

Environmental, Social and Governance (ESG) Report

Recognising our impact as a business

Huntsworth recognises the impact of its business operations on a diverse range of stakeholders, including our employees and the wider community. We are committed to monitoring all of our environmental, social and governance aims.

Huntsworth is committed to the highest standards of integrity and honesty and expects all employees to maintain the same standards in everything they do at work. We recognise that open and honest communication is essential to maintain our values and to ensure that any instances of business malpractice are detected and dealt with.

As well as complying with all applicable laws and respecting internationally recognised human rights standards in every location in which we operate, we aim to make a positive contribution to human rights through our choice of suppliers and our own HR policies and practices.

Environmental

The Group recognises its responsibilities to conserve resources and is committed to continuous monitoring of and improvement in the environmental impact of its operations. Due to the nature of our businesses, the Group does not have a high environmental impact. Our principal impact arises from energy, paper and water consumption.

The Group has received a CDP score of C. Whilst this is higher than both the sector average and regional average of D, the Group will continue to aim for further progress in reducing the environmental impact of its operations.

Greenhouse gas emissions

We annually measure and report on our greenhouse gas (GHG) emissions from our global operations. The Group measures GHG emissions based on financial control boundaries, so that all operations which are consolidated as subsidiaries in the Group's financial statements are included in the measurement exercise.

We have identified the following key activities as being within the GHG reporting requirements:

- Scope 1: Natural gas, company cars, on-site fuel consumption and refrigerants;
- Scope 2: Purchased electricity, heat and steam.

At present, Scope 3 activities, including business travel, are excluded from the reporting scope.

We have identified GHG emissions per employee as the most appropriate KPI for the Group.

We have collected data from offices across the Group. We have followed the

2013 UK Government Environmental Reporting Guidelines and used emission factors from the UK Government's GHG Conversion Factors for Company Reporting. The results are presented in the table below.

In some offices in the Group's portfolio, electricity and heating costs are included in the office rental charges and therefore information on the exact amounts consumed by those particular businesses is not available. In these instances, we have calculated an estimate based on the size of the property being let and usage data from similar properties. In addition, it has not been practicable to measure the Group's emissions from refrigerants, although these are not expected to be significant.

We are pleased to report a reduction in our carbon emissions per employee this year, due to continued efficiencies in the use of our property portfolio.

Our work

We apply our sustainability principles across all of our operations and wherever possible we make use of technologies that enable us to limit our environmental impact. Employees are trained in video-conferencing and webinar facilities, with virtual meetings being conducted where possible. When travel is the only option, our policy is that public transport should be used where possible.

	Tonnes of CO ₂ e 2018	Tonnes of CO ₂ e 2017
Scope 1	58	67
Scope 2	1,503	1,465
Total GHG emissions	1,561	1,532
Average number of employees	1,902	1,561
Emissions per employee	0.82	0.98

Actions

A network of Employee Champions promote positive environmental actions around the Group. We aim to minimise energy and water consumption, through encouraging staff to switch off electronic appliances and using electricity generated from renewable sources.



By recycling, the Group’s UK businesses together saved the equivalent of **573 trees** and **60 tonnes of CO₂** in 2018

Paper wastage is minimised through promoting reuse, use of electronic communications and using paper from sustainable forests.

We strive to achieve the most energy efficient use of our office space. We are pleased to report that our Evoke Giant office in San Francisco is LEED Gold certified. LEED, or Leadership in Energy and Environmental Design, is the most widely used green building rating system in the world, and LEED certification is a globally recognized symbol of sustainability achievement.

Social Community

The Group recognises its responsibility towards the communities in which its businesses operate. In support of our communities, Group businesses throughout the world organise activities for staff to raise money for a wide range of charities as well as offering pro bono support to non-profit projects, helping to raise money and awareness for good causes. The Group also made formal contributions of over £21,000 to 33 different charities around the world.

Over the last few years, our Dutch office, CFF Communications, along with Grayling in the US and Europe, provided pro bono support (valued at over £40,000) for ‘The Ocean Clean Up’, a Dutch non-profit foundation founded in 2014 by then 18-year-old inventor Boyan Slat, with the aim to clean up the tonnes of plastic waste that enter our oceans every year. We are proud to have been providing support to this foundation from its very first year and were delighted to see the

launch of its first operational system from San Francisco into the Pacific Ocean this year.

Grayling UK donated books to the ‘Doorstep Library Network’ charity which encourages literacy and education to local communities. Additionally, responding to the increasing awareness over mental health issues, Grayling UK encouraged their staff to not work at lunchtime but to partake in team activities.

People

People are at the heart of our business. We are committed to having a culture which stimulates and rewards our workforce.

Employee health and wellbeing

The Board recognises the need to maintain a safe and healthy working environment for all employees. Each business is responsible for ensuring that they operate in compliance with Group policies and local health and safety legislation.

The Group deploys policies and practices which assist its employees in achieving an appropriate work/life balance, including policies on parental, maternity and paternity leave, emergency time off and, where applicable, flexible working practices. Initiatives to promote health and wellbeing vary by company and include:

- Flexible working is promoted through a range of schemes including work-from-home schemes and flexible starting times and flexi-hours;
- Flexible benefits packages allowing employees to take their entire package as remuneration or opt for a range of benefits, including private medical insurance, staff pension schemes, life assurance, childcare vouchers, cycle to work schemes, discounted lifestyle vouchers or extra holiday days;
- Employee assistance programmes which provide confidential advice and counselling support across a range of areas;
- Measures to promote a healthy working environment for employees, including on-site facilities for breaks, provision of showers for employees who wish to exercise in lunch breaks or cycle/run to work, provision of fruit and healthy refreshment options; and
- Measures to support mental health awareness amongst the Group’s employees. Our Mental Health awareness initiative focuses on prevention, intervention, treatment and education. Huntsworth continues to develop and implement health and wellness programs in its continued support of its employees.

Environmental, Social and Governance (ESG) Report continued

Employee training and development

We are committed to the development of our talent with a focus on offering opportunities for career development for all employees. Our operating companies foster career development through regular performance evaluations, career pathing and continual coaching feedback.

The Group provides access to a number of training initiatives which enable our people to develop skills which will support our businesses' development and strategy.

Each of our Group companies also operate their own internal training programmes to keep staff up to date with developments in their sectors and provide additional skills in areas such as people management, leadership development, client management and international client director training.

Training programmes include a mixture of externally and internally facilitated courses. A number of our businesses allocate a mentor or coach to support personal development, perform appraisals and identify training needs. Our talent management programmes aim to recognise our best talent through both monetary incentives and providing additional development opportunities, for example through secondments into other areas of the business.

Employee communication

As referred to in the Corporate Governance report on page 37, during 2018 Pat Billingham was appointed as the designated Non-Executive Director for engagement with the workforce. During 2019 processes and procedures will be implemented to ensure that the Board continues to engage with the workforce to understand their views and communicate Board decisions.

The Group makes use of its intranet as a communication tool and each division also has its own intranet site and communication tools which deliver specialised information and tools which enable our people to work effectively and keep in touch with local news and developments.

Employees have opportunities to attend conferences on matters of significance to their division as a whole. On a local scale, regular meetings are held between local management and employees to facilitate employee involvement in decision-making and businesses performance.

Succession planning

Succession planning was an area of focus for the Board and Nomination Committee during 2018, both at the Board and senior management level. As well as appointing David Lowden to succeed Derek Mapp as Chairman of the Company, the Nomination Committee also reviewed succession planning at a senior management level, both on an emergency and long-term basis, identifying any retention risks.

We will continue to review succession planning processes across the Group, in order to identify the leaders of the future, cognisant of the importance of diversity within our senior management team and the requirements of The UK Corporate Governance Code effective from 1 January 2019 (the **New Code**).



Diversity

We recognise that the Board sets the tone for diversity across the Group and that it is important that we have a diverse leadership to support good decision-making. We actively deploy recruitment policies and practices which enable us to attract the widest possible sources of talent into our business, which develops an inclusive culture.

We promote inclusive working practices and support our companies' efforts to increase diversity of all kinds through best practice in recruitment, training, mentoring, parental leave and flexible working.

Huntsworth provides equal employment opportunities to all employees and applicants without regard to race, colour, religion, sex, sexual orientation, national origin, age, disability, military status, or status as a disabled veteran in accordance with applicable UK and US laws. In addition, Huntsworth strictly complies with all US applicable federal, state and local equal opportunity and anti-discrimination laws.

The Group's equal opportunities policy is designed to ensure that disabled people are given the same consideration as others and enjoy the same training, development and prospects as other employees.

We are committed to gender diversity across the Group. As at 31 December 2018, women accounted for



(12) of executive management



(34) of senior management



(1,198) of total employees

The appointment on 1 January 2018 of Elizabeth McKee Anderson as Non-Executive Director, has increased the percentage of women on the Board to 43%, which exceeds the Lord Davies target of 33% female representation on the Board by 2020 applying to FTSE 350 companies. The Board understands the benefits of boardroom diversity and its aspiration and expectation is to maintain the proportion of women on the Board at least at the current level, while maintaining flexibility to ensure that all appointments are made on the individual's ability and competency to fulfil the requirements of the role.

Gender Pay

We are committed to ensuring our people have the best opportunities to succeed and are fairly remunerated, regardless of gender. During 2018 the Board considered the gender pay gap position amongst the workforce both in the UK and across the Group, and work is ongoing in this regard.

Governance

Our overriding aim is to continue to build and support a culture which values openness, accountability and disclosure.

As an organisation, we are committed to the highest standards of ethics and corporate governance and recognise the importance of operating within a strong corporate governance framework. Indeed, more and more of our clients expect this.

We acknowledge that there is always more that can be done, but our aim is to continually strengthen our position each year.

All Company policies

The Company has a number of policies, statements and notices, which are reviewed regularly, with new policies presented to the Board as appropriate. We have statements which are available on our website, notably our Code of Ethics and Modern Slavery Statement. These, together with the policies applying to all our workforce, are set out below.

All our policies are available to our workforce via a 24/7 online policy management portal. Any new joiners to our workforce, are obliged to formally acknowledge their acceptance of and agree to comply with all policies. Each year, all our workforce are reminded of their responsibility for upholding the principles and practices set out within our policies. Furthermore, senior management are required to successfully complete an on-line UK Bribery Act training module.

Publicly available policies, statements and notices:

- 1 Code of Ethics - <http://www.huntsworth.com/about-us/responsible-business/>;
- 2 Modern Slavery Statement - <http://www.huntsworth.com/about-us/responsible-business/>; and
- 3 Privacy Notice - <http://www.huntsworth.com/privacy-notice/>.

Policies, statements and notices available to the workforce:

- 1 Anti-Bribery, Corruption and Tax Evasion Policy;
- 2 Data Protection Policy;
- 3 Dealing in Huntsworth plc shares;
- 4 Electronic Communications and Acceptable Usage Policy;
- 5 Ethical Trading Policy;
- 6 Ethics Policy;
- 7 Guidance on Gifts and Entertainment Policy;
- 8 Sanctions Policy;
- 9 Share Trading Policy for dealing in securities of other companies; and
- 10 Whistleblowing Policy.

Code of Ethics

We believe that the honesty, integrity and ethical behaviour of all our workforce is fundamental to the reputation and success of the Group as a whole.

Hence in the year we created and published on our website a new Code of Ethics which outlines the key principles which govern the Company's behaviour, mirroring an already established internal Ethics Policy.

This Code applies to all Group staff, workers, employees, contractors, freelancers and Directors, without exception, and is intended to promote a heightened awareness of ethical considerations and individual responsibilities relating to all of the Group's activities.

A copy of the policy is available on the Company's website (<http://www.huntsworth.com/about-us/responsible-business/>).

Whistleblowing Policy

The Company's Whistleblowing Policy has procedures for disclosing malpractice and is intended to act as a deterrent to fraud or other corruption or serious malpractice. It is also intended to protect the Group's business and reputation. During 2018, an external firm continued to provide access to a confidential

multichannel 24/7 whistleblowing service across the Group, available in local languages. The Whistleblowing Policy encourages the reporting of any instances of malpractice for investigation, and action is taken as required. During the year, one issue was raised, which was investigated and appropriate action was carried out to resolve the matter.

Modern Slavery Statement

We are opposed to any form of slavery or human trafficking (together, **Modern Slavery**), and the Group's policy is to ensure that it is eradicated from both our business and from our supply chains.

The Company publishes a Modern Slavery Statement, which is annually reviewed, detailing the steps that the Company has taken during the financial year to ensure that Modern Slavery is not taking place in any of its

supply chains or in any part of our business. During 2018 we commenced a review of our supply chain portfolio, with a view to having suppliers acknowledge their compliance with the UK's Modern Slavery Act 2015 in any new contractual agreements.

A copy of our Modern Slavery Statement is available on the Company's website (<http://www.huntsworth.com/about-us/responsible-business/>).

Data Protection

We are committed to:

- when required, seeking consent for the collection, use and sharing of personal data;
- notifying data subjects in a timely manner in case of data breach (as required);
- limiting the collection and retention of essential personal data;
- implementing appropriate data security safeguards; and

- having clear terms and conditions for the use of personal data.

The Company has a Privacy Notice which is available on the Company's website (<http://www.huntsworth.com/privacy-notice/>), and a Data Protection Policy which is available to the workforce.



FTSE4Good

Huntsworth is a constituent company in the FTSE4Good Index Series. The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social, and government practices against globally recognised standards.