by UK law.





The Board discusses strategic planning and long-term growth objectives. Once the Board has agreed on these strategic plans, they are rolled out across the Group's operations and relayed to key stakeholders more generally.

Embedded within strategic planning is the Group's appetite for risk. The Group's Risk Management framework (see pages 102 to 105), and supporting procedures, help the Board refine its decision making, as the opportunities and risks for long-term success and growth are evaluated against the risk appetite and culture of the Group. Following this, the Group's Business Strategy and Model are put into action.

The Board has four subcommittees to which it delegates governance and compliance procedures:

- the Nomination Committee, whose report can be found on pages 127 and 128;
- the Ethics and Sustainability Committee, whose report can be found on pages 129 to 131;
- the Remuneration Committee, whose report can be found on pages 132 to 154; and
- the Audit Committee, whose report can be found on pages 155 to 159.

These Board Committees support the Directors in their decision making.

The work of the Nomination Committee supports the Board's responsibility for ensuring that a framework of recruitment and retention of talent is in place to run the Company and that succession is well planned and executed in a timely manner.

The Ethics and Sustainability Committee was formed in 2021 to support the Group's development of environmental, climate, social and governance ("ESG") decision making. As long-term sustainability and climate-related matters become more important to our stakeholders, this Committee has been formed to oversee and monitor our existing practices, but to also monitor new long-term strategies to reduce our impact on the environment, improve our sustainability and to monitor our stakeholder engagement procedures and to oversee our ethics policies.

The Remuneration Committee ensures that executive pay remains aligned with Company performance, workforce remuneration and the broader shareholder experience. The Remuneration Committee ensures the executive Directors remain motivated and incentivised, as the senior leadership team executes the Board approved strategy on a day-to-day basis.

The Audit Committee's responsibilities include reviewing the Group's financial results and challenging management, internal audit and external audit functions.

The Board and its Committees are further supported by an Executive Committee, comprising of senior leaders across the Group. The Executive Committee oversees the implementation of the Group's growth objectives and ensures that the risks and opportunities presented are actively managed.

## Board Leadership and Company Purpose

(Section 1 of the Code)

### Responsibilities of the Board

The Board of Hunting PLC has clearly defined areas of responsibility, which are separate to those of the Chairman, executive Directors and the Committees of the Board. The non-executive Directors approve the strategic goals and objectives of the Company, as proposed by the executive Directors.

The Board approves all major acquisitions, divestments, dividends, capital investments, annual budgets and strategic plans.

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

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

The Directors monitor Hunting's trading performance, including progress against the Annual Budget, reviewing regular management accounts and forecasts, comparing forecasts to market expectations and assessing 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. Remuneration of the executive Directors is set by the Remuneration Committee, who also review and monitor the remuneration of the Executive Committee, as well as monitoring the remuneration structure of the wider workforce.

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

### Board Activities

Board and Committee materials are circulated in a timely manner ahead of each meeting.

At each meeting, the Chief Executive updates the Board on key operational developments, provides an overview of the global oil and gas market, reports on Health and Safety, and highlights milestones reached towards the delivery of Hunting's strategic objectives. The Finance Director provides an update on the Group's financial performance, position, trading outlook, banking arrangements, legal issues, analyst discussions and statutory reporting developments relevant to Hunting. These topics lead to discussion, debate and challenge among the Directors.

The Group's governance framework includes the Board and the Executive Committee. Medium-term planning initiatives are formalised within the Executive Committee, which are then reviewed regularly by the Board and are supported by periodic presentations by members of the Executive Committee.

The Board met eight times in 2022 (2021 – seven times), with the attendance record noted below:

<b>Number of meetings held</b>	<b>8</b>
<b>Number of meetings attended (actual/possible):</b>	
Annell Bay	8/8
Carol Chesney	8/8
Bruce Ferguson	8/8
John (Jay) Glick	8/8
Paula Harris (from 20 April 2022)	5/5
Richard Hunting (to 20 April 2022)	3/3
Jim Johnson	8/8
Keith Lough	7/8

2022 Board Meetings and Agenda Items	26 Jan	28 Feb	20 Apr	31 May	27 Jul	24 Aug	5 Oct	7 Dec
<b>Standing Items</b>								
Chief Executive's Report	•	•	•	•	•	•	•	•
Finance Director's Report	•	•	•	•	•	•	•	•
Operational Reports		•		•		•		•
Quality Assurance, Health, Safety & Environmental Reports		•		•		•		•
Shareholder Report		•	•	•	•	•	•	•
<b>Other Items</b>								
Annual/Interim Report and Accounts		•				•		
Board Evaluation								•
Risk Review	•							
AGM Preparation		•						
Trading Statement		•	•			•		
Strategy			•	•		•		•
Organisation and Personnel Review and Succession			•					•
Annual Budget								•
Chairman/Senior Independent Director Investor Feedback	•					•		

## Tenure

The average tenure of the Board, at 2 March 2023, is four years (2021 – nine years).

Within the non-executive Directors the average tenure is five years (2021 – eleven years), following the retirement of Richard Hunting.

None of the independent non-executive Directors have been in the role for greater than nine years. Jay Glick was appointed to the Board in 2015 and appointed Chairman in 2017.

For the appointment of executive Directors, the Company enters into a Service Contract with the Director, which reflects the terms of employment, remuneration and termination, taking into account the country of residence and local employment laws applicable at the time of appointment.

For more information on the Service Contracts of the current executive Directors, please see the Remuneration Committee Report on page 143.

## Composition and Diversity

At the Company's 2022 Annual General Meeting ("AGM") on 20 April 2022, Richard Hunting retired from the Board after nearly 50 years of service to Hunting, which included being Chair of the Company from 1989 to 2017. The Board is grateful for Richard's service and advice over many years and wish him a happy retirement.

As part of the Board's focus on refreshing its skills and expertise as Hunting enters another growth phase, in March 2022, Paula Harris was proposed for election at the AGM. Following receipt of the relevant votes in favour, Paula joined in the Board at the conclusion of the AGM. Ms Harris has joined all of the Committees of the Board from appointment.

Further, on 3 January 2023, the Company announced the appointment of Stuart Brightman as an independent non-executive Director. Mr Brightman has joined all of the Committees of the Board from appointment.

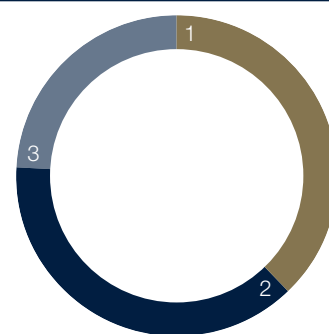
The Director search process completed in 2022 has explored the required skills and expertise to assist the Company in its next phase of growth, with a strong list of candidates interviewed, with the search process to continue in 2023 to address the geographic and gender balance of the Board.

Recent appointments are part of a planned and orderly succession of the Board, as Jay Glick and Anell Bay will be retiring as Directors in 2024.

For further information on the biographical details of the Board of Directors, please see pages 116 and 117.

## Board Tenure

1. < 3 years 38%
2. 3-6 years 38%
3. 6-9 years 24%



# 4 years

Average tenure of the Board  
– at 2 March 2023  
(2021 – 9 years)

# 5 years

Average tenure of the non-executive Directors  
– at 2 March 2023  
(2021 – 11 years)



With this process of refreshing, the diversity of the Board is as follows:

### Board of Directors and Executive Committee

At 2 March 2023

#### Gender

	Number of Board Members	% of Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	5	63	4	11	92
Women	3	37	–	1	8
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

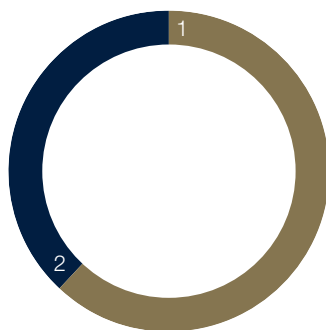
#### Ethnicity

	Number of Board Members	% of Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	7	87	4	10	83
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	2	17
Black/African/Caribbean/Black British	1	13	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

With this gender balance and current allocation of roles within the composition of the Board, Hunting is compliant to one of the three requirements under Listing Rule 9.8.6. The Directors anticipate that this non-compliance to the gender and senior role requirements will be resolved within the next 12 months as the refreshing of the Board continues.

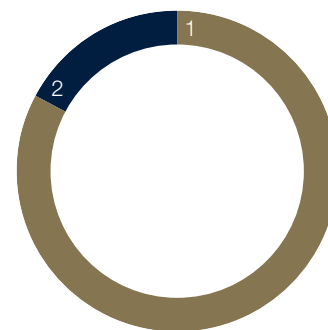
#### Board Gender Diversity

1. Male 63%
2. Female 37%



#### Board Ethnic Diversity

1. Caucasian 87%
2. Other 13%



### Purpose

To be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.

At the heart of Hunting's long-term strategy and success is a reputation based on trust and reliability. Hunting's products are designed to operate in a safe and reliable way, to ensure our customers meet their strategic objectives, while protecting people and the environment. Our strategy aims to offer technically differentiated products that meet these customer demands.

We choose to operate in the oil and gas industry, which supports the energy demands of today's global community. Our customers are constantly pursuing higher levels of safety and reliability and better efficiencies, leading to a lower cost of operation, while aiming to be good stewards of the environment, through a safe and responsible approach to oil and gas field development. This drives our ambition to deliver innovative technologies and products to enable us to lead the market and be the supplier of choice.

Our products and services include precision-engineered components that are quality assured to exceed the highest levels of industry regulation. Our employees are highly trained to ensure our operations are safe and deliver total customer satisfaction.

The Directors have approved Hunting's continued focus on energy-related markets, while using the earnings generated from that sector to diversify into other sectors that utilise our core competencies and offer an attractive return.

### Culture

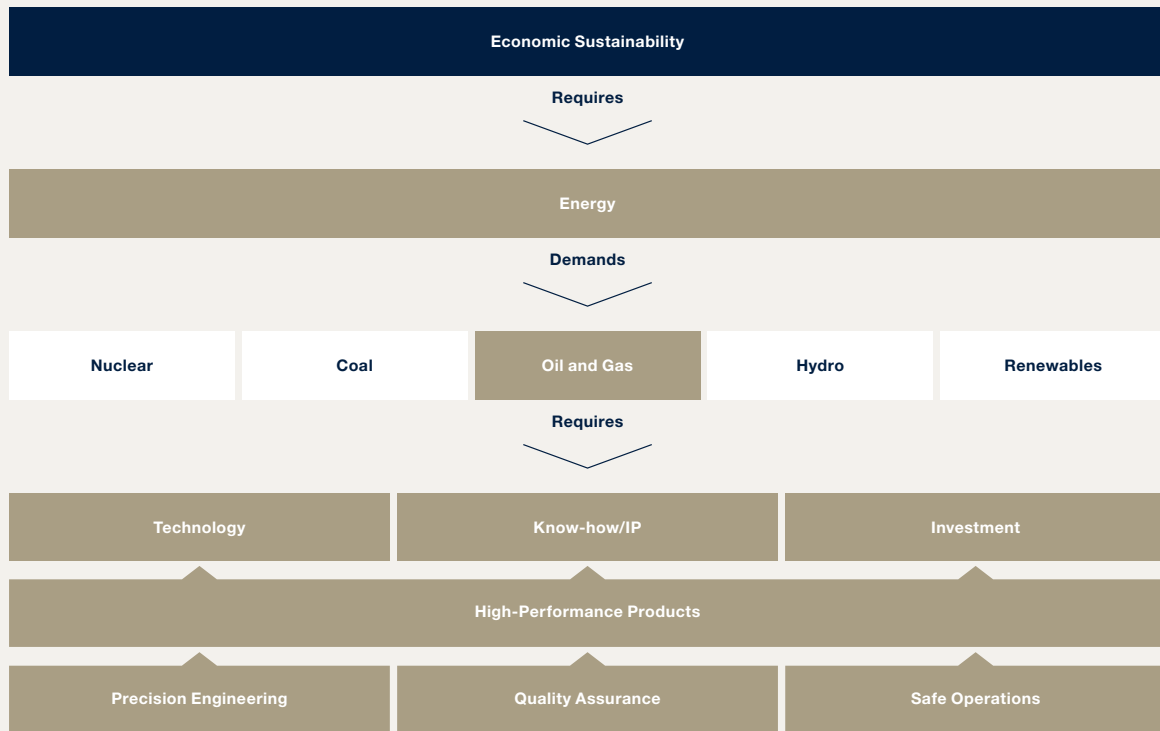
The Group has been operating since 1874 and, therefore, has a long history, with a strong culture, including support for employees across all of its global operations. The Culture of the Group extends to maintaining high business standards and creating value for investors by building strong and lasting relationships with its core stakeholders. More information on engagement with, and support to, the Group's key stakeholders can be found on pages 60 to 66.

To retain our staff, and to address the key demands of the industry, our employees are fairly remunerated, which, in addition to a competitive base salary, can comprise a range of healthcare and pension benefits and can include an annual bonus that reflects performance levels. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds.

At the heart of Hunting's culture is our people. To ensure we deliver for our customers, we train and develop our people to make sure we maintain a highly skilled workforce ready to deliver quality-assured products and services.

The Group's flat management structure has short chains of command, which allows for rapid, considered decision-making that empowers and enables our employees to be part of the process to take the Group forward.

**Our Purpose – to be a trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.**



**Our Culture – to train and develop our people to make sure we maintain a highly skilled workforce.**



Engagement processes have been embedded within all business units to enhance transparent two-way dialogue between the Board and the Group's employees. During the year, the Board met with employees at our Dearborn business, as part of our ongoing engagement programme.

Our employees are also encouraged to engage in dialogue with management to raise issues of concern. These procedures are supported by an independent reporting service operated by SafeCall, where confidential matters can be raised with the Board.

In the year, the Directors reviewed the organisational structure of the Group, noting its simplicity, with short chains of command to allow for rapid business decision making. It was noted that this also allowed all levels of the workforce to communicate with the senior management team directly. As part of its regular Board meeting schedule, the Directors review HSE and Quality Assurance reports from the Group's global operations.

In line with the recommendations of the Code, the Board has established procedures to monitor Culture and to ensure the views of the workforce are understood by the Directors. In 2019, the Group launched a global, all-employee engagement survey. The results of the survey were reviewed by the Directors, with appropriate actions being undertaken, following a number of areas of feedback that were received. It is anticipated that the survey will be repeated in 2023. Supporting this initiative has been a process of formalising other employee engagement initiatives including management briefings and introducing roundtable employee discussion forums.

### Shareholder Views

The Chairman and Senior Independent Director met with shareholders in January 2022 and January 2023 to discuss governance, strategy and other matters. During the year, the Chief Executive and Finance Director also regularly met shareholders to discuss performance and strategy. Investor meeting feedback reports are also prepared by the Group's advisers and are circulated to the Directors.

### Annual General Meeting

The Annual General Meeting ("AGM") of the Company is the normal forum for all shareholders to meet the Directors and to ask questions about the strategy and performance of the Group. The formal business of the AGM includes receiving the Annual Report and Accounts, approving remuneration policies and outcomes, re-electing Directors, appointing the auditor and providing the Directors with powers to transact Company business on behalf of its members. The Chief Executive normally provides a presentation of the Group's performance and answers questions from shareholders.

At the Company's Annual General Meeting in April 2022, an open meeting was held where shareholders had the opportunity to meet the Directors and to ask questions. All resolutions were passed at the AGM with good majorities, with no resolutions receiving less than 80% of votes in favour. Details of the resolutions put to shareholders at the meeting can be found within the Notice of Meeting located within the "General Meetings" section of the Company's website [www.huntingplc.com](http://www.huntingplc.com).

The Company's 2023 Annual General Meeting is again being planned as an open meeting. Shareholders will be able to access the AGM via a webcast, where questions can be submitted ahead and during the meeting to be answered by the Board.

### Stakeholder Engagement

Details of engagement activities with all our key stakeholders and the Board can be found, within the Strategic Report, on pages 60 to 66.

### Speak Up/Whistleblowing Service

An independent and anonymous whistleblowing reporting service has been in place for many years, allowing any employee access to the Board to raise matters of concern. During the year, there were two reports received through the SafeCall service (2021 – one report). Reports received are reviewed by Keith Lough, the Group's Senior Independent Director, who also receives and approves all investigation reports and corrective actions.

### Conflicts of Interest

Each Director is required to declare any potential conflict of interest that exists, or which may arise. These 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.

### Division of Responsibilities

(Section 2 of the Code)

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

The profiles and experience of each Director are found on pages 116 and 117. In line with the Code's recommendations, the Notice of Annual General Meeting incorporates details of the contribution in the year and the Board's reasons for proposing the re-election of each Director.

There is a clear division of responsibilities between the Chairman and Chief Executive, with the Chairman required to lead the Board, while the Chief Executive runs the Group's businesses as shown below:

#### Responsibilities of the Chairman

- lead and build an effective and balanced Board;
- chair meetings of the Board, ensuring the agenda and materials are fit for purpose;
- ensure the Directors are provided with accurate, timely and relevant information;
- promote 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;
- arrange an annual Board evaluation and act on its findings; and
- ensure shareholders and other stakeholders are communicated with effectively.

#### Responsibilities of the Chief Executive

- manage the day-to-day activities of the Group;
- make strategic planning recommendations to the Board and implement the agreed Board strategy;
- 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.

#### Responsibilities of the Non-executive Directors

- provide independent challenge to executive management on the proposed strategy;
- monitor the execution of the approved strategy and of the financial performance of the Company on an ongoing basis;
- ensure executive management remains motivated and incentivised through a responsible remuneration policy; and
- ensure the integrity of financial information and internal control and risk management processes are effective and defensible.

To ensure an effective relationship between the Chairman and the Chief Executive and other members of the Board, the responsibilities of the Senior Independent Director are:

#### Responsibilities of the Senior Independent Director

- provide a sounding board for the Chairman and serve as an intermediary to other Directors when required;
- be available to shareholders, should the normal channels through the Chairman and Chief Executive not be appropriate;
- chair meetings of the Board, in the absence of the Chairman;
- lead an annual performance evaluation of the Chairman, supported by the other non-executive Directors; and
- attend meetings with shareholders, to develop a balanced understanding of any issues or concerns.

#### Responsibilities of the 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.

#### 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 Independence

As at 31 December 2022, excluding the Chairman, the Board comprised 67% independent non-executive Directors. Including the Chairman, 71% of the Board comprised independent Directors.

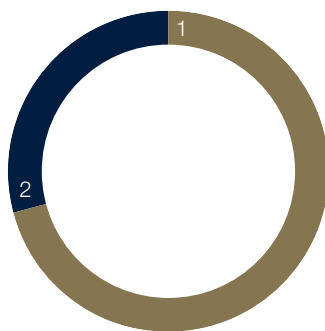
With the appointment of Stuart Brightman on 3 January 2023 at the date of signing these accounts, being 2 March 2023, the Board comprises 75% independent non-executive Directors.

The Board, including the Chairman, has access to professional advisers, at the Company's expense, to fulfil their various Board and Committee duties.

#### Board Independence (including Chairman)

At 31 December 2022

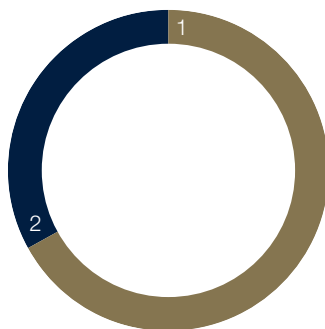
1. Independent 71%
2. Non-Independent 29%



#### Board Independence (excluding Chairman)

At 31 December 2022

1. Independent 67%
2. Non-Independent 33%



#### External Appointments

The Group has procedures in place that permit the executive Directors to join one other company board. In the year, neither the Chief Executive nor the Finance Director held any external board appointments.

#### Executive Committee

The Group has an Executive Committee ("ExCo") comprising the senior leaders of the Group and the executive Directors. The ExCo meets formally four times, to discuss the quarterly performance of each operating segment, strategic initiatives, including the progress of capital investment programmes, Quality Assurance and HSE performance, in addition to Human Resources, Information Technology and Risk Management reports.

For further information on the biographical details of the Executive Committee, please see page 118.

#### Composition, Succession and Evaluation

(Section 3 of the Code)

#### Board Appointments

All appointments to the Board are in accordance with the Company's Articles of Association and the Code and are made on the recommendation of the Nomination Committee. Recruitment of new Directors follows Group policy, including the formulation of a detailed description of the role that gives consideration to the required skills, experience and diversity requirements for the process. The Directors usually review a list of candidates, prior to a shortlist being recommended by the Nomination Committee, ahead of face-to-face interviews with each Director.

As noted above, Richard Hunting retired as a Director at the Company's AGM on 20 April 2022, while Paula Harris was elected by shareholders at the AGM and joined the Board on the same date. Further, Stuart Brightman was appointed to the Board on 3 January 2023.

#### Board Skills and Experience

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.
Stuart Brightman	Oilfield services and manufacturing, investor relations, business transformation.
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.
Paula Harris	Oilfield services and manufacturing, US energy market development, investor stewardship and ESG.
Keith Lough	Accounting, upstream oil and gas, UK energy regulation and market development and UK quoted companies.

#### Audit, Risk and Internal Control

(Section 4 of the Code)

The Group's policies, procedures and approach to audit, risk and internal control is described within the Risk Management section (pages 102 to 105) and the Audit Committee Report (pages 155 to 159) of the Annual Report and Accounts. The Risk Management section includes information on the Group's principal and emerging risks, as required by the Code.

**Remuneration**

(Section 5 of the Code)

**Clarity and Simplicity**

The Directors' Remuneration Policy is based on fixed and variable emoluments. Fixed emoluments are benchmarked against other global energy services companies and UK listed companies, to ensure the Company can attract and retain talent. Variable emoluments are based on two structures, an annual bonus and long-term incentive plan.

Both variable structures are based on the Group's disclosed key performance indicators, including both financial and non-financial measures, and only pay out when performance has been achieved. The Chief Executive's remuneration is benchmarked against global peers, who are mostly headquartered in the US, while the Finance Director is benchmarked against UK listed companies of similar size and complexity.

Non-executive Director fees are set at levels that take into account the time commitment and responsibilities of each role. The non-executive Directors do not receive cash bonuses or other variable emoluments. The fees are benchmarked against 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 pay structures of the senior management team and wider workforce are generally based on the Company's shareholder approved Directors' Remuneration Policy, and can include pension and healthcare benefits as well as an annual bonus and long-term incentives. Shareholder engagement is a key theme of the Directors' Remuneration Policy, with proactive engagement occurring whenever major changes to Policy or Committee decision making are contemplated. The Committee is satisfied that, over time, shareholder feedback has been reflected in the Directors' Remuneration Policy.

**Risk, Predictability and Proportionality**

The Committee believes that the Directors' Remuneration Policy aligns with the risk profile of the Company, encouraging growth in the long term and discouraging excessive risk taking. The Policy is weighted towards variable pay on the delivery of long-term growth. As noted in the chart opposite, the remuneration paid to the Chief Executive over time has aligned well with the Group's performance, with annual bonus and long-term incentives only vesting on performance.

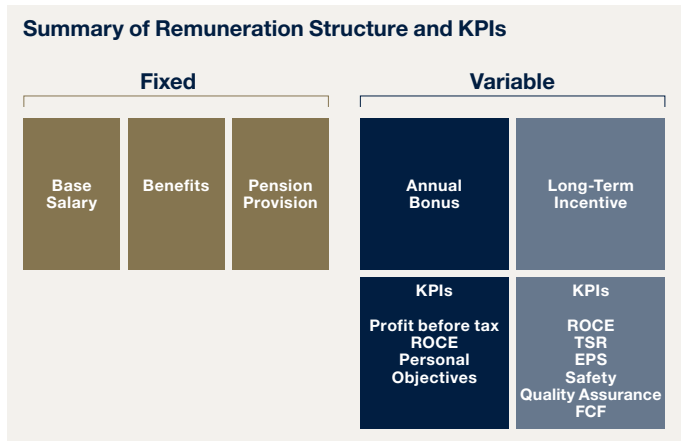
**Alignment**

The Board and the Remuneration Committee have reviewed the Company's Purpose, Values and Culture and believe that the remuneration framework operated by the Company encourages strong performance, based on a culture of honesty and integrity and putting stakeholder needs at the forefront of our strategic priorities.

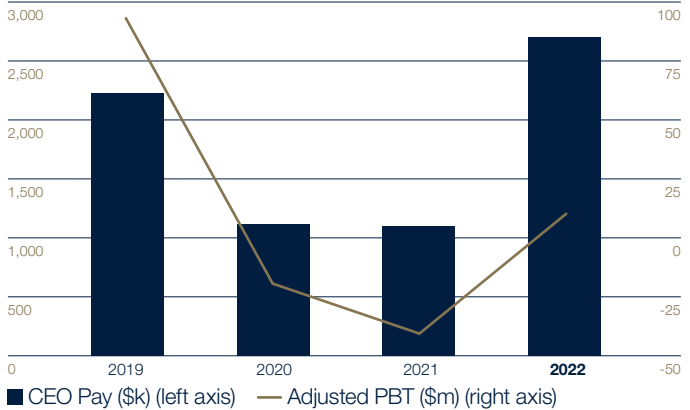
- Malus and clawback provisions are in place for all variable remuneration, with additional triggers introduced in 2021 to reflect best practice;
- The Committee has flexibility within the Directors' Remuneration Policy to exercise appropriate discretion; and
- Pension provisions for new executive Director appointments will align with the workforce.

Further, in 2021 the Remuneration Committee introduced ESG and carbon-focused deliverables into the executive Directors' personal objectives contained in the Annual Bonus Plan.

The chart following summarises the components of executive remuneration and the key performance indicators that are inputs to the remuneration outcomes.



**Adjusted Result before Tax (\$m) vs CEO Pay (\$k)**



The Board believes that the remuneration framework aligns with the Purpose and Culture of the Group, which is based on fair remuneration and reflects performance in the long term. This framework is also in place for the senior management of the Group with participation in annual bonuses and inclusion in the long-term incentive scheme operated by the Company, also featuring in emolument structures in many levels of the workforce.

On behalf of the Board

**John (Jay) F. Glick**  
Chairman

2 March 2023

The current Directors' Remuneration Policy was approved by shareholders on 21 April 2021. The Policy aligns Hunting's remuneration practices with the 2018 UK Corporate Governance Code, and includes:

- Increasing the alignment of the pension arrangements of executive Directors with the workforce; and
- Introducing a post-employment shareholding policy for the executive Directors.

More information on compliance with the provisions of the Code and the emoluments paid to the Directors can be found in the Remuneration Committee Report on pages 132 to 154. In respect of the current Directors' Remuneration Policy and the 2018 Code, the Committee notes the following:

- The Company's long-term incentive arrangements extend to a five-year timeframe, with a three-year vesting period and two-year post-vesting holding period;



# Nomination Committee Report

“The work of the Nomination Committee during 2022 has focused on the ongoing refreshing of the Board, given the rotation of Directors required by early 2024.”



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

## Introduction

The work of the Nomination Committee during 2022 has focused on the ongoing refreshing of the Board, given the rotation of Directors required by early 2024.

In the year, shareholders approved the appointment of Paula Harris, as a new independent non-executive Director. Paula's experience of the oilfield services sector will be invaluable as the Company navigates the ever-changing global energy market.

In the second half of 2022, the Committee continued its search for new Directors, with interviews with candidates and members of the Committee occurring throughout September and October, resulting in the appointment of Stuart Brightman as a new independent non-executive Director on 3 January 2023.

The Committee was also briefed on the reorganisation of the Company's Executive Committee. The development of future talent has been another area of focus for the Board in recent years and supports the changes made to the Company's senior management structure.

In December 2022, the Board undertook an internally facilitated effectiveness evaluation. Results from this process were considered at the February 2023 Meeting of Directors.

In summary, the Committee has operated effectively during the year and has made good progress in its efforts to enhance procedures to develop and identify future talent, in addition to planning for an orderly succession within the Board over the coming years.

## Composition and Frequency of Meetings

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

The Committee meets as required to discuss succession matters and, in 2022, met four times.

The Committee operates under written terms of reference approved by the Board, which are published on the Company's website at [www.huntingplc.com](http://www.huntingplc.com).

Attendance at the Nomination Committee meetings during the year is detailed in the table on the left.

	Member	Invitation
<b>Number of meetings held</b>	4	
<b>Number of meetings attended (actual/possible):</b>		
Annell Bay	4/4	–
Carol Chesney	4/4	–
Bruce Ferguson	–	4/4
John (Jay) Glick (Committee Chair)	4/4	–
Paula Harris (from 20 April 2022)	–	3/3
Richard Hunting (to 20 April 2022)	–	1/1
Jim Johnson	–	4/4
Keith Lough	4/4	–



### Appointment of Paula Harris

As part of the ongoing strategy to refresh the Board and provide an orderly succession and, where appropriate, to address diversity targets, the Board in 2021 commenced a search process to appoint new Directors, given that Annell Bay and I will reach the end of our nine year terms as independent non-executive Directors in 2024.

On 3 March 2022, the Company announced the proposed appointment of Paula Harris as a new independent non-executive Director, and following receipt of the relevant votes in favour at the Company's Annual General Meeting on 20 April 2022, Ms Harris was appointed to the Board and all of its Committees.

Details of Ms Harris' skills and expertise are noted on pages 117 and 125.

Heidrick & Struggles assisted the Committee in the search process for Ms Harris. Other than in this role, Heidrick's do not have any other relationship with the Company.

### Retirement of Richard Hunting, CBE

On 20 April 2022, Richard Hunting, non-executive Director, retired from the Board after nearly 50 years of service to the Company.

The Directors note Richard's invaluable service to Hunting, which included being Chair of the Company from 1991 to 2017, and wish him a happy retirement.

### Appointment of Stuart Brightman

Following the discussions of the Nomination Committee across the year, in respect of the rotation of Directors and refreshing of the Board, the Committee met a number of times in the second half of 2022 to consider new Director candidates.

Interviews were held during September and October and following the December 2022 meeting of the Committee, a proposal was submitted to the Board to appoint Stuart Brightman as a new independent non-executive Director. Stuart was appointed on 3 January 2023, and was appointed to all of the Board's Committees from this date.

Following the Company's Articles of Association, Stuart will automatically retire at the Hunting's 2023 Annual General Meeting and will offer himself for re-appointment by shareholders on 19 April 2023.

Details of Mr Brightman's skills and expertise are noted on pages 117 and 125.

Heidrick & Struggles assisted the Committee in the search process for Mr Brightman. Other than in this role, Heidrick's do not have any other relationship with the Company.

### Board Gender Balance

With the appointment of Stuart Brightman, the gender balance of the Board has shifted to below what is recommended by the Financial Conduct Authority. The Nomination Committee has continued its deliberations and will be making a new appointment in the coming year, given the gender requirements in the UK for Board gender composition.

### Future Director Rotation

Annell Bay and I are both due to retire in early 2024, therefore further succession planning will occur during the year ahead. Keith Lough, Hunting's Senior Independent Director will be leading the search for my replacement, with the process shortly to commence.

### Senior Management Development and Succession

As part of new procedures introduced by the Committee, the evaluation of the senior leadership team and their direct reports has been undertaken.

This has led to the Board identifying high-potential candidates, who continue to receive formal development and training to enhance the pipeline of talent for the most senior roles within the Company, including at the Executive Committee and Board levels.

In September 2022, a restructuring of the Executive Committee was implemented, following the announcement of the retirement of Rick Bradley, Hunting's Chief Operating Officer ("COO"). Dane Tipton, a member of the Company's senior management team for many years, was promoted to the Executive Committee as Managing Director of Hunting's Subsea Technologies businesses.

The role of COO has been eliminated to save corporate costs, with all Managing Directors on the Executive Committee now reporting directly to Jim Johnson, Hunting's Chief Executive.

### Internal Board Evaluation

In December 2022, the Board completed an internally facilitated board evaluation, which was coordinated by the Company Chairman and Company Secretary.

The process included the completion of a governance and board effectiveness questionnaire, the feedback from which was reviewed by the Board at its meeting in February 2023. The Directors noted the observations and implemented plans to address the findings.

### Terms of Reference and Committee Effectiveness

At its December 2022 meeting, the Committee reviewed its terms of reference and considered its effectiveness, concluding that its performance had been satisfactory during the year.

On behalf of the Board



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

2 March 2023

# Ethics and Sustainability Committee Report

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



**John (Jay) F. Glick**  
Committee Chair

## Introduction

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

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

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

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

## Composition

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

## Frequency and Attendance of Meetings

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

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

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

## Terms of Reference and Committee Effectiveness

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

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

## Responsibilities

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

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

## Work Undertaken by the Committee During 2022

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

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

## SASB Reporting Framework

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

## Carbon and Climate

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

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

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

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

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

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

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

## Employees

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

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

## Quality Assurance and HSE ("QAHS")

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

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

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

## Code of Conduct

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

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

## Communities

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

## Whistleblowing

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

## Bribery Act

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

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

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

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

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

## Modern Slavery Act

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

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

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

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

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

## Sanctions and Export Compliance

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

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

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

On behalf of the Board



**John (Jay) F. Glick**  
Chairman

2 March 2023

# Remuneration Committee Report

“The Committee is pleased to note the Group’s adjusted profit from operations in the year, with a financial performance that exceeded the targets set due to strengthening core markets.”



## Annell Bay

Chair of the Remuneration  
Committee

## Introduction

On behalf of the Board, I am pleased to present the Remuneration Committee Report to shareholders for the year ended 31 December 2022. This letter provides a summary of the work completed by the Remuneration Committee (the “Committee”) in the year, including the major decisions taken and details of how the approved Directors’ Remuneration Policy was implemented during the year.

The Committee met six times in 2022, as noted in the table below.

The Committee is pleased to note the Group’s adjusted profit from operations in the year, with a financial performance that exceeded the targets set due to strengthening core markets.

The Committee has maintained a consistent approach to decision making, to ensure executive management remained motivated and are retained; the latter issue being a particular area of focus as the Board has seen clear evidence of a tightening labour market across all levels of the organisation. The retention of talent has, therefore, been an area of discussion by the Board and Remuneration Committee throughout the year, as rehiring has started in earnest within the oil and gas industry.

As activity levels increased across most of the Group’s regions, in particular across Hunting’s core trading market of North America, all segments across the Group reported good year-on-year growth in revenue, which led to annual bonuses being accrued within most business units. The annual bonus targets set for the organisation were exceeded, as performance accelerated in the second half of the year, resulting in bonuses at the maximum level.

The vesting of the 2020 grant under the Hunting Performance Share Plan has, however, recorded a 7.5% outcome reflecting a partial vesting of the Strategic Scorecard component of the award. The Earnings Per Share, Return on Capital Employed and Total Shareholder Return performance targets were not met.

The Committee deferred the determination of annual base salary adjustments for executive Directors until Q4 2022, to allow more time for rapidly changing market conditions to be considered. In October, the Committee decided to increase the salaries of the executive Directors by 5%, in-line with the average workforce increase implemented across all regions of the Group’s operations in response to general increases in inflation and cost of living seen in the year.

In summary, the Committee is satisfied that the remuneration outcomes of the executive Directors reflect a strong performance as the Company has returned to growth.

	Member	Invitation
<b>Number of meetings held</b>	6	
<b>Number of meetings attended (actual/possible):</b>		
Annell Bay (Committee Chair)	6/6	–
Carol Chesney	6/6	–
Bruce Ferguson	–	6/6
John (Jay) Glick	–	6/6
Paula Harris (from 20 April 2022)	3/3	1/1
Richard Hunting (to 20 April 2022)	–	3/3
Jim Johnson	–	6/6
Keith Lough	5/6	–



## Major Decisions Made by the Committee

### Base Salary and Fee Review

The Committee met in August and October 2022 to consider adjustments to the base salaries of the executive Directors and the wider workforce. In August 2022, the Committee was briefed by the Chief Executive and the Chief HR Officer on ongoing employee retention and labour issues, which were primarily driven by a tightening labour market within the oil and gas industry, coupled with the impact of inflationary pressures and general increases in the cost of living reported in the year. To address these issues, the Board approved a 5% average increase in base salaries across the Group's workforce. This was implemented in Q4 2022.

The Committee held a meeting in October 2022 to deliberate on possible base salary increases for the senior leadership team and received data from the Chief HR Officer on the base salary increases that were proposed for the Executive Committee, which aligned with the workforce and which averaged 5.0%.

The Committee then considered the base salary of the Chief Executive and Finance Director and, following discussion, awarded a 5.0% base salary increase to both executives, with effect from 1 December 2022. Mr Johnson's base salary has, therefore, increased to \$810,338 p.a., while Mr Ferguson's base salary has increased to £317,625.

The Board met in December 2022 to review the annual fees of the non-executive Directors and, following discussion, it was determined that the annual fees of the non-executive Directors should be increased to £64,000 with effect from 1 January 2023 to reflect their current time commitments and the fact that fee levels have been frozen for more than ten years. The additional fees for the Committee Chairs and the Senior Independent Director remain at £10,000 per annum.

In addition, the Committee discussed the annual fee of Hunting's non-executive Chair in December 2022 and, following receipt of benchmarked fee data from Mercer, determined that Mr Glick's fee should be increased to £205,000 also from 1 January 2023.

### Annual Bonus

In December 2021, the Committee reviewed the 2022 Annual Budget targets, which focused on a return to profitability, following two years of losses during the COVID-19 pandemic. These were stretching targets, given the volatility in the global oil and gas industry, coupled with geopolitical tensions that were building at the time.

Shortly after the end of the 2022 financial year, the Committee was pleased to review the financial outturn for 2022, which included the return to pre-tax profitability on an adjusted basis and positive returns on capital employed, due to strong growth in Hunting's core trading market of North America, reflecting solid activity levels within the US onshore drilling market, buoyant activity in Canada and growing international activity. The Committee noted that the targets set at the start of the year had been strongly exceeded, leading to a maximum annual bonus outturn in respect of the financial targets.

The Committee met in January 2023 to review the delivery of each executive Directors' personal/strategic performance objectives. In-line with the outcome of the financial bonus targets, the Committee noted the strong delivery of the objectives set at the start of the year, including delivery of a medium-range strategic framework and other key sustainability objectives. Following discussion, the Committee agreed the bonus awards for the executive Directors. Based on these outcomes, the executive Directors will receive a maximum bonus, being 200% of base salary received in the year for the Chief Executive and 150% for the Finance Director. The Committee has not applied discretion to this annual bonus outcome.

75% of the bonus will be delivered in cash with the remaining 25% to be utilised in the purchase of Ordinary shares in the Company to be held for two years from the vesting date, in-line with the usual operation of the Annual Bonus Plan.

### HPSP Award Grant

In March 2022, the Committee granted awards under the Hunting Performance Share Plan. As part of its discussions, and in line with the shareholder approved Directors' Remuneration Policy, the Committee introduced a Free Cash Flow performance condition for the 2022 award, alongside the Earnings Per Share, Return on Capital Employed, Total Shareholder Return and Strategic Scorecard performance conditions. Introducing this additional metric incorporates another strategic KPI into the HPSP, which provides a better balance of performance targets for the executive Directors to achieve. The awards encourage earnings and cash generation growth, as the Company operates in a new growth phase of the oil and gas industry.

### HPSP Awards Vesting

The 2020 awards under the HPSP are due to vest on 3 March 2023 and incorporate four performance conditions, being ROCE (35%), EPS (25%), TSR (25%) and a Strategic Scorecard (15%). The EPS and ROCE performance conditions were based on performance targets to be delivered for the financial year ending 31 December 2022. The Strategic Scorecard comprises two non-financial measures, being the Group's Safety and Quality performance.

Following measurement of the financial elements of the award, the EPS and ROCE performance conditions for the 2020 awards recorded a nil vesting.

The TSR performance condition was measured independently by Mercer and recorded a below median ranking against the 13 peer group comparators. This has led to a nil vesting of this portion of the 2020 award.

The Strategic Scorecard recorded a 15% vesting (or 100% of the Scorecard portion). In-line with the operation of the Policy, given that the financial targets had not been met, the Committee halved this amount, leading to a 50% vesting of the Scorecard.

Overall, the total vesting of the 2020 HPSP grant was 7.5% of the maximum.

The Committee is aware that shareholders wish companies to be mindful of the potential for awards granted during the pandemic to result in windfall gains. The Committee reviewed the outcome and noted that the face value of this award was reduced by 20% at the time of grant to minimise the risk of a windfall gain occurring.

### 2022 AGM Result

At the Company's AGM held on 20 April 2022, the Company received 89.9% votes in favour of the resolution to approve the 2021 Annual Report on Remuneration.

### Context of Remuneration Awarded in 2022

The Group's performance in the year, as noted above, has led to a 100% vesting of the annual bonus opportunity and a 7.5% vesting of the 2020 HPSP award. The annual bonus outcome reflects an "Above Target" outcome, reflecting strong in-year performance, while the HPSP vesting reflects a "Below Target", vesting given the impact of COVID-19 on the Company's financial performance.

The single figure of total remuneration for Jim Johnson was, therefore, \$2.7m in 2022 and \$1.0m for Bruce Ferguson.

In 2021, the single figure total for Jim Johnson was \$1.2m and for Bruce Ferguson was \$0.6m. This remuneration paid reflected a "Below Target" performance for both the annual bonus award and the HPSP.

The Committee is satisfied that total pay outcomes are appropriate in the context of Group performance across the periods covered by these short- and long-term incentives.



**US Deferred Savings Plan**

As part of the Committee's wider remit to review the general compensation frameworks in operation across the Group, including that of the Executive Committee, a process to design and implement a new Non-Qualified Deferred Savings Plan across the Group's US companies was initiated in the year.

This plan will operate as a non-qualified plan alongside Hunting's existing 401k arrangements and allow additional employee and employer contributions, above the current 401k US IRS base salary limit.

The plan will fully align the post-retirement benefits of US executive Directors with the workforce, with a contribution limit of 6% of base salary.

Such plans are commonplace in the US and the Committee and the Board believe this to be an important component of the Group's US compensation framework to drive recruitment and retention in its key labour market of North America.

The new plan will be operational from 1 April 2023. At present, the current Chief Executive will not participate in this arrangement.

**Activities Undertaken by the Remuneration Committee During 2022**

	Jan	Mar	Apr	Aug	Oct	Dec
<b>Overall Remuneration</b>						
Annual base salary review				•	•	
Review senior management annual emoluments				•		
Review total remuneration against benchmarked data				•		
<b>Items Specific to Annual Bonus</b>						
Approve annual bonus including delivery of personal/strategic performance targets	•					
Review Annual Bonus Plan rules				•		
Agree personal/strategic performance targets for year ahead		•				
<b>Items Specific to Long-term Incentives</b>						
Approve HPSP vesting and new annual grant		•				
Review HPSP performance conditions						•
Review HPSP grant performance targets		•				
<b>Governance and Other Matters</b>						
Approve Annual Report on Remuneration		•				
Review and approve Remuneration Policy (if required)		•				
Review governance voting reports			•			
Review AGM proxy votes received for Annual Statement of Remuneration and Policy			•			
Review Committee effectiveness						•
Review terms of reference						•

**Competitiveness of Executive Director Remuneration**

In-line with the Directors' Remuneration Policy's objective of providing the Chief Executive and Finance Director with levels of remuneration that are competitive in the market, the Committee receives regular updates on market levels of remuneration using external benchmarks.

The Chief Executive's remuneration is benchmarked against global peers who are mostly headquartered or publicly listed in the US, and who are of a similar profile and size to Hunting. The Finance Director's remuneration is benchmarked against UK listed companies of a similar size.

The most recent external benchmarking exercise highlighted that the Chief Executive's total remuneration is significantly below the median market level among the relevant peers for his role, with the Finance Directors' remuneration moderately below the median against the relevant peer group for his role.

The Committee recognises that as a UK company and, therefore, subject to UK governance requirements, but with the majority of its business in the US, a core consideration needs to be the flexibility to offer competitive remuneration to roles in the US.

Therefore, in order to better understand the competitive position for the CEO, the Committee has also recently undertaken further analysis of executive remuneration structures, as well as actual remuneration received, on the basis of historical single figures of total remuneration, at a select group of comparators chosen on the basis that they are the companies closest to Hunting in terms of their size.

The findings of this review illustrate how Hunting's current levels of variable remuneration are significantly lower than among our peers, principally due to Hunting's lower long-term incentive opportunity at target performance.

The review also highlighted how Hunting's approach to variable pay differs from our peers with four of the six comparators operating restricted stock unit plans in addition to performance awards, which resulted in more consistent pay outcomes over time.

However, the review also found that Hunting's pay outcomes have been broadly correlated with shareholder returns demonstrating a strong pay-for-performance alignment.

While the findings in part validate the Committee's approach to remuneration over time, they also highlights factors around competitiveness of executive Director remuneration for it to consider in reviewing the current Policy in preparation for Hunting's next triennial Policy vote at the 2024 AGM.

In order to ensure that our major shareholders are able to provide their input early in the process of the review, the Committee intends to begin discussions with investors about possible changes to the remuneration Policy in Q2 2023.

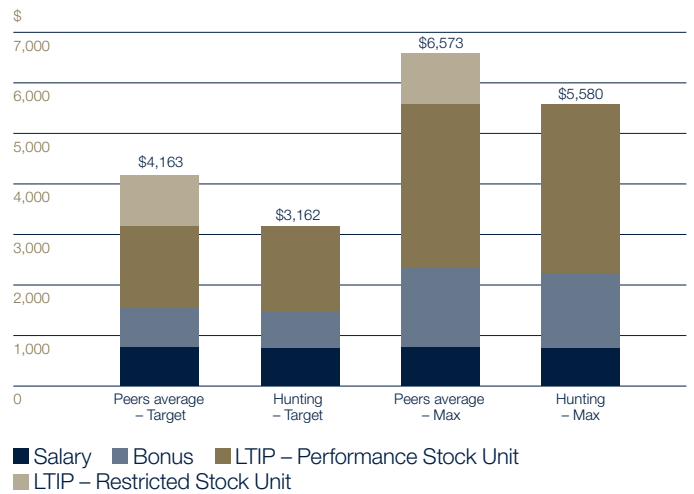
On behalf of the Board



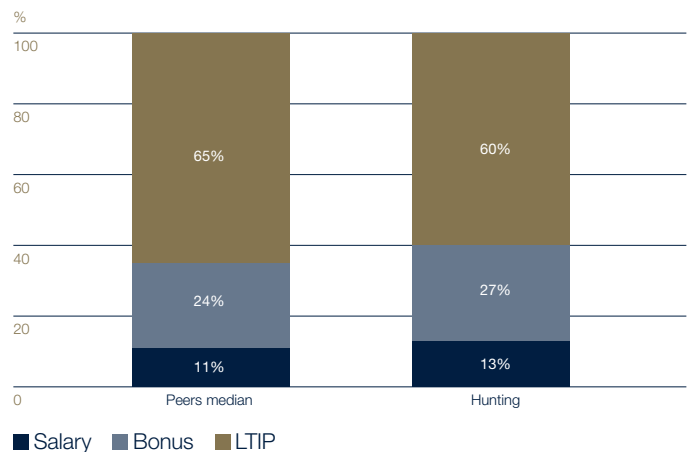
**Annell Bay**  
Chair of the Remuneration Committee

2 March 2023

**CEO total remuneration opportunity mix at target and maximum for full year 2021 (\$k)**

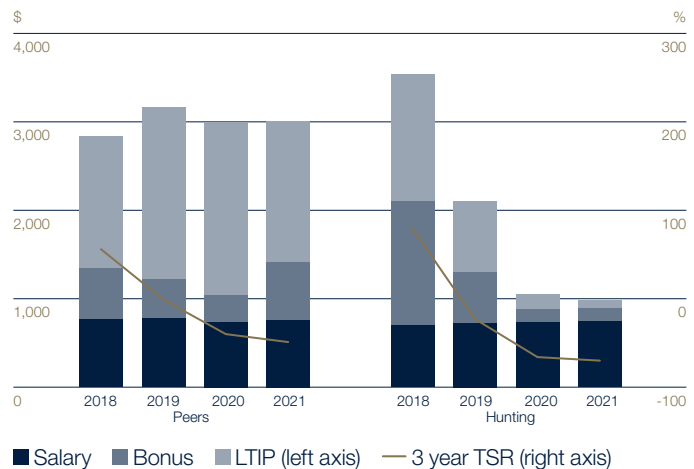


**CEO pay mix at maximum (%)**



Peer group comprises: Oceaneering International, Core Laboratories, Drill-Quip, Petrofac, DMC Global, and Oil States International. Figures are in USD '000s unless otherwise specified.

**Salary, bonus & LTI (\$k) paid vs 3-year TSR (%)**



# Remuneration at a glance

## Remuneration Policy and 2022 AGM Result

The remuneration framework operated in the year was consistent with the Policy approved by shareholders on 21 April 2021, with 92% of votes in favour. Details of the Policy can be found within the 2020 Annual Report and Accounts at [www.huntingplc.com](http://www.huntingplc.com).

At the Annual General Meeting of the Company on 20 April 2022, the resolution to approve the 2021 Annual Report on Remuneration was supported by a vote of 89.9% in favour.

## Link to Strategy and KPIs

The Group's Key Performance Indicators are described in detail on pages 34 and 35, and include financial measures such as adjusted profit before tax, return on average capital employed and adjusted diluted earnings per share targets. Non-financial measures are also included in the targets for HPSP awards and include measurable objectives related to the Group's Quality and Safety performance. Quality and Safety both underpin Hunting's standing and reputation in the global energy industry which, in turn, support the Group's long-term strategy.

A significant TSR element also helps align executive remuneration with the shareholder experience. These KPIs are central to Hunting's long-term success and are fully integrated into the remuneration framework approved by shareholders.

## Base Salaries

In H2 2022, the Board approved a 5% base salary increase across the Group's workforce and also approved base salary increases for the Hunting Executive Committee of 5%.

The Committee discussed base salary increases for the executive Directors and, after careful consideration, approved a 5% base salary increase for both Directors. Jim Johnson's base salary has, therefore, increased to \$810,338 and Bruce Ferguson's base salary has increased to £317,625. The salary increases were implemented in December 2022, in line with the wider workforce.

### Base Salaries

<b>Chief Executive</b>	<b>\$810,338</b> from 01.12.22
<b>Finance Director</b>	<b>£317,625</b> from 01.12.22

## Company Performance Summary

As noted in the Letter from the Chair of the Remuneration Committee, the Group reported a return to profitability after two years of losses, with an adjusted profit before tax ("PBT") of \$10.2m and a ROCE of 1%.

The adjusted PBT and ROCE portions of the annual bonus exceeded the targets set by the Board in the Annual Budget and, following the Committee's determination that both executive Directors had fully achieved their personal objectives, approved the vesting of a maximum bonus opportunity. Performance measurement of the 2020 awards under the HPSP recorded a combined 7.5% vesting, based on a nil vesting of the TSR performance condition, nil vesting of the EPS and ROCE performance conditions and 7.5% vesting of the Strategic Scorecard. The Committee reviewed the vesting outcome of the HPSP, noting that the targets were set immediately prior to the onset of the COVID-19 pandemic and determined that this was appropriate in light of the overall shareholder experience.

## 2022 Annual Bonus Targets and Outcome

The annual bonus for executive Directors is based on adjusted profit before tax, return on average capital employed and personal/strategic performance targets.

<b>Target adjusted profit before tax</b>	<b>\$1.9m</b>
<b>Target ROCE</b>	<b>1.00%</b>
<b>Actual adjusted profit before tax</b>	<b>\$10.2m</b>
<b>Actual ROCE</b>	<b>1.45%</b>

## Annual Bonus

In 2022, the financial targets set by the Board in the Annual Budget were exceeded and reflected a return to adjusted profitability and the generation of a positive return on average capital employed with both of these goals exceeded by more than 20%. The Committee also reviewed the delivery of the personal/strategic performance objectives by the executive Directors. Following careful consideration and discussion, it was agreed that the objectives had been met in full, leading to annual bonus awards at the maximum level. On this basis, Jim Johnson will receive a bonus of \$1,550k and Bruce Ferguson will receive a bonus of £456k (\$561k). 75% of the annual bonus will be delivered in cash, as per the normal operation of the Annual Bonus Plan, with the remaining 25% to be utilised to purchase Ordinary shares, to be retained for two years from the vesting date.

### 2022 Annual Bonus

<b>Chief Executive</b>	<b>\$1,550k</b>
<b>Finance Director</b>	<b>£456k</b>

## Hunting Performance Share Plan (“HPSP”)

The Group’s 2020 HPSP grant incorporated adjusted diluted EPS, ROCE, relative TSR and Strategic Scorecard performance conditions measured over three financial years ending 31 December 2022.

	Proportion	Threshold Vesting
ROCE	35%	8%
Adjusted diluted EPS	25%	40 cents
Relative TSR	25%	Median
Strategic Scorecard		
– Safety	7.5%	2.0
– Quality Assurance	7.5%	0.8

## 2020 HPSP Outcome

The outcomes are presented below:

	Performance	Vesting
ROCE	1.45%	nil
Adjusted diluted EPS	4.7 cents	nil
Relative TSR	Below Median	nil
Strategic Scorecard		
– Safety	0.88	3.75%
– Quality Assurance	0.17	3.75%

Under the rules of the Plan, vesting of the Strategic Scorecard element of the HPSP is capped at 7.5%, being half of the maximum of 15%, as the financial targets were not met. Therefore on this basis, the 2020 HPSP grant has vested at 7.5%. Jim Johnson will, therefore, be entitled to receive 48,990 Ordinary shares on the vesting date of 3 March 2023. Mr Ferguson will be entitled to receive 6,827 Ordinary shares. Further, under the HPSP rules, dividend equivalents accrued over the vesting period totalling 21.5 cents per vested share will be added to this award. All the post-tax shares retained will be held for a minimum of two years, in line with the 2018 Directors’ Remuneration Policy.

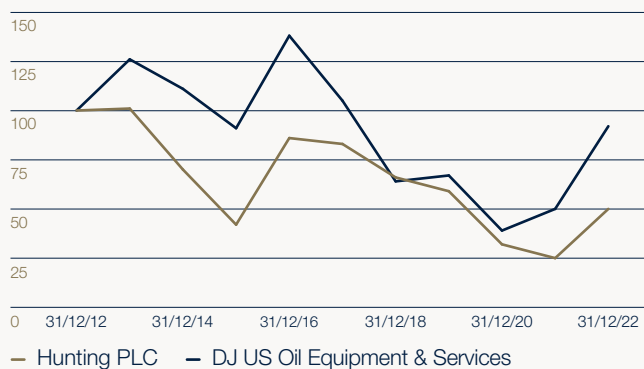
## 2020 Awards Under the HPSP Vesting on 3 March 2023

<b>Chief Executive</b>	<b>48,990</b>
	Shares will vest
<b>Finance Director</b>	<b>6,827</b>
	Shares will vest

## Shareholder Returns

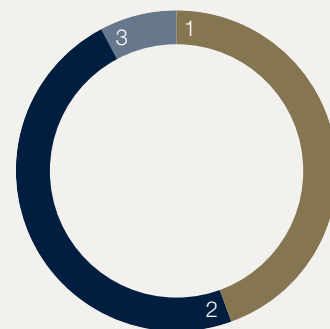
Total shareholder return (“TSR”) is measured against a peer group of 13 companies, all focused on upstream oil and gas services.

For the three years ended 31 December 2022, Hunting had a Below Median ranking resulting in a nil vesting of the TSR element of the 2020 HPSP award.



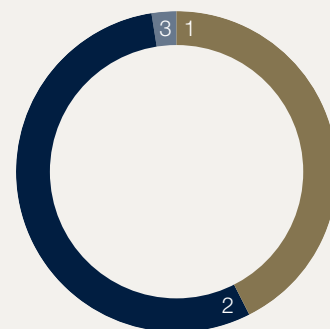
## Chief Executive

1. Fixed \$982k
  2. Annual Bonus \$1,550k
  3. HPSP \$167k
- Total \$2,699k**



## Finance Director

1. Fixed \$435k
  2. Annual Bonus \$561k
  3. HPSP \$23k
- Total \$1,019k**



# Directors' Remuneration Policy

## Policy Overview

The Directors' Remuneration Policy (the "Policy") applied by the Hunting Board for the executive and non-executive Directors of the Company, was approved by shareholders at the Annual General Meeting held on 21 April 2021.

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 with both corporate and individual performance.

The remuneration opportunities of the Chief Executive and Finance Director are based on externally benchmarked data aimed at providing them with competitive levels of remuneration in the relevant market.

The Chief Executive's remuneration is benchmarked against global peers who are mostly headquartered, or publicly listed in the US, and who are of a similar profile and size to Hunting, while also being reputable peers in the oil and gas equipment and services sector. The Finance Director's remuneration is benchmarked against UK listed companies of a 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 bonuses or other variable emoluments. The fees are benchmarked against other companies of a similar size, profile and profitability and are reviewed annually by the Board. The Chairman's fee is set by the Remuneration Committee. The Remuneration Policy tables that follow provide an overview of each element of the Directors' Remuneration Policy.

The 2018 UK Corporate Governance Code sets out principles against which the Committee should determine the Policy for executives. A summary of the principles and how the revised Directors' Remuneration Policy reflects these is set out earlier in the Corporate Governance Report on page 126.

## 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 the 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.

## Executive Director Remuneration Policy Table

### Fixed Emoluments

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
<b>Base Salary</b>				
<ul style="list-style-type: none"> <li>To attract, retain and reward executives with the necessary skills to effectively deliver the Company strategy.</li> </ul>	<ul style="list-style-type: none"> <li>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 similar roles in comparable companies.</li> <li>Aimed at the market mid-point.</li> <li>Annual increases take into account Company performance, inflation in the UK and US and increases across the wider workforce.</li> <li>Relocation and tax equalisation agreements are also in place for employees working across multiple geographic jurisdictions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Individual and Group performance are taken into account when determining appropriate salaries.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
<b>Pension</b>				
<ul style="list-style-type: none"> <li>To provide normal pension schemes appropriate to the country of residence.</li> </ul>	<ul style="list-style-type: none"> <li>The Group currently contributes on behalf of the Chief Executive to a US 401K deferred savings plan and an additional deferred compensation scheme.</li> <li>The Finance Director receives an annual cash sum in lieu of contributions to a company pension scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Pension contributions vary based on individual circumstances and local market practice. Further details are set out on page 142.</li> <li>Any future executive Director appointees in the UK will receive a base salary pension contribution of 12% in line with the majority of UK employees. Any future executive Director appointees in the US will have a contribution cap of 12% of base salary, provided through qualified and non-qualified savings plans.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
<b>Benefits</b>				
<ul style="list-style-type: none"> <li>To provide normal benefits appropriate to the country of residence.</li> </ul>	<ul style="list-style-type: none"> <li>Each executive Director is provided with healthcare insurance and a company car with fuel benefits or allowance in lieu.</li> <li>Additional benefits may be provided to ensure the Group remains competitive within the relevant local market.</li> </ul>	<ul style="list-style-type: none"> <li>There is no maximum value set on benefits. They are set at a level that is comparable to market practice.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>



## Executive Director Remuneration Policy Table

### Variable Emoluments

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
<b>Annual Bonus</b>				
<ul style="list-style-type: none"> <li>To incentivise annual delivery of financial and operational targets.</li> <li>To provide high reward potential for exceeding demanding targets.</li> </ul>	<ul style="list-style-type: none"> <li>Awards are subject to the Annual Bonus Plan rules adopted by the Board in 2010.</li> <li>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.</li> <li>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.</li> <li>25% of any Annual Bonus is normally payable in Hunting shares. These shares are required to be held for two years from the vesting date.</li> <li>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, gross misconduct or actions that cause reputational damage to the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Chief Executive and Finance Director have a maximum opportunity of 200% and 150% of salary, respectively.</li> </ul>	<ul style="list-style-type: none"> <li>80% of the Annual Bonus will be based on financial measures, with the remainder based on strategic/personal performance measures, selected annually by the Remuneration Committee to reflect key performance indicators for the year ahead.</li> <li>The vesting of the strategic/personal component is normally subject to a financial underpin. Should the financial targets not be met, a 50% vesting cap of the personal/strategic component would normally be implemented.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
<b>Hunting Performance Share Plan ("HPSP")</b>				
<ul style="list-style-type: none"> <li>To align the interests of executives with shareholders in growing the value of the business over the long term.</li> </ul>	<ul style="list-style-type: none"> <li>The HPSP provides for annual awards of performance shares or nil cost options to eligible participants.</li> <li>Vesting is based on a three-year performance period.</li> <li>On vesting, awards are subject to an additional two-year holding period (subject to settlement of any tax charges on vesting).</li> <li>Awards are subject to malus and clawback provisions, which cover cases of material financial misstatement, calculation error, gross misconduct or actions that cause reputational damage to the Company.</li> <li>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.</li> <li>In respect of vested shares, participants are eligible to receive an amount equivalent to dividends paid by the Company during the vesting period once the final vesting levels have been determined, either in cash or shares.</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive: 450% of base salary.</li> <li>Finance Director: 210% of base salary.</li> </ul>	<ul style="list-style-type: none"> <li>Achievement of a threshold performance target results in a 25% vesting for any portion of the award.</li> <li>Awards will vest on achievement of financial and strategic performance measures, measured over a three-year performance period.</li> <li>Financial measures will include EPS, ROCE and TSR and will receive an aggregate weighting of 85% of each award. A fourth measure, in the form of a Strategic Scorecard, which will comprise a number of sub-measures, will have an aggregate weighting of 15% of each award.</li> <li>Should the financial targets of the grant not be met, the vesting of the Strategic Scorecard is reduced by 50%.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
<b>Minimum Stock Ownership Requirement</b>				
<ul style="list-style-type: none"> <li>To encourage the retention of shares under award to the executive Directors.</li> <li>To align the long-term interests of the Directors with shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>Directors have five years to achieve the required holding level from the date of their appointment to the Board.</li> <li>The Board has discretion to extend this time period if warranted by individual circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
<b>Post-Employment Shareholding Requirement</b>				
<ul style="list-style-type: none"> <li>To continue to align the long-term interests of the executive Directors with shareholders for a period after they have left the Group.</li> <li>To incentivise good succession planning.</li> </ul>	<ul style="list-style-type: none"> <li>Directors are required to retain a holding in Hunting shares for a period after stepping down as an executive Director.</li> <li>The Committee will have discretion to reduce/waive the requirement in exceptional circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>Executive Directors must continue to hold shares equivalent to the lesser of their actual ownership at the date of stepping down as an executive Director and 200% of base salary, for a minimum of 12 months.</li> <li>This requirement will apply to shares acquired under the deferred Annual Bonus and HPSP granted after the 2021 AGM.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>

### 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.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
<b>Chairman and Non-executive Director Fees</b>				
<ul style="list-style-type: none"> <li>To attract and retain high-calibre non-executive Directors by offering a market competitive fee.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The Chairman is paid a single consolidated fee for his responsibilities including chairing the Nomination and the Ethics and Sustainability Committee.</li> <li>The non-executive Directors are paid a basic fee.</li> <li>Directors may be paid an additional fee to reflect their responsibilities — for example Directors who chair the Board's Audit and Remuneration Committees and the Senior Independent Director.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Fees paid to the non-executive Directors are benchmarked against other UK companies of a similar size and profile to the Group.</li> <li>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.</li> <li>The aggregate maximum fees for all non-executive Directors within the Company's Articles of Association are £750,000.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>
<b>Minimum Stock Ownership Requirements</b>				
<ul style="list-style-type: none"> <li>To align the non-executive Directors' interests with the long-term interests of shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The target holding for the Chairman and non-executive Directors is equal to 100% of the annual fee.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> </ul>

## Detailed Policy

### Amendments to the Policy

The oil and gas industry remains a competitive marketplace, therefore recruiting and retaining the right individuals to deliver long-term shareholder growth is a key focus of management and the Remuneration Committee. It is anticipated that recruitment and retention will remain a challenge for the sector and, therefore, the Committee will continue to keep the approved Policy under review, and will make any necessary revisions after appropriate consultation and approval from shareholders has been received.

### Choice of Performance Metrics

The corporate strategy includes promoting the long-term success of the Group by investing in its existing products and services portfolio through capital investment or by acquisition and growing the business in a way that is aligned with the evolving global energy industry.

The performance of the executive Directors in executing this strategy is evaluated by the following key performance indicators ("KPIs"), which drive the variable components of the executive Directors' emoluments.

The HPSP performance conditions and growth targets can be amended by the Remuneration Committee, with the targets set annually when each award is granted, following an assessment of the growth prospects of the Group.

Taken together, the Committee believes that the executive Directors are appropriately incentivised to deliver both short- and long-term performance based on these metrics.

Performance condition	Variable incentive	Rationale
Adjusted Profit before Taxation	Annual Bonus	Adjusted PBT is a management KPI used to measure the performance of the Group. PBT reflects the achievements of the Group in a given financial year and recognises sustained profitability measured against an agreed Annual Budget.
Return on Average Capital Employed	Annual Bonus/HPSP	ROCE is a management KPI used to measure the performance of the Group. ROCE reflects the value created on funds invested in the short and medium term.
Total Shareholder Return	HPSP	Reflects the Group's long-term goal to achieve superior levels of shareholder return.
Adjusted Diluted Earnings Per Share	HPSP	To encourage sustained levels of earnings growth over the long term.
Free Cash Flow	HPSP	To encourage sustained levels of cash generation to fund growth and shareholder distributions.
Strategic/Personal Objectives	Annual Bonus/HPSP	To capture and incentivise delivery of key strategic milestones that contribute to long-term success.

### Pension

The Group contributes to the pension arrangements of both the Chief Executive and Finance Director.

Jim Johnson currently participates in the Group's US 401K deferred savings plan. In addition, and consistent with similarly long-tenured US employees, the Group contributes to a deferred compensation scheme. In practice, this compensation scheme is operated on a money purchase basis. Annual contributions for Jim Johnson are up to an equivalent of 18% of salary. Bruce Ferguson receives an annual cash sum equivalent to 12% of base salary, which is aligned with the contribution rate offered to the majority of UK employees.

### Relevance to Employee Pay

The Policy tables summarise the remuneration structure that operates for executive Directors 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.

### Base Salaries and Fees

Base salaries and fees are reviewed annually. In considering appropriate salary levels for the executive Directors, the Committee takes into account their experience and personal performance, the remuneration paid by comparable companies in terms of asset size, revenues, profits, number of employees, market capitalisation and the complexity and international spread of group operations, as well as Group-wide salary increases and applicable rates of inflation. Other relocation and taxation agreements are also in place for key executives. Base fee increases for the non-executive Directors are based on external benchmarking of market data for fees paid by comparable companies.

### Benefits

Other benefits provided to the executive Directors as part of their remuneration package include the provision of appropriate healthcare insurance, life and disability insurance, car and fuel benefits.

### Annual Bonus

An Annual Bonus Plan is in place for the executive Directors, which was adopted by the Board in 2010. The Plan is designed to provide an incentive/reward for performance and reflects the competitive markets in which the Group conducts its business.

80% of the Annual Bonus is based on financial measures, with the remainder based on personal/strategic performance objectives that are set annually by the Remuneration Committee to reflect key priorities for the year ahead.

75% of any Annual Bonus award is paid in cash with the remaining 25% to be utilised to purchase Hunting shares, which are required to be held by the executive Director for a period of two years.

**HPSP**

The HPSP was approved by shareholders in April 2014. Share awards granted to the executive Directors under the HPSP in recent years have been based on a blend of Total Shareholder Return, Adjusted Diluted Earnings per Share, Return on Average Capital Employed and a Strategic Scorecard. In 2022 a Free Cash Flow metric was introduced to improve the balance of the plan towards delivering earnings and cash generation from the Group's operations.

All performance conditions are measured at the end of the relevant three-year performance period and awards to the executive Directors will be proportional to the total vesting level achieved. Subject to the achievement of performance conditions, awards will typically vest on the third anniversary of the grant. For awards made in 2018 and onwards, vested shares are subject to an additional two-year holding period (subject to settlement of any tax charges on vesting).

The maximum face value of the grant to the Chief Executive is 450% of base salary and 210% of base salary for the Finance Director. Actual award levels are reviewed ahead of each grant to ensure they are appropriate, taking into account factors such as share price performance and the performance of the Group. An amount equivalent to dividends paid by the Company during the vesting period is added to the awards once the final vesting levels have been determined.

**Stock Ownership Policy**

The Company operates a stock ownership policy whereby the Directors and senior managers are required to build and maintain a minimum shareholding in the Company's Ordinary shares. For executive Directors, the primary mechanism of building the required shareholding is retaining vested shares received from the deferred element of the Annual Bonus and from long-term incentive schemes operated by Hunting. Those subject to this requirement have a period of five years from the date of employment or appointment to an executive role to comply.

The Chief Executive is required to maintain a minimum holding of shares equal to a market value of 500% of base salary, the Finance Director a minimum holding of 200% of base salary and the non-executive Directors a minimum holding of 100% of annual fees. Certain executives of the Group are required to build and maintain a minimum holding of shares in the Company equal to a market value of between 100% and 200% of base salary. The value of holdings in shares reported in the Annual Report on Remuneration includes Ordinary shares held by the individual and also the post-tax value of vested, but unexercised, share awards and options.

The Company has adopted a post-employment shareholding policy requiring executive Directors to maintain a level of share ownership after stepping down from the Board. Both the Chief Executive and the Finance Director will be required to continue to hold the lesser of their actual ownership at the date of stepping down and 200% of salary for a minimum of 12 months. This policy will apply to shares acquired under the Annual Bonus and HPSP granted after the 2021 AGM, and will be subject to the discretion of the Committee in exceptional circumstances.

**Executive Director Service Contracts**

All existing executive Directors' Service Contracts are rolling one-year agreements and contain standard provisions allowing the Company to terminate summarily for cause, such as gross misconduct. The Service Contracts can be reviewed at the Company's Registered Office, on request by a shareholder.

Jim Johnson and Bruce Ferguson entered into Service Agreements with the Company on 7 December 2017 and 2 June 2020, respectively. Under the terms of these Service Agreements, both the Company and the Directors are required to give one year's notice of termination. Messrs Johnson and Ferguson are entitled to receive a Performance Bonus on an annual basis, the quantum being determined by the Remuneration Committee. Messrs Johnson and Ferguson are also entitled to participate in the Hunting Performance Share Plan and any other long-term incentive schemes operated by the Company. Under the terms of their Service Agreements, benefits may include the provision of a company car and fuel benefits, long-term disability and healthcare benefits offered by the Company, as well as participation in pension schemes operated by the Company. Following a change of control, in-line with standard UK practice, all stock options and stock-based awards granted will be tested for performance and pro-rated for time unless the Committee, acting fairly, decides otherwise.

**Non-executive Director Letters of Appointment**

On appointment, each non-executive Director is provided with a letter of appointment that sets out the responsibilities and time commitments for the role. Additional duties, as requested by the Nomination Committee, including chairing a Board subcommittee, are also incorporated into the letters of appointment and fees paid. Non-executive Director appointments are usually for a fixed three-year term, which can be terminated by either party at any time.

**External Board Appointments**

The Company may authorise an executive Director to undertake a non-executive directorship outside of the Group provided it does not interfere with their primary duties. During the year neither executive Director held any external positions.

**Payment for Loss of Office**

The Committee has considered the Company's policy on remuneration for executive Directors leaving the Company and is committed to applying an approach consistent with best practice to ensure that the Company pays no more than is necessary. In-line with normal market practice, the policy distinguishes between "Good Leavers" and "Bad Leavers". A "Good Leaver" is defined as an employee who has ceased to be employed by the Group due to death, ill-health, injury, disability, redundancy, retirement, the employee's company ceasing to be a Group member or for any other reason if the Committee so decides. In the case of a Good Leaver, taking account of local conditions, the Policy normally allows:

- payment in lieu of notice equal to 12 months' base salary, pension contributions, contractual benefits and any other legal entitlements; and
- payment of a bonus for the period worked subject to the achievement of the relevant performance conditions; and any unvested long-term incentives vest at the normal time subject to the achievement of the relevant performance conditions, and pro-rated based on the period of service as a proportion of the vesting period.

If an executive Director departs the Group for any other reason than those specified in the Good Leaver definition above then he/she is treated as a Bad Leaver and unvested long-term incentives lapse immediately on cessation of employment.

### New Director Policies

As the Board of Hunting is refreshed with new executive and non-executive Director appointments, the policy for remuneration for the new Board members will align with those detailed above. Hunting needs to be able to attract and retain the best executive and non-executive Directors in the market place. The Remuneration Committee believes that the policy will enable the Company to achieve its recruitment aims.

For executive Director appointments, the fixed component of total emoluments will target the market mid-point, subject to geographic considerations of the candidate and relevant labour market practices. Where new appointees have initial base salaries set below market, any shortfall may be managed with phased increases over a period of two to three years, subject to the individual's development and performance in the role. The Service Contracts will be rolling one-year agreements with standard provisions. The fixed component of the emoluments will comprise base salary, including any appropriate relocation or tax equalisation agreements, benefits (including healthcare insurance, pension contributions, car benefits) and any other components deemed necessary to secure an appointment. The variable component to the emoluments will be implemented in line with the policies above, subject to any future amendments to these arrangements being approved by shareholders. Annual performance-linked cash bonus arrangements will include awards up to 150% and 200% of base salary for a new Finance Director and Chief Executive, respectively. The maximum awards under the HPSP are 210% and 450% of base salary for a new Finance Director and Chief Executive, respectively. The Committee anticipates applying UK market standard change of control provisions within new Service Contracts.

In addition, for new appointees, the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company and shareholders. Any such payments would take account of remuneration relinquished when leaving the former employer and would be structured to reflect the nature, time horizons and performance requirements attaching to that remuneration. Shareholders will be informed of any such payments at the time of appointment.

For non-executive Director appointments, the benchmarked fees against companies of similar size and profile to Hunting will be applied.

### 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.

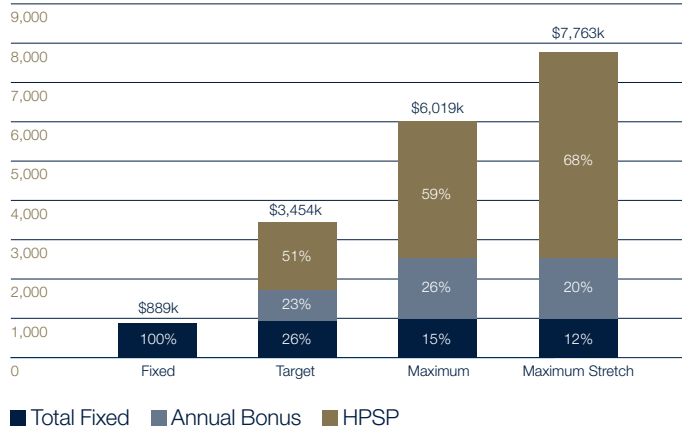
### Shareholder Consultation and Feedback

When determining remuneration, the Committee takes into account views of leading shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always available for feedback from shareholders on the remuneration policy and arrangements, and will undertake a further consultation with our largest shareholders in advance of any significant future changes to the remuneration policy. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

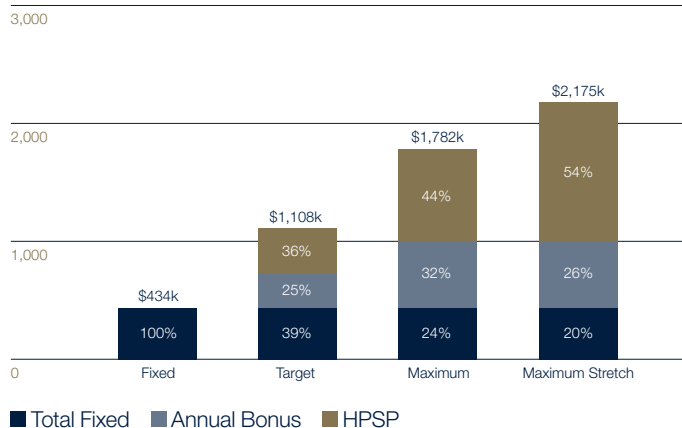
### Remuneration Scenarios for Executive Directors

The remuneration scenarios of the executive Directors for a fixed, target and maximum performance are presented in the charts below. Potential reward opportunities are based on Hunting's Remuneration Policy, applied to annualised 2022 remuneration data.

#### Chief Executive



#### Finance Director



Assumptions made for each scenario are as follows:

- Fixed: latest salary, benefits and normal pension contributions or payments in lieu of pension contributions.
- Target: fixed remuneration plus half of maximum annual cash bonus opportunity plus 50% vesting of awards under the HPSP.
- Maximum: fixed remuneration plus maximum annual cash bonus opportunity plus 100% vesting of all long-term incentives.
- Maximum Stretch: including the impact of a hypothetical 50% increase in share price on the value of the HPSP in accordance with the reporting regulations.
- The Finance Director is paid in Sterling and the equivalent total remuneration scenarios are as follows – fixed £353k; target £899k, maximum £1,446k and maximum stretch of £1,765k.

On behalf of the Board

**Annell Bay**  
Chair of the Remuneration Committee

2 March 2023

# Annual Report on Remuneration

## Introduction

The principles set out in the Directors' Remuneration Policy (the "Policy") have been applied throughout the year.

## Compliance Statement

The Directors' Remuneration Policy and 2022 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 Shareholder Rights Directive II, as enacted on 10 June 2019 and also the 2018 UK Corporate Governance Code, which became effective for the Company from 1 January 2019.

The 2022 Annual Report on Remuneration, which includes the Letter from the Chair of the Remuneration Committee, details how the approved Directors' Remuneration Policy was applied during 2022. This report was approved by the Remuneration Committee at its meeting on Monday 27 February 2023.

## Role

The Committee is responsible for developing and implementing the Directors' Remuneration Policy for the Company and has direct oversight of the remuneration of the executive Directors, Company Chair and Company Secretary. The Chair and Chief Executive are consulted on proposals relating to the remuneration of the Finance Director and designated senior management. Where appropriate, the Chair and other Directors are invited by the Committee to attend meetings, but are not present when their own remuneration is considered. The Committee also reviews and monitors the remuneration framework of the Company's Executive Committee and monitors base salary increases across the Company's workforce. The remuneration of the non-executive Directors is agreed by the Board as a whole and follows the Articles of Association of the Company, which were last approved by shareholders on 18 April 2018. 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](http://www.huntingplc.com).

## Membership and Attendance

The Committee consists entirely of independent non-executive Directors. Ms Bay and Ms Harris and Messrs Brightman and Lough have relevant sector expertise, while Mrs Chesney has relevant financial expertise. Ms Bay was appointed to the Committee on her appointment to the Board on 2 February 2015 and was appointed Chair on 30 August 2018. Paula Harris was appointed to the Committee, following her appointment as a Director at the Company's Annual General Meeting ("AGM") on 20 April 2022 and Stuart Brightman was appointed by the Board on 3 January 2023.

The Committee met six times during 2022 and attendance details are shown on page 132.

On 2 March 2023, being the date of signing the accounts, the members of the Committee and their unexpired terms of office were:

Director	Latest appointment date	Unexpired term as at 2 March 2023
Annell Bay	2 February 2021	11 months
Stuart Brightman	3 January 2023	34 months
Carol Chesney	23 April 2021	14 months
Paula Harris	20 April 2022	26 months
Keith Lough	23 April 2021	14 months

## Shareholder Voting at the 2022 AGM

At the Company's AGM held in April 2022, the resolution to approve the Annual Report on Remuneration received the following votes from shareholders:

	Number of votes cast	% of votes cast
For	113,995,982	89.9
Against	12,797,732	10.1
Votes withheld <sup>i</sup>	3,191	–
Total votes cast	126,796,905	100.0

i. A vote withheld is not a vote in law and is not included in the percentage for votes cast.

The Directors' Remuneration Policy was last approved by shareholders at the 2021 AGM, receiving 92.0% votes in favour.



## External Advisers

During the year, Mercer and Pearl Meyer were engaged by the Committee to provide remuneration consultancy services. Their appointments were subject to formal tenders and both companies are regarded as independent, having been appointed by and acting under direction of the Committee. Mercer is a signatory to the UK Remuneration Consultants' Group Code of Conduct and provides UK governance advice and compensation benchmarking, while Pearl Meyer provides US remuneration data for consideration by the Committee.

The total cost of advice to the Committee during the year to 31 December 2022 was \$136,613 (2021 – \$91,722) and includes fees paid in respect of review work in salary benchmarking, Policy review, share plans and remuneration reporting disclosure requirements. Fees are charged on a time basis for consultancy services received. Neither Mercer nor Pearl Meyer have any other connection to the Company or any Director.

## Single Figure Remuneration

	Fixed				Variable			2022 total remuneration \$000
	Base salary /fees <sup>i</sup> \$000	Benefits <sup>ii</sup> \$000	Pension <sup>iii</sup> \$000	Sub total \$000	Annual bonus <sup>v</sup> \$000	HPSP awards <sup>vi</sup> \$000	Sub total \$000	
<b>2022</b>								
<b>Executive</b>								
Jim Johnson	775	68	139	982	1,550	167	1,717	2,699
Bruce Ferguson	374	17	44	435	561	23	584	1,019
<b>Non-executives</b>								
Annell Bay	86	–	–	86	–	–	–	86
Carol Chesney	86	–	–	86	–	–	–	86
Jay Glick	227	–	–	227	–	–	–	227
Paula Harris (from 20 April 2022)	52	–	–	52	–	–	–	52
Richard Hunting (to 20 April 2022)	22	–	–	22	–	–	–	22
Keith Lough	86	–	–	86	–	–	–	86
<b>Total</b>	<b>1,708</b>	<b>85</b>	<b>183</b>	<b>1,976</b>	<b>2,111</b>	<b>190</b>	<b>2,301</b>	<b>4,277</b>

	Fixed				Variable			2021 total remuneration \$000
	Base salary /fees <sup>i</sup> \$000	Benefits <sup>ii</sup> \$000	Pension <sup>iii</sup> \$000	Sub total \$000	Annual bonus <sup>v</sup> \$000	HPSP awards <sup>vi</sup> \$000	Sub total \$000	
<b>2021 (restated)</b>								
<b>Executive</b>								
Jim Johnson	744	67	54	865	154	146	300	1,165
Bruce Ferguson	388	18	45	451	62	92	154	605
<b>Non-executives</b>								
Annell Bay	96	–	–	96	–	–	–	96
Carol Chesney	96	–	–	96	–	–	–	96
Jay Glick	253	–	–	253	–	–	–	253
Richard Hunting	83	–	–	83	–	–	–	83
Keith Lough	96	–	–	96	–	–	–	96
<b>Total</b>	<b>1,756</b>	<b>85</b>	<b>99</b>	<b>1,940</b>	<b>216</b>	<b>238</b>	<b>454</b>	<b>2,394</b>

- In August and October 2022, the Committee met to discuss base salary increases for the wider workforce and executive Directors. The Committee noted the average 5% base salary increase that was to be implemented across the Group's workforce in December 2022 and also the base salary increases awarded to the Hunting Executive Committee, which had been set at 5%. Mr Johnson and Mr Ferguson were each awarded increases of 5%, in-line with increases to the workforce and Executive Committee. Their revised salaries with effect from 1 December 2022 were \$810,338 p.a. and £317,625 p.a., respectively. The average £:\$ exchange rate in the year was 1.2323 (2021 – 1.3753).
- Benefits include the provision of healthcare insurance, company car and fuel benefits.
- Mr Johnson's single figure pension remuneration represents Company contributions payable to his US pension arrangements. Mr Ferguson's pension figure represents a cash sum in lieu of a Company pension contribution, which is set at 12% of his annual base salary.
- With the return to strong growth of its core energy markets, particularly in the second half of the year, the annual bonus targets were exceeded, leading to a maximum opportunity in respect of the financial targets, being awarded. In January 2023, the Committee met to consider the delivery of the personal performance objectives set at the start of 2022, and following discussion, agreed that the objectives had also been met in full, leading to the maximum opportunity being awarded for this component of the bonus. On this basis, Mr Johnson will receive a bonus payment of \$1,550k, being 200% of his base salary paid in 2022, and Mr Ferguson will receive a bonus payment of £456k/\$561k, being 150%. The bonuses will be paid in March 2023 and, in-line with the usual operation of the Annual Bonus Plan, 25% of the bonus after tax will be utilised to purchase Ordinary shares in the Company, to be retained for a minimum of two years.
- In 2021, Mr Johnson's annual bonus was \$154k and Mr Ferguson's annual bonus was \$62k. The bonuses after tax were utilised to purchase Ordinary shares in the Company, 75% of which to be retained for a minimum of one year and 25% to be retained for two years.
- The share awards granted in 2020 under the HPSP had a three-year performance period to 31 December 2022 and will vest on 3 March 2023. The 2020 grant comprised the following four performance conditions EPS, TSR, ROCE and a Strategic Scorecard. Given that the targets were set prior to the COVID-19 pandemic, the EPS and ROCE targets were not met and therefore have recorded a nil vesting. The TSR performance condition vesting at the threshold level was independently measured by Mercer and recorded a Below Median outcome vesting leading to nil vesting of this portion of the 2020 grant. Further, the Strategic Scorecard was also measured leading to a full vesting of this portion of the grant. However, in-line with operation of the Directors' Remuneration Policy, this portion of the award has been capped at 7.5% in line with the Policy. In total the 2020 grant under the HPSP records a 7.5% vesting. On this basis, Mr Johnson will receive 48,990 Ordinary shares at a market value of £2.723 per share, plus a cash payment of 21.5 cents per share, equalling the dividends paid during the vesting period. The total value of Mr Johnson's vested award was \$167,158. Following measurement, Mr Ferguson will receive 6,827 Ordinary shares, with a total value of \$23,294. For the purposes of the single figure calculation, the average mid-market closing price of £2.723 during Q4 2022 has been applied to the number of vested shares and converted to dollars using the average £:\$ exchange during Q4 2022, being \$1.1741. Further details of the vesting calculation are shown on page 150.
- The share awards granted in 2019 under the HPSP had a three-year performance period to 31 December 2021 and incorporated four performance conditions. The awards were measured against the relevant performance conditions, with a nil vesting recorded for the EPS, TSR and ROCE performance conditions. A 7.5% vesting of the Strategic Scorecard (after application of the vesting cap on this element), was also recorded. On this basis, Messrs Johnson and Ferguson received 31,688 and 2,026 Ordinary shares, respectively. Mr Ferguson's 2019 HPSP grant was made when he was managing director of the Group's EMEA operating segment, a below Board position and which incorporated both performance-based and time-based share awards. On the vesting date, Mr Ferguson received an additional 18,005 Ordinary shares in respect of vested time-based awards. For the purposes of the single figure calculation, the average mid-market closing price of £3.28 on the vesting date of 21 March 2022 was applied, with the 2021 single figure table being restated to reflect the actual vested amount.

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

2022	Fixed			Sub total £000	Variable		Sub total £000	2022 total remuneration £000
	Base salary /fees £000	Benefits £000	Pension £000		Annual bonus £000	HPSP awards £000		
<b>Executive</b>								
Bruce Ferguson <sup>i</sup>	304	13	36	353	456	19	475	828
<b>Non-executives</b>								
Annell Bay <sup>ii</sup>	70	–	–	70	–	–	–	70
Carol Chesney <sup>iii</sup>	70	–	–	70	–	–	–	70
Jay Glick <sup>iv</sup>	184	–	–	184	–	–	–	184
Paula Harris (from 20 April 2022) <sup>v</sup>	42	–	–	42	–	–	–	42
Richard Hunting (to 20 April 2022) <sup>vi</sup>	18	–	–	18	–	–	–	18
Keith Lough <sup>vii</sup>	70	–	–	70	–	–	–	70

2021 (restated)	Fixed			Sub total £000	Variable		Sub total £000	2021 total remuneration £000
	Base salary /fees £000	Benefits £000	Pension £000		Annual bonus £000	HPSP awards £000		
<b>Executive</b>								
Bruce Ferguson <sup>i/viii</sup>	282	13	33	328	45	69	114	442
<b>Non-executives</b>								
Annell Bay <sup>ii</sup>	70	–	–	70	–	–	–	70
Carol Chesney <sup>iii</sup>	70	–	–	70	–	–	–	70
Jay Glick <sup>iv</sup>	184	–	–	184	–	–	–	184
Richard Hunting <sup>vi</sup>	60	–	–	60	–	–	–	60
Keith Lough <sup>vii</sup>	70	–	–	70	–	–	–	70

- i. Bruce Ferguson's base salary was increased to £317,625 p.a. on 1 December 2022.
- ii. Annell Bay: Chair of the Remuneration Committee and designated non-executive Director for workforce engagement, with an annual fee of £70,000.
- iii. Carol Chesney: Chair of the Audit Committee with an annual fee of £70,000.
- iv. Jay Glick: Chair of the Company with an annual fee of £183,750.
- v. Paula Harris was appointed to the Board on 20 April 2022, with an annual fee of £60,000.
- vi. Richard Hunting retired from the Board on 20 April 2022.
- vii. Keith Lough is the Company's Senior Independent Director with an annual fee of £70,000.
- viii. The 2019 HPSP vesting value has been restated to reflect the market price on the date of vesting being 21 March 2022.

## Salary and Fees

The Committee met in August and October 2022 to discuss the level of base salary increases for the executive Directors and received data from the Chief HR Officer, detailing proposed salary increases for the Group's workforce and Hunting Executive Committee, which averaged 5%. These salary increases were implemented in December 2022. Following a review, the Committee awarded a 5% base salary increase to Jim Johnson, Chief Executive, to \$810,338 p.a. from 1 December 2022, which aligned with the wider workforce. Further, the Committee awarded a 5% base salary increase to Bruce Ferguson, Hunting's Finance Director, to £317,625 p.a. from 1 December 2022.

In December 2022, the Board reviewed the fee levels for the non-executive Directors and Chair of the Company. From 1 January 2023, the non-executive Director annual base fee was increased to £64,000 and the annual fee for the Company Chair was increased to £205,000. The additional fees for chairing the Board Committees and Senior Independent Director remained unchanged at £10,000 per annum.

## Pensions (audited)

In-line with other similarly long-tenured employees in the US. Jim Johnson is a member of a deferred compensation scheme in the US, which is anticipated to provide a lump sum on retirement, and also contributes to a US 401k match deferred savings plan. Company contributions to the former arrangement were \$121,194 (2021 – \$36,512) 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 savings plan, totalling \$18,300 (2021 – \$17,400). Mr Ferguson receives a cash sum in lieu of pension contributions, representing 12% of his annual base salary. This contribution level aligns with the UK workforce, as required by the 2018 UK Corporate Governance Code. In the year, Mr Ferguson's company contribution in lieu of pension was \$43,902/£35,626 (2021 – \$46,520/£33,000).

## Annual Performance-Linked Bonus Plan (audited)

The annual performance-linked bonus plan for 2022 was based on the following metrics:

Proportion of award	Performance metric
60%	Adjusted profit before tax
20%	Adjusted return on capital employed
20%	Strategic/personal performance objectives

### Delivery of Financial Objectives

The annual bonus targets are normally based on the Annual Budget agreed by the Board in December of the prior financial year. The 2022 Annual Budget agreed by the Board in December 2021 contained financial targets of an adjusted profit before tax of \$1.9m and adjusted ROCE of 1.0%, reflecting a return to profitability following the COVID-19 pandemic. The Committee agreed that these targets were stretching given the losses recorded in 2021. The financial performance targets for the 2022 Annual Bonus were thus set as follows:

	Threshold vesting	Target vesting	Maximum vesting	Actual result	% vesting
Adjusted profit before tax	\$1.5m	\$1.9m	\$2.3m	\$10.2m	100
Adjusted return on capital employed	0.8%	1.0%	1.2%	1.45%	100

As in prior years, the annual bonus starts to accrue when 80% of the Annual Budget targets are met, and increases on a straight-line basis up to 120% of the budget (or bonus) target. Given the return to growth of the Company's core markets, which accelerated particularly in the second half of the year, the Annual Bonus targets were exceeded, with a full vesting of these portions of the Annual Bonus award.

### Delivery of Strategic/Personal Performance Objectives

The strategic/personal performance objectives agreed by the Committee with the executive Directors in early 2022 are summarised in the table below. Detailed analyses of these outcomes follow this table.

<b>Jim Johnson</b> (Chief Executive)	<b>Bruce Ferguson</b> (Finance Director)
<p><b>Strategic Development of the Group (50%)</b></p> <ul style="list-style-type: none"> <li>Present to the Board a strategy to 2030.</li> <li>Continue the pursuit of strategic opportunities to grow the Group's core oil and gas and non-oil and gas businesses.</li> <li>Present a plan to improve EBITDA performance and returns, focusing on those businesses that will generate a return on capital which is higher than the Company's cost of capital.</li> </ul>	<p><b>Strategic Development of the Group (50%)</b></p> <ul style="list-style-type: none"> <li>Present to the Board a strategy to 2030.</li> <li>Continue the pursuit of strategic opportunities to grow the Group's core oil and gas and non-oil and gas businesses.</li> <li>Present a plan to improve EBITDA performance and returns, focusing on those businesses that will generate a return on capital which is higher than the Company's cost of capital.</li> </ul>
<p><b>Organisational Effectiveness (25%)</b></p> <ul style="list-style-type: none"> <li>Human Resources – to continue workforce planning as the Group returns to growth, including requirements for the 2030 strategic plan, the mapping of succession for all key management positions.</li> <li>Develop a Diversity and Inclusion Policy. Define community initiatives to be implemented across the Group.</li> <li>Continue employee engagement initiatives.</li> <li>IT – continue delivery of D365 rollout. Implement robust patching and cyber training programmes. Migrate UK and Asia Pacific IT systems to new infrastructure. Monitor overall global standardisation of IT infrastructure.</li> </ul>	<p><b>Operational and Financial Effectiveness (35%)</b></p> <ul style="list-style-type: none"> <li>Enhance management information highlighting financial performance, liquidity and other KPIs. Develop a product line income statement by both legal entity and geographic region.</li> <li>Develop the internal audit function and standardise controls reporting.</li> <li>Present an organisational assessment of the global finance team.</li> <li>IT – continue delivery of D365 rollout. Implement robust patching and cyber training programmes. Migrate UK and Asia Pacific IT systems to new infrastructure. Monitor overall global standardisation of IT infrastructure.</li> </ul>
<p><b>ESG and Leadership (25%)</b></p> <ul style="list-style-type: none"> <li>Develop SASB reporting for external publication.</li> <li>Develop sustainability messaging for internal and external stakeholders.</li> <li>Continued focus on Quality and Safety to support Hunting's standing within the oil and gas industry.</li> <li>Show development plans for the senior leadership team.</li> <li>Further develop processes to track carbon data.</li> </ul>	<p><b>ESG and Leadership (15%)</b></p> <ul style="list-style-type: none"> <li>Develop SASB reporting for external publication.</li> <li>Develop sustainability messaging for internal and external stakeholders.</li> <li>Continued focus on Quality and Safety to support Hunting's standing within the oil and gas industry.</li> <li>Show development plans for the senior leadership team.</li> <li>Further develop processes to track carbon data.</li> </ul>

During the year, the Committee was updated on the progress of the objectives set for the executive Director's for the year ended 31 December 2022 and noted the following outcomes:

### Strategic Development of the Group

Throughout 2022, the executive Directors presented to the Board elements of the Hunting 2030 Strategic Plan, which was externally announced on 2 March 2023. The core elements of the 2030 plan are to focus Hunting's strategic ambition on (i) remaining a critical supplier to the oil and gas industry; (ii) focus on expanding its Subsea Technologies and Energy Transition capabilities; (iii) committing to developing a material level of revenue from non-oil and gas sources by 2030.

Further, the Committee noted that throughout the year, the executive Directors had regularly updated the Board on the business performance of each business unit, which included revenue and margin enhancement for the next 24 months, in addition to ongoing restructuring to position the Group for growth going forward.

The Committee noted that strong progress was made within the Advanced Manufacturing group to develop non-oil and gas revenue, which had been particularly successful within the Hunting Dearborn business. The Board also reviewed the Group's Energy Transition strategy, which included the formation of a global sales group in December 2022 to pursue global carbon capture and geothermal opportunities.

The Committee reviewed the targets set for each executive Director and concluded that this portion of the bonus had been completed in full.

### Organisational and Financial Effectiveness & Leadership

The Committee has regularly reviewed Hunting's human capital requirements in the year, as the Group has returned to growth. To support concerns over the cost of living and to continue to retain and recruit key engineers and other employees, the Board approved a 5% average base salary increase across the workforce.

In addition, the Chief HR Officer also led the implementation of enhanced HR policies across the Group.

In June 2022, the Board also met employees at an engagement event at the Dearborn facility where a workforce question and answer session was held. For further information please see pages 60 and 63.

The Committee noted that the Board had reviewed product line income statements, based on the Group's legal structure which had supported the understanding of key profit drivers.

The Committee noted that the internal function had made a strong contribution to the development of process flow maps for the Hunting Titan and US Manufacturing businesses. This planning assisted the D365 ERP rollout, which continued throughout the year, and which remains on track for completion in 2023.

The Group's cyber security efforts including extensive staff training were noted, in addition to the ongoing consolidation of the global data centres utilised by Hunting.

The Committee reviewed the targets set for each executive Director and concluded that this portion of the bonus had been completed in full.

### ESG and Leadership

In 2022, the Group published its maiden TCFD report within the 2021 Annual Report and Accounts. In the year, additional risk procedures and scenario analysis were developed, which are detailed on pages 88 to 99.

The Group has reported information that aligned with the SASB Oil Field and Industrial Equipment standards, following work started by the central compliance function in 2021.

The Committee noted the enhanced ESG and Sustainability information incorporated into the 2022 Annual Report and Accounts. Further, the Committee noted the launch of a new Company website in early 2023, which included detailed Sustainability disclosures and incorporated compliance to the TCFD and CDP reporting frameworks.

The Committee noted the progress of the Group's carbon reporting capabilities, including the enhancing of policies, data collection and the commencement of an assurance programme with Standard & Poor's Trucost.

Overall, the Committee noted the strong progress in internal and external reporting on ESG and Sustainability matters.

The Committee reviewed the targets set for each executive Director and concluded that this portion of the bonus had been completed in full.

### Annual Bonus Outcome

Accordingly, the Committee concluded that all strategic/personal performance objectives had been met in full during the year. Based on this outcome, the following bonus awards were made to the executive Directors:

Proportion of annual bonus allocated	Performance metric	Percentage of annual bonus awarded
60%	Adjusted profit before tax	60%
20%	Return on average capital employed	20%
20%	Strategic performance objectives	20%

Mr Johnson was, therefore, awarded a bonus for the year of \$1,550k, and Mr Ferguson was awarded a bonus of \$561k. In line with the normal operation of the Annual Bonus, 100% of the bonus will be delivered in cash in March 2023, with 25% of the post-tax bonus to be utilised to purchase Ordinary shares in the Company, to be retained for two years, in line with the Directors' Remuneration Policy.

## 2020 HPSP Vesting (audited)

The 2020 awards under the HPSP have been measured against the performance conditions following completion of the three-year performance period ended 31 December 2022. The 2020 awards were based on four performance conditions – adjusted ROCE (35%); adjusted diluted EPS (25%); relative TSR (25%) and a Strategic Scorecard (15%) comprising two sub-measures being the Group's Safety and Quality performance.

Performance is measured over three financial years ending 31 December 2022. A summary of the performance achieved is detailed below:

	% of award	Threshold vesting target	Maximum vesting target	Recorded performance	% vesting outcome
Adjusted diluted EPS	25%	40 cents	60 cents	4.7 cents	nil
ROCE	35%	8.0%	13.0%	1.45%	nil
Relative TSR	25%	Median	Upper quartile	Below median	nil
Strategic Scorecard					
– Safety	7.5%	2.00	<1.00	0.88	3.75%
– Quality	7.5%	0.8	0.5	0.17	3.75%

Similar to the annual bonus, and in-line with the Remuneration Policy, vesting of the Strategic Scorecard component of the HPSP is subject to an underpin whereby a 50% vesting cap on this element is applied in cases where the financial targets for the year are not met. The vesting outcome above reflects the application of this cap.

The Total Shareholder Return ("TSR") performance condition was measured by Mercer in January 2023, following completion of the three-year performance period. Hunting's TSR performance against the 13 comparator companies was then ranked, resulting in a Below Median performance corresponding to nil vesting of this portion of the grant.

Overall, the total vesting of the 2020 HPSP award is 7.5%. The vesting date of the 2020 HPSP award is 3 March 2023. Mr Johnson will, therefore, receive 48,990 Ordinary shares and Mr Ferguson will receive 6,827 Ordinary shares. A cash equivalent of dividends paid by the Company during the vesting period, totalling 21.5 cents per vested share, will be added to the award on the vesting date. The 2020 HPSP vesting has been calculated as follows:

	Number of shares granted in 2020	Vesting %	Number of shares vested*	Value of vested shares at 31 December 2022 \$	Value of dividends at 21.5 cents per share \$	Total award value \$	Value attributable to share price growth \$
Jim Johnson	653,205	7.5	48,990	156,625	10,533	167,158	5,982
Bruce Ferguson	91,022	7.5	6,827	21,826	1,468	23,294	834

\* As per the methodology for reporting the values of unvested awards, the average price of a Hunting PLC share during Q4 2022 of £2.723 has been applied and converted to US dollars at an exchange rate of 1.1741 for the period. The share price on the date of grant was £2.619.

In accordance with the Directors' Remuneration Policy, these vested shares are to be held for two years from the vesting date.

## 2019 HPSP Vesting (audited)

The 2019 awards under the HPSP were measured against the performance conditions, following completion of the three-year performance period, resulting in the following outcome:

	Number of shares granted in 2019	Vesting %	Number of shares vested	Value of vested shares at 21 March 2022 \$	Value of dividends at 23 cents per share \$	Total award value \$	Value attributable to share price reduction \$
Jim Johnson*	422,507	7.5	31,688	137,968	7,444	145,412	103,240
Bruce Ferguson*							
– Performance-based	27,008	7.5	2,026	8,819	476	9,295	6,601
– Time-based	18,005	100	18,005	78,374	4,230	82,604	58,661

\* The value of the awards have been restated at the market price of £3.28 per share on 21 March 2022, based on shares sold to cover tax liabilities. Mr Ferguson's time-based award is a legacy award granted prior to his appointment to the Board. Further details have been included under the share interests table.

In accordance with the 2018 Directors' Remuneration Policy, these vested shares are to be held for two years from the vesting date.

## 2022 HPSP Grant (audited)

On 4 March 2022, the Committee approved the grant of nil-cost share awards to Jim Johnson and Bruce Ferguson under the rules of the HPSP. Awards will vest on 4 March 2025, subject to the achievement of the performance metrics, with a two-year holding period then applying to the post-tax vested shares.

The 2022 grant under the HPSP to the executive Directors was at the normal quantum, as detailed in the Directors' Remuneration Policy on pages 138 to 144, following two award cycles in 2020 and 2021 where the quantum of the award had been reduced by c.20%, to avoid windfall gains on vesting.

Details of the grant are as follows:

	Award as a % of base salary	Number of shares under grant	Face value of award at threshold vesting of 25% \$	Face value of award at threshold vesting of 100% \$
Jim Johnson	450%	1,217,058	868,219	3,472,875
Bruce Ferguson	210%	289,408	212,348	849,393

In 2022, the Committee agreed to the introduction of a Free Cash Flow ("FCF") performance condition to better balance the financial targets within the HPSP. The performance conditions and targets encourage strong growth in earnings (EPS), capital efficiency (ROCE) and cash generation (FCF), in addition to the important ESG metrics within the Strategic Scorecard, namely Quality and Safety performance. A TSR metric continues to be utilised, to reflect shareholder returns over the performance period. The targets for each performance condition are as follows:

Performance condition	Proportion of award	Threshold vesting target	Maximum vesting target
TSR <sup>i</sup>	20%	Median	Upper Quartile
EPS <sup>ii</sup>	20%	16.6 cents	24.9 cents
FCF <sup>ii</sup>	20%	\$115m	\$172m
ROCE <sup>ii</sup>	25%	4.0%	8.0%
Strategic Scorecard <sup>i</sup>			
– Safety	7.5%	2.00	>1.00
– Quality	7.5%	0.8	0.5

i. Measured across the three-year vesting period.

ii. Measured for the year ended 31 December 2024.

The following quoted businesses comprise the TSR comparator group for the 2022 award:

Akastor	National Oilwell Varco	TechnipFMC
Drill-Quip	Nine Energy	Tenaris
Expro Group	Oceaneering	Vallourec
Flotek Industries	Oil States International	
Forum Energy Technologies	Schoeller-Bleckmann	

The face value of the 2022 award is based on the closing mid-market share price on 3 March 2022, which was 219.5 pence per share.

## Payments to Past Directors (audited)

Richard Hunting retired as a non-executive Director on 20 April 2022. All fees were paid to Mr Hunting up to this date, with no further payment made to him after this date.

Peter Rose retired as a Director of the Company on 15 April 2020. The emoluments paid during 2022 to Mr Rose were wholly related to his vested 2019 awards under the HPSP, whereby 5,311 Ordinary shares in the Company were delivered to him when exercised on 12 April 2022, with a pro-rated value of \$23,539.

## 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 <sup>i</sup>	At 31 December 2022 <sup>ii</sup>	At 31 December 2021 <sup>i</sup>
<b>Executives</b>		
Jim Johnson <sup>iii</sup>	469,463	419,234
Bruce Ferguson <sup>iii</sup>	170,839	124,316
<b>Non-Executives</b>		
Annell Bay	18,769	18,769
Carol Chesney	24,000	14,000
Jay Glick	75,923	75,923
Paula Harris	–	–
Richard Hunting	468,133	468,133
– As trustee	194,960	194,960
– As Director of Hunting Investment Limited	11,003,487	11,003,487
Keith Lough	24,000	24,000

i. Beneficial share interests are those Ordinary shares owned by the Director or spouse, which the Director is free to dispose.

ii. Or cessation date.

iii. Jim Johnson's total shareholding includes 83,617 Ordinary shares that were retained under the 2021 Bonus plan and from HPSP share awards exercised in 2021 and 2022 and which are restricted from being sold for up to a period of two years. Mr Ferguson's total shareholding includes 42,407 Ordinary shares which are subject to the same restriction.



There have been no further changes to the Directors' share interests in the period 31 December 2022 to 2 March 2023.

The Group operates 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 2022 is presented below:

Director	Required holding expressed as a multiple of base salary or fee	Requirement met*
Jim Johnson	5	N
Bruce Ferguson	2	Y
Annell Bay	1	Y
Carol Chesney	1	Y
Jay Glick	1	Y
Paula Harris	1	N
Keith Lough	1	Y

\* The value of the holding of the Directors has been determined using the value on purchase of Ordinary shares or the share price at 31 December 2022 of £3.33.

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

Director	Interests at 1 January 2022	Options/ awards granted in year	Options/ awards exercised in year	Options/ awards lapsed in year	Interests at 31 December 2022	Exercise price p	Grant date	Date exercisable	Expiry date	Scheme
<b>Jim Johnson</b>	422,507	–	(31,689)	(390,818)	–	Nil	21.03.19	21.03.22	–	HPSP^
	653,205	–	–	–	<b>653,205</b>	Nil	03.03.20	03.03.23	–	HPSP^
	757,732	–	–	–	<b>757,732</b>	Nil	04.03.21	04.03.24	–	HPSP^
	–	1,217,058	–	–	<b>1,217,058</b>	Nil	04.03.22	04.03.25	–	HPSP^
<b>Total</b>	<b>1,833,444</b>	<b>1,217,058</b>	<b>(31,689)</b>	<b>(390,818)</b>	<b>2,627,995</b>					
<b>Bruce Ferguson</b>	27,008	–	(2,026)	(24,982)	–	Nil	21.03.19	21.03.22	21.03.29	HPSP~
	91,022	–	–	–	<b>91,022</b>	Nil	03.03.20	03.03.23	03.03.30	HPSP~
	172,203	–	–	–	<b>172,203</b>	Nil	04.03.21	04.03.24	04.03.31	HPSP~
	–	289,408	–	–	<b>289,408</b>	Nil	04.03.22	04.03.25	04.03.32	HPSP~
	18,005	–	(18,005)	–	–	Nil	21.03.19	21.03.22	21.03.29	HRSP*
<b>Total</b>	<b>308,238</b>	<b>289,408</b>	<b>(20,031)</b>	<b>(24,982)</b>	<b>552,633</b>					

^ 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.

\* The Group operates a time-based share award programme as part of the shareholder approved Hunting Performance Share Plan for certain non-Board employees, which vest based on continued service to the Company throughout the performance period. The HRSP awards to Mr Ferguson noted above reflect historical awards made to him under this programme, prior to his appointment as an executive Director in 2020.

## 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.

	2022 \$m	2021 \$m	Change
Employee remuneration <sup>i</sup>	<b>223.7</b>	178.4	+25.4%
Net tax paid (received) <sup>ii</sup>	<b>3.9</b>	(0.6)	+750.0%
Dividends paid to Hunting PLC shareholders <sup>ii</sup>	<b>13.6</b>	12.8	+6.3%
Capital investment <sup>ii</sup>	<b>16.4</b>	6.6	+148.5%

i. Includes staff costs for the year (note 7) plus benefits in kind of \$29.2m (2021 – \$27.5m), which primarily comprises US medical insurance costs.

ii. Please refer to page 174.

## Executive Director Remuneration and the Wider Workforce

The changes to the remuneration of the Chief Executive in 2022 compared to 2021 and those of the total workforce are as follows:

	Chief Executive	Average employee
Base salary	+4.2%	+4.8%
Bonus	+906.5%	+1,650.0%
Benefits	+71.1%	-2.8%

The average salary for employees in 2022 increased by 5%. This reflects the change in the average monthly employee headcount compared to the prior year, along with base salary increases implemented in 2022, in addition to certain businesses achieving strong growth, leading to bonuses being paid.

## Changes to Director and Employee Pay

The table below is presented in compliance with the Shareholder Rights Directive II. The changes to the pay of the executive Directors exclude pension contributions and share awards. If a Director has not served for the entire year, they are shown as not applicable. The percentage change to the emoluments of the global employees in 2022 reflects the movement in their average base salaries, the payment of a maximum bonus opportunity to the executive Directors and benefits in kind.

	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022
Jim Johnson	-37%	-29%	+1%	<b>+127%</b>
Bruce Ferguson <sup>i</sup>	n/a	n/a	+60%	<b>+148%</b>
Annell Bay	+11%	Nil	Nil	<b>Nil</b>
Carol Chesney	+46%	Nil	Nil	<b>Nil</b>
Jay Glick	+5%	Nil	Nil	<b>Nil</b>
Paula Harris <sup>ii</sup>	n/a	n/a	n/a	<b>n/a</b>
Keith Lough	+56%	Nil	Nil	<b>Nil</b>
Global employees	Nil	-7%	+8%	<b>+15%</b>

- i. Based on the pro-rated data from Mr Ferguson's date of appointment to the Board on 15 April 2020.  
ii. Paula Harris was appointed to the Board on 20 April 2022.

## Chief Executive Workforce Pay Ratio

Year	Method	25th percentage pay ratio	50th percentile pay ratio	75th percentile pay ratio
2019	Option A	49:1	38:1	22:1
	Workforce Pay Quartiles	\$45,666	\$58,603	\$99,521
2020	Option A	22:1	18:1	10:1
	Workforce Pay Quartiles	\$51,239	\$61,329	\$107,314
2021	Option A	21:1	17:1	11:1
	Workforce Pay Quartiles	\$52,699	\$63,718	\$102,807
<b>2022</b>	<b>Option A</b>	<b>55:1</b>	<b>43:1</b>	<b>26:1</b>
	<b>Workforce Pay Quartiles</b>	<b>\$48,736</b>	<b>\$62,108</b>	<b>\$105,704</b>

The Company has elected to voluntarily disclose the pay ratio of the Group's Chief Executive and Workforce, in-line with The Companies (Miscellaneous Reporting) Regulations 2018 and has adopted Option A from the regulations as the basis of presenting the pay ratio. Hunting is not required to present this information, given that its UK workforce is below the reporting threshold, as detailed in the regulations. Option A has been selected by the Committee as it believes this methodology aligns closely with the Chief Executive's single figure remuneration calculation.

The Remuneration Committee believes that the compensation framework in operation across the Group is appropriate and, in addition to a base salary and benefits appropriate to the relevant jurisdiction of operation, can include annual bonuses and participation in long-term incentive programmes. External benchmarking is a regular feature of the Group's overall pay framework, to ensure Hunting remains competitive in its chosen markets. Hunting's UK employees averaged 158 in the year (2021 – 165), which represents 8% (2021 – 9%) of the Group's total average workforce in 2022. The basis of the workforce pay calculations is aligned with the basis of preparation of the single figure table on page 146, comprising fixed and variable emoluments and calculated on a full-time equivalent basis, in line with the requirements of the regulations. Further, the above disclosure assumes a maximum company pension contribution of 12% of base salary. However, it is noted that not all UK employees elect to receive this level of contribution. This data has been collated for the 12 months ended 31 December 2022.

The changes to the pay quanta and ratios in the year mainly reflect the higher annual bonuses accrued, following the exceeding of the Annual Budget targets set in late 2021.

## Executive Director Remuneration and Shareholder Returns

The following chart compares the TSR of Hunting PLC between 2013 and 2022 to the DJ US Oil Equipment and Services indices. In the opinion of the Directors, this index is the most appropriate against which the shareholder return of the Company's shares should be compared because it comprises other companies in the oil and gas services sector.

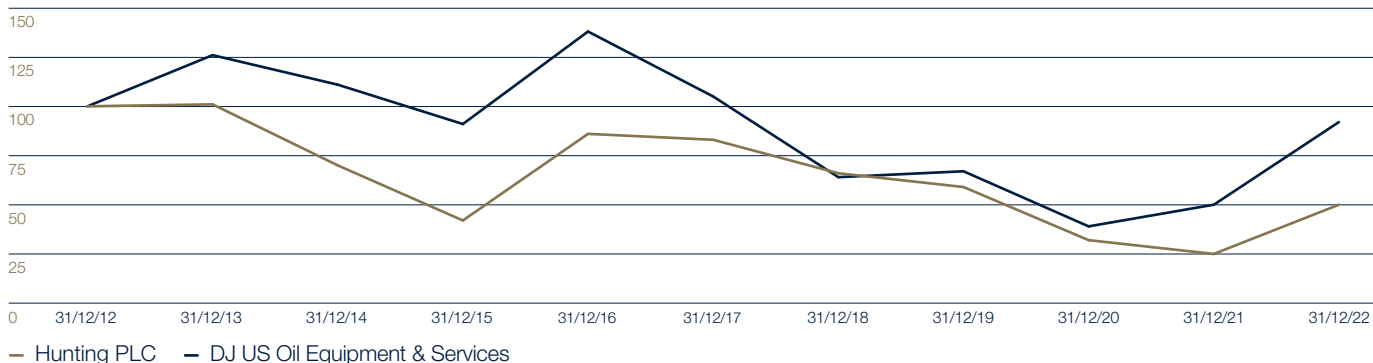
The accompanying table details remuneration of the Chief Executive:

	Single figure remuneration \$000	Annual cash bonus % <sup>i</sup>	ESOP/PSP/HPSP % vesting <sup>ii</sup>	LTIP % award <sup>iii</sup>
2022 – Jim Johnson	2,699	100	8	n/a
2021 – Jim Johnson <sup>v</sup>	1,165	10	8	n/a
2020 – Jim Johnson	1,179	10	16	n/a
2019 – Jim Johnson	2,229	39	66	n/a
2018 – Jim Johnson	3,715	100	75	n/a
2017 – Jim Johnson (from 1 September)	819	33	4	n/a
2017 – Dennis Proctor (to 1 September)	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

- 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 percentage of the ESOP that vested in the financial year and the percentage 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. Restated as per single figure table disclosure on page 146.

**Total Shareholder Return**

(Rebased to 100 at 31 December 2012)

**Implementation of Policies in 2023**

The remuneration policies for 2023 will be applied in line with those detailed on pages 138 to 144.

**Salary and Fees**

In December 2022, the Board agreed to increase the annual fee of the non-executive Chair of the Company to £205,000 and increase the annual base fee of the other independent non-executive Directors to £64,000, with effect from 1 January 2023. These changes reflect the higher number of Board and Committee meetings held, particularly since the formation of the Ethics and Sustainability Committee in 2021. There was no change to the additional fees paid for Committee Chairs or the Senior Independent Director.

The Remuneration Committee will meet in August 2023 to consider base salary changes for the executive Directors. Any changes are likely to align with any Group-wide base salary increases.

**Pension and Benefits**

Jim Johnson will continue to receive contributions towards a US deferred compensation scheme and a US 401K match deferred savings plan, in line with previous years. Bruce Ferguson will continue to receive a cash sum in lieu of a pension contribution, which will be fixed at 12% of his base salary. No changes are anticipated to the provision of benefits that will continue to include healthcare insurance, a company car and fuel benefits.

**Annual Bonus**

The annual performance-linked bonus for 2023 will operate in line with the 2021 Directors' Remuneration Policy. The Committee will disclose details of performance against the pre-set financial targets and personal/strategic performance objectives after the year-end, as the Board believes that forward disclosure of the financial targets is commercially sensitive.

**HPSP**

On 2 March 2023, an award under the Hunting Performance Share Plan will be granted to the executive Directors and wider members of the Group. The awards to the Chief Executive and Finance Director will be issued at the normal quantum of 450% of base salary for Mr Johnson and 210% of base salary for Mr Ferguson. The performance conditions to be adopted for the award include EPS (20%); ROCE (25%); Free Cash Flow (20%); TSR (20%); and the Strategic Scorecard (15%). The performance targets will be detailed in the Stock Exchange announcement that accompanies the award, which can be located at [www.huntingplc.com](http://www.huntingplc.com).

On behalf of the Board

**Annell Bay**

Chair of the Remuneration Committee

2 March 2023

# Audit Committee Report

“ The Audit Committee has focused on the review of new reporting procedures implemented by the Group’s central finance function, in addition to restarting field work within the internal audit function.”



**Carol Chesney**  
Chair of the Audit  
Committee

## Introduction

With the Company reporting a profit from operations during 2022, following two years of losses, the work of the Audit Committee has focused on the review of new reporting procedures implemented by the Group’s central finance function, in addition to the restarting of field work within the internal audit function.

The Committee has been pleased with the introduction of a new inventory valuation model, which reflects the diverse product lines sold across the Group. In particular, the model allows for a consistent approach to the complex issues of balancing management judgement on future usage with inventory values, which reflect the future market outlook. Overall, the Committee is extremely satisfied with the performance of management and the conclusions of the external auditor, as noted in their report.

With the COVID-19 pandemic behind us, Hunting’s internal audit function returned to a more normal work programme, with a full plan completed in the year. The Company has added to the resourcing of the function in the year, which will broaden the coverage of the work programme going forward.

As part of the Committee’s half year and full year procedures, impairment reviews of the Group’s current and non-current assets were completed, which has resulted in a goodwill impairment charge being recorded within the Enpro Subsea business unit.

Further, the Committee has also reviewed the adjusting items proposed by management and, following discussion with the external auditor, approved of two items, in respect of the Enpro impairment and also exceptional legal fees incurred in the year.

Finally, the Committee noted the successful negotiation of the Asset Based Lending facility in February 2022. The facility has added support to Hunting’s Going Concern and Viability statements, as it has materially increased the Group’s long-term liquidity.

	Member	Invitation
<b>Number of meetings held</b>	4	
<b>Number of meetings attended (actual/possible):</b>		
Annell Bay	4/4	–
Carol Chesney (Committee Chair)	4/4	–
Bruce Ferguson	–	4/4
John (Jay) Glick	–	4/4
Paula Harris (from 20 April 2022)	2/2	1/1
Richard Hunting (to 20 April 2022)	–	2/2
Jim Johnson	–	4/4
Keith Lough	4/4	–

## Composition and Frequency of Meetings

The Committee currently comprises five independent non-executive Directors and is chaired by Carol Chesney. During the year, Paula Harris joined the Committee following her appointment by shareholders. Following his appointment to the Board on 3 January 2023, Stuart Brightman also joined the Committee. Mrs Chesney is a qualified Chartered Accountant and is considered to have recent and relevant financial experience. Ms Bay (Chair of the Remuneration Committee), Ms Harris and Messrs Brightman and Lough have experience of the global energy industry, with particular expertise in the UK and US oil and gas markets.

Further details of the Committee's experience can be found in the biographical summaries set out on pages 116, 117 and 125.

The Committee normally meets four times a year and operates under written terms of reference approved by the Board, which are published on the Company's website at [www.huntingplc.com](http://www.huntingplc.com).

In 2022, the Committee met four times in February, April, August and December, and the attendance record of Committee members and Board invitees during the year is noted in the table on page 155. All Directors and internal and external auditors are normally invited to attend meetings.

## Review of Committee Effectiveness

In December 2022, the Committee reviewed its effectiveness and the Committee Chair reported these findings to the Board. No issues were identified in this review process.

## Responsibilities

The principal responsibilities of the Audit Committee are to:

- monitor and review reports from the executive Directors, including the Group's financial statements and Stock Exchange announcements;
- provide the Board with a recommendation regarding the Half Year and Annual Report and Accounts, including whether they are fair, balanced and understandable;
- consider and approve any adjusting items proposed by management;
- review the Company's and Group's Going Concern and Viability statements;
- monitor, review and assess the Group's systems of risk management and internal control;
- review reports from the Group's external and internal auditors, including approving the proposed audit programmes, scope and resourcing;
- consider and recommend to the Board the appointment or reappointment of the external auditor as applicable;
- agree the scope and fees of the external audit;
- monitor and approve engagement of the external auditor for the provision of non-audit services to the Group;
- review the external auditor's independence and effectiveness of the audit process; and
- monitor corporate governance and accounting developments.

## Work Undertaken by the Committee During 2022

	Feb	Apr	Aug	Dec
<b>Financial Report</b>				
Annual Report and Full Year Results announcement	•			
Going Concern basis	•		•	
Viability Statement	•			
Half Year Report and Half Year Results announcement			•	
Review accounting policies				•
<b>Internal controls and risk management</b>				
Risk management and internal controls report	•		•	•
Key risks and mitigating controls				•
Effectiveness of internal controls and internal audit function				•
Internal audit report	•		•	•
Internal audit programme and resourcing				•
<b>External auditor</b>				
Auditor's objectives, independence and appointment			•	
Full Year and Half Year report to the Audit Committee	•		•	
Final Management letter on internal controls		•		
Auditor's performance and effectiveness	•			
Proposed year-end audit plan including scope, fees and engagement letter				•
Risk of auditor leaving the market				•
<b>Other business</b>				
Whistleblowing and Bribery Policy Review		•		
Committee effectiveness and terms of reference				•

As noted in the 2021 Annual Report and Accounts, the responsibility for reviewing the Company's anti-bribery and corruption, modern slavery and sanctions compliance was transferred to the Ethics and Sustainability Committee and forms part of the annual schedule of work of this new Committee.

## Review of the 2022 Financial Statements

The Committee reviews final drafts of the Group's Report and Accounts for both the half and full year. As part of this process, the performance of the Group's major operating segments is considered, with key judgements, estimates and accounting policies being approved by the Committee ahead of a recommendation to the Board. In addition to briefings and supporting reports from the central finance team on significant issues, the Committee engages in discussion with Deloitte, the Group's external auditor.

Significant matters reviewed by the Committee in connection with the 2022 Annual Report and Accounts were as follows:

### Inventory Valuation and Provisioning Procedures

A major area of review for the Committee for the 2022 half and full year results was the Group's inventory valuation and provisioning procedures. Following feedback received from the external auditor during the 2021 year-end audit process, the Group's central finance function further improved the processes and controls around inventory provisioning, with particular focus on ensuring these processes and controls were consistent throughout the Group's business units. The new methodology provides a consistent basis on which the gross and net inventory values for each major product line are assessed. The model provides flexibility to account for the different inventory turns and of different product lines as the Group navigates the varying equipment purchasing cycles of its customers, whether that be for onshore or offshore projects. The Audit Committee reviewed reports by both management and the external auditor on this process, discussing any variations to the output of inventory values and, in summary, were satisfied that there was good alignment between the external auditor and management regarding any assumptions made. The table below summarises the gross and net inventory held by the Group, with the movements to inventory provisions being highlighted.

	At 31 December 2021 \$m	Movement in year \$m	At 31 December 2022 \$m
Gross inventory	263.9	58.2	<b>322.1</b>
Provisions	(59.5)	9.5	<b>(50.0)</b>
Net inventory	204.4	67.7	<b>272.1</b>
Provisions as % of Gross inventory	23%		<b>16%</b>

The Committee reviewed the inventory sold in the year, written off or otherwise utilised through trading and was satisfied with the carrying values, as presented.

### Impairment Reviews

The Committee also received reports on the possible impairment of goodwill and other non-current assets held on the consolidated balance sheet. A review for impairment triggers was undertaken at the half year and a review of indefinite life assets was undertaken for the full year, resulting in a \$7.0m charge being recorded against the goodwill held for the Enpro Subsea cash generating unit. The Committee noted the business units where headroom for the carrying value of goodwill was more limited, with these units undertaking detailed modelling as part of the year-end audit process to support the values recorded. Management continues to utilise independent drilling and production projections published by Spears & Associates to support its analysis, with summaries presented in the Market Summary section of this report on pages 30 to 33.

### Property, Plant and Equipment ("PPE")

The year-end balance sheet includes \$256.7m (2021 – \$274.4m) for PPE. This represents approximately 30% of the Group's net assets (2021 – 31%). The movement in PPE reflects depreciation of \$26.6m, disposals of \$7.0m and other items totalling \$1.1m offset by additions of \$17.0m. The Committee reviewed the PPE impairment tests and, following discussion, was satisfied that the assumptions and the disclosures in the year-end accounts were appropriate.

### Inventories

At the year-end, the Group held \$272.1m (2021 – \$204.4m) of inventory. This represents approximately 32% of the Group's net assets (2021 – 23%). Inventory levels have started to increase again as activity levels and the Group's sales order book increase, and due to higher levels of critical stocks due to supply chain concerns. As noted above, more detailed valuation analysis of inventory was completed in the year as the new inventory provisioning methodology was introduced, with the Committee satisfied that a robust process is now in place, which encompasses all key product lines sold by the Group.

### Goodwill

The year-end balance sheet includes \$155.5m (2021 – \$164.1m) of goodwill. This represents approximately 18% of the Group's net assets (2021 – 19%), with Hunting Titan representing 74% of the year-end balance (2021 – 70%). As noted above, a \$7.0m impairment to goodwill held in respect of the Enpro Subsea cash generating unit was recorded in the year, which was primarily driven by changes to the discount rates applied to the impairment model. The Committee considered and challenged the discount rates and the factors used in the goodwill review process. After discussion, it was satisfied that the carrying values recorded and the disclosures in the year-end accounts were appropriate.

### Other Intangible Assets

The year-end balance sheet includes other intangible assets of \$35.7m (2021 – \$36.2m). This represents approximately 4% of the Group's net assets (2021 – 4%). The amortisation charge recorded in the consolidated income statement was \$4.4m (2021 – \$9.3m). The Committee considered and confirmed the appropriateness of the assumptions and factors used in the review process and were comfortable with the carrying values, as recorded.

### Right-of-use Assets

The year-end balance sheet includes right-of-use assets of \$26.0m (2021 – \$24.7m). This represents approximately 3% of the Group's net assets (2021 – 3%). The movement in the year is predominantly attributed to a lease in Wuxi, China being extended. This addition was offset by the leases that were exited in relation to the Singapore facility consolidation and the change in the headquarters in London. The Committee reviewed the movement in the carrying values of these items and confirmed the appropriateness of the assumptions and factors used in the review process and were comfortable with the items, as recorded.

### Revenue Recognition

Given the Group's improving results in 2022, revenue recognition received ongoing focus in the year, particularly given the complexity of certain sales contracts within the Subsea Spring business and in China in respect of the CNOOC contract, and following challenge from the external auditor, additional review procedures were introduced.

### Adjusting Items and Presentation of Financial Statements

The Group has reviewed the use of a "middle" column within its consolidated income statement and, in line with best practice, has presented the year-end consolidated income statement on a pure IFRS basis, without an "underlying" or "middle" column. The Committee noted the proposal by management to table for approval by the Audit Committee any material adjusting items to be presented in future.

At the 2022 year-end, the Group recorded two adjusting items totalling \$12.6m, which include \$5.6m in respect of exceptional legal costs and the \$7.0m goodwill impairment in respect of the Enpro Subsea business. The extraordinary legal costs incurred in the year, were due to a patent infringement challenge by a competitor, which Hunting has defended. The Committee agreed with management's proposal that the legal trial, which extended into H2 2022, supported the fees being exceptional given materially lower levels of legal fees incurred historically and, therefore, approved of the adjusting item.

In 2021, \$44.9m of adjustments to profit before tax were recorded.

The external auditor reviewed the revised presentation of the Group's financial statements and the adjusting items proposed, and approved of the presentation.



### Taxation

In view of the international spread of operations, the Committee monitors tax risk, tax audits and provisions held for taxation. In particular, the Committee noted that the Company had unrecognised deferred tax assets in respect to Hunting's US businesses. During the year-end process, management assessed the probability of Hunting being able to utilise these assets, concluding that more evidence of a market recovery in the US needed to be observed to support the recognition of these assets. This area is to remain under review during 2023 to assess the evidence of recognising these assets, given the Group's strengthening end-markets.

### Going Concern Basis and Viability Statement

Given the Group's improved results reported in the year and the strengthening medium-term outlook for Hunting's businesses, the Committee's assessment of Going Concern and Viability has been less challenging, compared to the past two years.

While the Group has reported a lower year-end cash and bank position compared to 2021, the Committee noted that Hunting has absorbed part of its cash balances in the investment in inventory to support the future growth of the Group's global businesses.

In addition, on 7 February 2022, Hunting successfully concluded the negotiation of a \$150 million Asset Based Lending facility, which adds significant long-term liquidity to the Group, and is linked to the secured value of inventories, freehold property and receivables held by Hunting's North American businesses.

As part of the Company's 2022 half year and full year audit procedures, management presented various trading scenarios to support the Going Concern assumption, which were reviewed by the Committee and the external auditor. This included a downside trading scenario.

As part of Hunting's Viability procedures, management prepared an extended forecast that provided trading projections to 2027. The Board approved this in January 2023 and used it to support the carrying values of assets held on the consolidated balance sheet.

### Fair, Balanced and Understandable Assessment

The Committee has reviewed the financial statements, together with the narrative contained within the Strategic Report set out on pages 4 to 113, and believes that the 2022 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. In arriving at this conclusion, the Committee undertook the following:

- review and dialogue in respect of the monthly management accounts and supporting narrative circulated to the Board;
- review of early drafts of the Annual Report and Accounts, providing relevant feedback to the executive Directors;
- regular review and discussion of the financial results during the year, including briefings by Group finance and operational management; and
- receipt and review of reports from the external and internal auditors.

The Committee advised the Board of its conclusion that the 2022 Annual Report and Accounts, taken as a whole, was fair, balanced and understandable at a Meeting of Directors on 28 February 2023.

### Internal Audit

The Committee receives reports from the Internal Audit function. The Chair of the Committee also had regular dialogue with the function throughout the year. During the year, the activities of the function returned to more normal operation, following the COVID-19 pandemic, with nine field audits completed in the year.

In addition, the function increased its resources in the year, as hiring restarted across the Group.

The Group continued to implement a new ERP system within a number of businesses. To support this initiative, the Head of Internal Audit provided consulting services to the Chief IT Officer in respect of best practice control procedures and segregation of duties.

The Committee reviews the internal audit process and effectiveness as part of the Group's internal control and risk assessment programme. An annual programme of internal audit assignments was reviewed and approved by the Committee.

The Committee met with the Head of Internal Audit, without the presence of the executive Directors, on three occasions during the year. The effectiveness of the Internal Audit function was also considered by the Committee at its February meeting, which concluded that the function remained effective.

### External Audit

Deloitte LLP was appointed by the Group's shareholders as external auditor in 2019 and, therefore, no tenders have been undertaken in the year due to their current tenure. This position also applies to the engagement partner attached to the Group's account. During the year, the US audit partner rotated off the Hunting account, with a new partner appointed.

The external auditor presented reports at the February, April, August and December meetings of the Audit Committee during 2022. Further, the Chair of the Committee also had regular dialogue with the audit partner throughout the year.

On 28 February 2023, a full-year report by Deloitte was considered ahead of publication of the Group's 2022 Annual Report and Accounts. In April 2022, Deloitte presented its Management Controls Report, which highlighted control improvements they recommended could be made by the Group.

The Committee normally meets with the external auditor, without executive Directors present, at the end of each formal meeting. During the year, the Company complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014.

### Audit Scope

The Audit Committee considered the audit scope and materiality threshold. The audit scope addressed Group-wide risks and local statutory reporting, enhanced by desktop reviews for smaller, low risk entities. Approximately, over 78% of the Group's reported revenue and the Group's net assets were audited, covering 17 reporting units, including a number of investment holding companies, across seven countries.

### Materiality

The Committee discussed materiality with the auditor regarding both accounting errors to be brought to the Audit Committee's attention and amounts to be adjusted so that the financial statements give a true and fair view. Overall, audit materiality was set at \$4.0m (2021 – \$3.5m). This equates to approximately 0.6% of the Group's total external revenue reported in 2022. Furthermore, the auditor agreed to draw to the Audit Committee's attention all identified, uncorrected misstatements greater than \$0.2m and any misstatements below that threshold considered to be qualitatively material.

### Audit Effectiveness and Independence

The external auditor's full-year report includes a statement on their independence, their ability to remain objective and their ability to undertake an effective audit. The Committee considers and assesses this independence statement on behalf of the Board, taking into account the level of fees paid, particularly for non-audit services. The effectiveness of the audit process was considered throughout the year, with a formal review undertaken at the April meeting of the Committee. The assessment considers the various matters including:

- the auditor's understanding of the Group's business and industry sector;
- the planning and execution of the audit plan approved by the Committee;
- the communication between the Group and audit engagement team;
- the auditor's response to questions from the Committee, including during private meetings without management present;
- the independence, objectivity and scepticism of the auditors, including management challenge on any items within the scope of the audit;
- a report from the Finance Director and the Group Financial Controller; and
- finalisation of the audit work ahead of completion and announcement of the Annual Report and Accounts.

In addition, the Committee reviewed and took account of the reports from the Financial Reporting Council on Deloitte LLP, and reviewed a Transparency Report prepared by Deloitte LLP. After considering these matters, the Committee was satisfied with the effectiveness of the year-end audit process.

### Non-Audit Services

The Committee closely monitors fees paid to the auditor in respect of non-audit services. With the exception of audit-related assurance services, which totalled \$0.2m (2021 – \$0.2m), there were no non-audit services fees paid during the year (2021 – \$nil). The scope and extent of non-audit work undertaken by the external auditor was monitored by, and required prior approval from, the Committee to ensure that the provision of such services did not impair their independence or objectivity.

### Auditor Reappointment

Following discussion in February 2023, the Committee approved the recommendation to propose the reappointment of Deloitte LLP at the Company's 2023 Annual General Meeting.

### ESEF Reporting

The Group is required to produce its annual report in XHTML format, an electronic format known as a structured report, to comply with the European Single Electronic Format ("ESEF") reporting requirements. Digital tags were applied to the Group's consolidated financial statements within its 2021 Annual Report and Accounts and the structured report was successfully submitted to the FCA's National Storage Mechanism in March 2022. A qualified IT provider was involved in the preparation of the structured report and Deloitte completed a number of assurance procedures on the structured report.

During the year, ESEF tagging requirements were extended to include the notes to the financial statements. In addition, Deloitte has again been asked to review the Group's tagging procedures and report against these new requirements.

### Internal Controls

The Group has an established risk management framework and internal control environment, which was in operation throughout the year. The Committee monitors these arrangements on behalf of the Board and these are detailed in the Risk Management section of the Strategic Report on pages 102 to 109.

As noted above, a new inventory valuation methodology was introduced successfully in 2022, which addressed a number of control recommendations highlighted by the auditor as part of the 2021 year-end. In February 2023, Deloitte reported that there were no material issues identified in these specific areas during the 2022 year-end.

On behalf of the Board



**Carol Chesney**  
Chair of the Audit Committee

2 March 2023