



Corporate social responsibility



Allen Roberts
Group Finance Director



At Renishaw, we carry out our work with a strong sense of responsibility to colleagues, customers and the communities around us. Underpinning our approach is our Group Business Code, which sets out our principles of business conduct.

Progress during the year

Our businesses and CSR programmes all operate under the principles set out in our Group Business Code (the Code), which can be found at www.renishaw.com/businesscode.

The Code underpins everything we do across the global Group and is split into five areas: business ethics; employment; health and safety; environmental; and management systems, which are all managed by further policies. We communicate the Code to our suppliers and expect them to work to the spirit of the Code.

In June 2017, the Financial Stability Board released its final report on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We recognise climate change as a significant environmental risk that could cause disruption to our own operations as well as our supply chain. This year represents the beginning of our journey to report in compliance with these recommendations and to ensure our strategy is aligned with the four themes. We expect to undertake a materiality assessment within 2019/20 to enable us to focus our efforts on those areas we are best positioned to positively impact. Further information can be found in the additional information section of this report on page 143, along with our first TCFD disclosure statement.



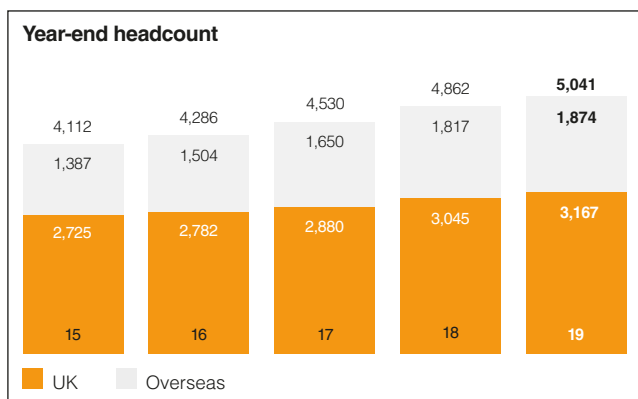
To reduce our use of single-use plastic in the UK, we have removed all plastic cups from our coffee vending machines. Each Renishaw employee has been given a reusable ceramic mug to use at work.

Non-Financial Reporting Statement: This CSR section of the Annual Report contains a wide range of non-financial information about our people, environmental, social and ethical matters; ranging from human rights to waste. Our approach to CSR and our Group Business Code are available on our website www.renishaw.com/CSR and expand on this information. As required under the new non-financial reporting requirements, the table below sets out where more information on non-financial matters can be found within this Annual Report and also on our website www.renishaw.com. The due diligence carried out for each policy is contained within each respective policy's documentation.

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People and culture

Renishaw draws on the diverse cultures and experience of our international team of around 5,000 people to add value for customers around the world. In order to maximise the potential of this diverse pool of talent, we strengthened our international HR teams by recruiting a Head of Human Resources for each of our overseas regions – the Americas, EMEA and APAC. This will enable an aligned global people strategy with emphasis on talent, development and engagement. It will help to improve communication and build our capacity to manage diversity, fairness, gender parity and commitment to investment in our people across the globe.



In 2018, we made a significant investment in a world-class HR system. This will enable us to improve global people management through real-time analytics and, during 2020, we will integrate our worldwide e-learning platform. This investment will bring great benefit to the Group in areas such as people development, succession planning and information sharing.

In early 2019, in the UK, where the majority of our employees are based, we carried out a new engagement survey to help us understand what we are doing well, what we can change for the better and how we should prioritise areas for improvement going forward. We were delighted with our response rate of 74%.

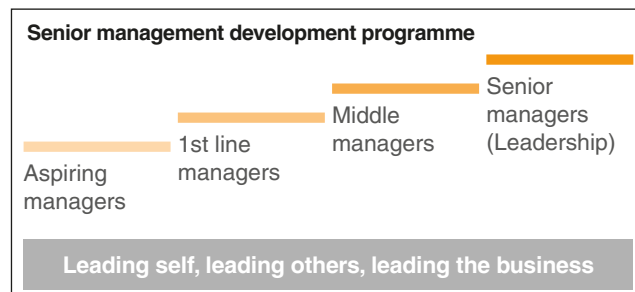
The areas where our people feel we are doing well are: our company ethics, innovation, engagement, empowerment and quality management. Feedback on our people, products and technologies was consistently positive.

Feedback from this survey highlighted areas where we need to focus including: people development, flexible working and communication. Work to seek to address these areas in collaboration with our people will continue into 2020.

Our people are core to our continuing success and growth. While we are ahead of the field in disruptive technologies, we are conscious that we must also be ahead in how we recruit, onboard, develop and retain our talented people.

We have a long history of excellent technical skills development. During 2019, we recruited several learning and development professionals to help raise our skills development in non-technical areas.

We are implementing robust leadership and management development frameworks. A senior management leadership development programme, externally facilitated, has started in the UK and some of our overseas subsidiaries. It aims to develop a consistent set of management skills and cultural leadership abilities.



We continue to build and grow our own talent pipelines through our early careers development programmes. This year we introduced a new commercial apprenticeship scheme. Combined with our engineering and software apprenticeship programmes, this means we will be welcoming a record number of apprentices in summer 2019. We have also maintained recruitment at a consistent level on our graduate and placement schemes. We continue to review and evolve these programmes to fully support our employees of the future, and enhance their technical and soft skills, knowledge and behaviours through training and mentorship. You can find out more about our apprenticeship schemes at www.renishaw.com/careers.

To help feed the early career programmes, we continue to invest heavily in our UK-based educational outreach programme, see more on pages 49 and 50.

For 2019/20, we have introduced a new global appraisal programme to create a common framework across the business. This will help managers and their teams to have regular and open dialogue about performance and skills development. It will be recorded through our new HR platform and allow us to globally track and measure employees' performance with a view to encouraging and supporting recognition and development more effectively.

Corporate social responsibility continued

2019 CSR targets and progress



Energy consumption

Target

- We aim to reduce our reliance on fossil fuels by consistently reducing our energy consumption.

For more information see pages 50 and 51

2,570,658 kWh of electricity from onsite generation this year (2018: 1,566,597).

Progress

- 2.3% year-on-year decrease in total energy consumption;
- 80% (2018: 51%) of electricity consumed is from certified renewable sources; and
- 6.4% (2018: 3.8%) of total global electricity consumption is from on-site generation.

Future plans

- we have commissioned a solar array at our new site in Norton Shores, USA with a potential annual generating capacity of over 184,000 kWh; and
- we are continuing to roll out the installation of LED lighting across our sites.



GHG emissions

Target

- 3% reduction in GHG emissions (tCO₂e) per million pounds turnover compared to 2018.

For more information see pages 50, 51 and 144.

9% decrease in market-based GHG emissions (tCO₂e) per £m turnover compared with 2018.

Progress

- 44% decrease in market-based GHG emissions (tCO₂e) per £m turnover since 2015 (base year); and
- our total GHG emissions have decreased by 35% since 2015 (base year).

Future plans

- we are actively looking at opportunities for wind generation and further solar arrays across all of our sites; and
- our site in Pune, India is working towards having net zero operations; and
- we are defining a strategy to ensure we will be able to fulfil our duty to be net zero by 2050.



People

Target

- 5% of our employees are apprentices, graduates or sponsored students on structured programmes.

For more information see pages 9, 11 and 23.

Over 5% of our employees are on structured programmes.

Progress

- 397 people across the Group are in further education, graduate and industrial programmes; and
- 178 apprentices, graduates and placements starting this summer.

Future plans

- we are implementing new leadership and management development frameworks;
- a mentoring programme is being developed for our early careers programmes; and
- new performance review process being rolled out across the Group.



Waste management

Target

- 5% reduction of waste to landfill from global operations.

For more information see page 51.

32% or 52 tonnes

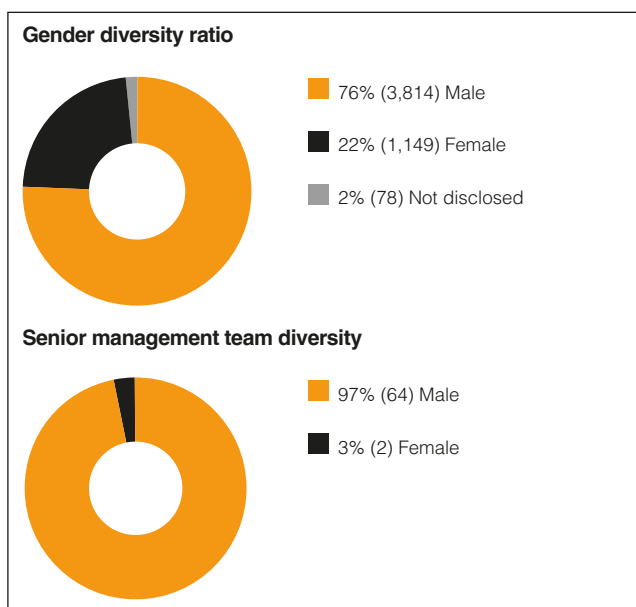
decrease of waste to landfill from our global operations.

Progress

- just over 3,637 tonnes of waste from our global operations were diverted from landfill; and
- in the UK, waste training has been carried out by our waste contractors for our manufacturing waste champions team, to increase their knowledge and ability to find new ways to reduce, reuse and recycle our operational waste.

Future plans

- we are starting a project to work with internal and external suppliers to reduce waste at source, this should decrease our total waste; and
- to assist our customers with their ability to recycle, our packaging development group are looking at ways to ensure our packaging is as sustainable as possible.



Human rights, equality and diversity

As an international company, Renishaw enjoys the advantages of a diverse workforce, including over 20 different nationalities represented within our senior management group. We benefit from the variety of expertise they bring to the business.

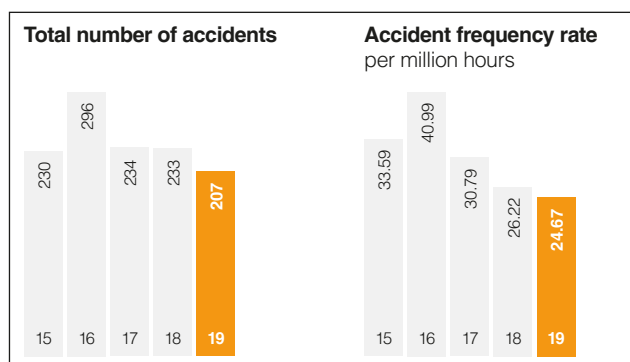
On 30 June 2019, we employed 5,041 people across the Group, an increase of 4% since last year. Of these, 76% are men and 22% are women. In 2018/19, there were nine Directors on the Board, consisting of seven men and two women. The senior management group is made up of 66 people, of whom 64 (97%) are men and two (3%) are women. Renishaw defines its senior managers to be the Executive Board, the heads of each strategic product group, each product division and each of the three sales regions, the managing directors of Renishaw's subsidiary undertakings, and any other relevant managers who report to the Executive Board or Chief Executive.

We believe that equality and fairness are critical to the success of our organisation. We have policies in place, such as our Equality, Diversity and Inclusion Policy and our Employee Handbook, to ensure we foster a workplace that is open and fair to all. We have published our annual Modern Slavery Act statement and our Gender Pay Gap reporting at www.renishaw.com.

Unconscious bias training will be rolled out in 2019/20. It aims to ensure we are supporting our diverse culture and helping our people be open and fair to everyone. This will be reinforced throughout our recruitment and management training programmes.



An operator loading a carousel within a Renishaw machining facility.



Health and safety (H&S)

Maintaining a safe working environment for our people, visitors and customers is the primary aim of our H&S management system. Our Group H&S policy (HS201) frames our approach and drives our culture of safety throughout the Company. It details our H&S management structure and processes, in line with industry best practice. The outcome of these policies is a clear and consistent approach to H&S that is used throughout the Group.

The total number of accidents for the period was 207 (2018: 233) against a year-end headcount of 5,041 (2018: 4,862). This equates to an accident frequency rate of 24.67 per million hours worked (2018: 26.22).

There were eight reportable accidents under the UK RIDDOR reporting requirements: four musculoskeletal injuries; two deep lacerations to hands; and two related to occupational disease (hand arm vibration and carpal tunnel syndrome). This equates to a lost time injury rate of 0.95 per million hours worked compared with a UK manufacturing average for RIDDOR reportable accidents of 2.10 per million hours worked.

We continually assess the risks across the Group through our risk assessment processes and regular auditing, which have identified additive manufacturing and its associated processes as our main area of risk. We tightly control and manage AM risks via training, policies and procedures, with the wider AM industry generally accepting Renishaw as one of the safest producers of AM machinery in operation.

In 2018/19, we launched an online H&S management system within the UK. This has been well received and provides more accurate data allowing for better statistical analysis of trends.

During 2019, we introduced an employee assistance programme. This allows all Renishaw colleagues worldwide and their immediate family to access telephone and online support on a range of personal or work-related issues, including illness, debt, family relationships and mental health issues, all in complete confidence.

Our annual health screening programme was used by a record number of people this year in the UK, with planned roll out globally during 2020.

Stress awareness training for all UK supervisory employees is underway and will be rolled out to our overseas subsidiaries in 2020.

Corporate social responsibility continued

In 2019/20 the H&S team will concentrate on three key areas:

- **maintaining best practice:** implement a phased roll-out of a global H&S policy, roll-out of the online H&S management system globally and improve H&S communications across the Group;
- **continuous improvement:** developing a more robust internal auditing procedure, developing ongoing wellbeing initiatives, reviewing and updating our H&S policies and procedures; and
- **supporting divisional/subsidiary activities:** further improvements to our safe systems of work for R&D activities, provide specialist advice as required, continue to support H&S activities, policies and procedures.

Charity

Our values of innovation and integrity played a large part in the founding of our Renishaw Charities Committee (RCC) in the UK and equivalent committees in India and Germany. These committees focus on distributing funds that Renishaw makes available to support local charitable and voluntary organisations. Several of our subsidiaries support charities in similar ways. Donations are focused on activities that help enrich the lives of children and adults, from toddler groups and sports clubs, through to organisations that support people with disabilities and the bereaved. A separate fund is administered by the RCC, which donates monies to aid the victims of global disasters.

In 2018/19, our charity committees and subsidiaries made donations totalling £260,680 to 290 organisations. The RCC also fully matched funds raised by employees for UK national fundraising events such as Children in Need and Red Nose Day and supported individual employee fundraising activities.

£12,000

A charitable donation of £12,000 was made towards the Disasters Emergency Committee appeal following the cyclone in south east Africa.

Significant donations (of £2,000 or more) were made to support organisations around the world. These included:

- **in the UK:** Gloucestershire Arthritis Trust, which supports local patients and hospitals with treatment for arthritis; Severn Freewheelers, a volunteer service which distributes essential medical items and blood between hospitals; Vale of Berkeley Railway, who are restoring a part of our cultural heritage;
- **in India:** Sassoon General Hospital, a local general hospital in Pune; Jeevan Jyot Mandal, a non-governmental organisation which supports children with special educational needs through vocational training; Chaitanya Mahila Mandal, a women's shelter which provides family counselling and legal aid to exploited women; and
- **in Turkey:** Maktek Golden Compass CNC Lathe Design Competition, a competition for students in all the technical high schools.

We are highly supportive of communities local to Renishaw operations. In the USA, local employees participated in the Miles for Manufacturing run, which raises funds for schools that offer education for manufacturing. They also banded together at Christmas and donated presents for 75 underprivileged children in the local area.

Our team in Mexico raised money to purchase supplies for a local orphanage based in the town of one of our local employees. They also collected donations of clothes for the residents.

For a full list of organisations who received significant donations of over £2,000 see page 143.

Community

We recognise the positive contribution that Renishaw can make to our local communities, through varied interactions with residents, businesses, schools, governmental bodies and not-for-profit organisations. This is especially true in the West of England and South Wales, where we are a significant employer.

Charity Committee activities

Our people in India raised money and collected donations to create emergency kits, containing blankets, clothes, toiletries, torches, portable gas cooking stoves etc. to help support victims of the floods in Kerala State.

During this reporting period we also supported Janakalyan Rakta Pedhi, a blood bank, that supports hospitals in the Pune region with blood and blood components. We purchased and installed a 15 kW solar array to reduce their long-term reliance on fossil fuel derived energy and reduce their running costs.



The 2018 flood in Kerala, India.

To ensure a strong pipeline of future talent for Renishaw and the wider engineering community, we communicate a positive story about the attractive nature of a career in science, engineering and manufacturing, and how these industries benefit society.

Across the Group, we continue to host tours and give talks to a wide range of organisations including business clubs, primary schools, secondary schools, colleges and universities. We also host events organised by other organisations, which in the last year included the Confederation of British Industry's Innovation Conference and a regional heat of Tomorrow's Engineers EEP Robotics Challenge for students aged 11 to 14.

We actively support the business community regionally, nationally and internationally, by sponsoring award schemes and through active membership of trade and lobbying associations. Some of these include the Additive Manufacturing Users Group (USA), the European Society for Precision Engineering & Nanotechnology, UCIMU-SISTEMI PER PRODURRE (Italy), Verein Deutscher Werkzeugmaschinenfabriken e.V. (Germany), SAE International, the Confederation of British Industry (CBI), the Dental Laboratories Association (UK), the Association of British Healthcare Industries, and the UK's Manufacturing Technologies Association (MTA), where two of our senior managers are board members.

We are also a member of various industry research centres across the globe, including Global 3D Printing Hub (Spain), IAM 3D HUB (Spain), The Manufacturing Technology Centre (UK), the Advanced Manufacturing Research Centre (UK), PräziGen (Germany), BazMod (Germany) and Canada Makes (Canada).

To improve awareness of Renishaw as a significant and engaged employer, we support a wide range of arts and music festivals, sports clubs and organisations in the West of England and South Wales. During the year, this included an active role in the Gromit Unleashed 2 sculpture trail (see pages 22 and 23) raising funds for Bristol Children's Hospital, corporate membership of the SS Great Britain Trust, Bristol Music Trust and Bristol Museums, and the main sponsor for both Lechlade and Nibley music festivals.



Renishaw is a sponsor of the Gloucester-Hartpury rugby team which plays in the top-tier of women's English rugby union.

In South Wales and the West of England, rugby has an especially high profile. We see similar cultural challenges in attracting women into engineering and rugby, so we are working with rugby clubs to change perceptions, which includes girls-only events combining rugby and engineering activities, and back-of-shirt sponsorship of the Cardiff Blues and Gloucester-Hartpury women's rugby teams. We continue to sponsor Tomos Williams (Cardiff Blues and Wales), Ben Morgan (Gloucester and England) and Samson Lee (Scarlets and Wales).

We are a technical and financial sponsor of numerous university student racing teams, where we utilise our AM expertise to supply key components. This includes teams in Germany, Italy, the UK and Australia. In Germany, we also became a sponsor and technical partner for the Elisabeth Brandau (EBE Racing) mountain bike team, supplying the team with metal AM parts to reduce the weight of the team's bikes. Elisabeth is a multiple German mountain bike champion and a member of the German national team.

Education

Our educational outreach programme is designed to excite, interest and engage young people of all genders, ethnicities and backgrounds to study STEM subjects and to consider engineering as a career.

Our aim is to provide real insight into the vibrant world of engineering, and careers based on STEM subjects. To become a key educational resource for the hands-on learning of design, fabrication, manufacturing and engineering skills. We also help support schools with the national curriculum at a time of resource shortages.

In 2018, we engaged with around 10,000 students through our various outreach programmes in South Wales and Gloucestershire/Bristol, which are managed by four full-time outreach staff and supported by our STEM ambassadors. Our nearly 200 STEM ambassadors have a vital role in helping to inspire the next generation and in the UK many of them are apprentices and graduates. All STEM ambassadors undertake specialist STEM training and through their outreach work are also able to develop their own skills.



Renishaw is a technical partner and sponsor for the Germany-based Elisabeth Brandau (EBE Racing) mountain bike team.

Corporate social responsibility continued

In 2018/19, we have partnered with many local organisations to promote careers in STEM. These included: the Cheltenham Science Festival, where we ran hands-on engineering activities for secondary and primary aged children; EngineeringUK, where we hosted a Robotics Challenge for schools at our New Mills headquarters; STEMworks, who delivered 100 workshops to students aged nine to 11; and Cardiff Blues rugby club, with our joint 'Raising Inspirations' programme, which, over eight weeks, gives 100 students in South Wales an opportunity to develop new skills and experience different education and career opportunities.

The Fabrication Development Centre, our dedicated education centre located at our Miskin site, continues to develop relationships with local schools with ever-increasing interest. To expand our outreach programme, we will be opening an additional education centre at our New Mills headquarters in 2019/20, allowing us to support more schools in the Gloucestershire area.

We are increasing our career support for young people in our communities, including expanding and enhancing our work experience programme. We hosted our largest apprenticeship and graduate information evening in November 2018, and continue to promote our different career schemes at school and university careers events.

Outside the UK, we focus on supporting educational initiatives that will improve the available talent for our own skills requirements and that of our customers. We attended the 2018 IMTS Smartforce Student Summit in Chicago and hosted learning labs to help inspire students to pursue a career in advanced and manufacturing technologies.

In Germany, we support an initiative founded by VDW (the German machine tool builders association) which promotes careers in metalworking to young people. Our apprentices support educational booths at major metalworking exhibitions, helping to promote industrial metrology as a career. In Spain, we are a judge and sponsor for SpainSkills, a competition for 400 students that promotes vocational training.



Primary school children enjoying a 3D printing lesson in the dedicated STEM education centre at Miskin.

Environment

We continually try to improve our business and manufacturing processes through energy saving and increased efficiencies. As part of our continued drive for sustainable manufacturing we use our own products and take advantage of the significant efficiencies in manufacturing they provide, thus increasing throughput, reducing energy per manufactured unit and reducing our waste.

Our Group Business Code frames our approach to environmental management and drives our culture of efficiency throughout the Company. It is supported by our environmental and waste policies, with other underlying management controls as necessary. The outcome of these policies is a clear and consistent approach to environmental management that is used across all our locations.

We aim to improve how we approach our environmental responsibilities. As part of these efforts we expect to carry out a materiality assessment to find out which environmental and social issues are important to our stakeholders.

This year, we have increased our internal communications around environmental issues with our people, to ensure they know how sustainability affects their job role.

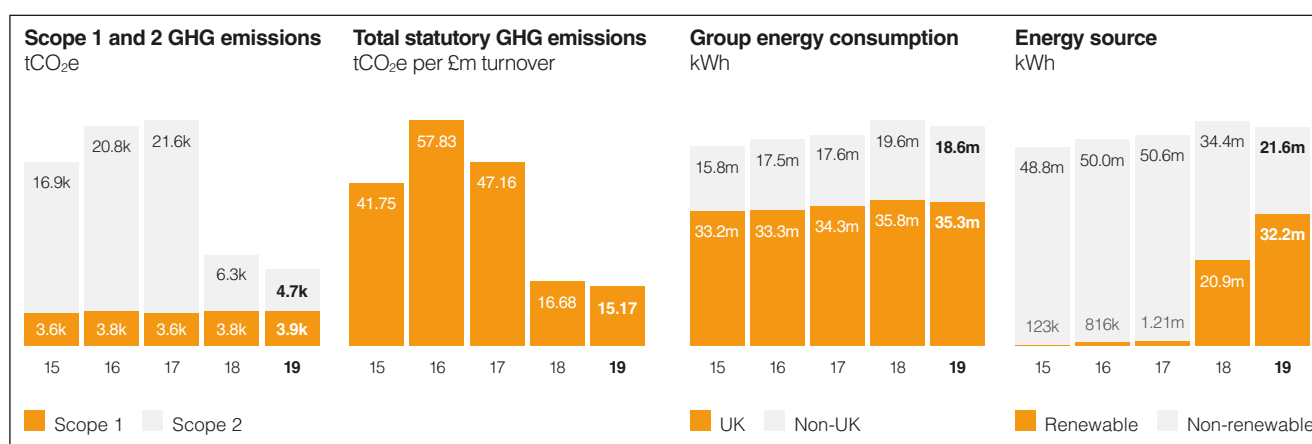
During 2018/19, we invested in an expanded software package to enable us to more closely identify and monitor our greenhouse gas (GHG) emissions worldwide, and report on a wider array of sustainability initiatives.

We renewed our Carbon Trust Standard certification in the UK and our manufacturing locations in Ireland and India. This certification covers 71% and 48% of our global energy consumption and GHG emissions respectively. It is third-party confirmation of our work to measure, manage and reduce our GHG emissions.

In 2018/19, our normalised statutory emissions have decreased by 37% (location-based calculations) and 15% (market-based calculations), which is based on an absolute reduction in our total GHG emissions of 15% (using market-based calculations). Our statutory emissions are defined by the Greenhouse Gas Protocol as Scopes 1 and 2. Scope 1 is the direct emissions coming from our sites and vehicles, and Scope 2 is indirect emissions coming from the electricity and heat that we purchase from energy providers.

A significant proportion of our GHG emissions, however, falls within the definition of Scope 3 emissions. These are emitted by other organisations on our behalf, for example, emissions from our freight forwarders when transporting our products. Through the continual improvement of our management system and processes, we can report on a wider array of Scope 3 activities, with a view to expanding this in the coming years. The details of our GHG emissions for this year are shown in the charts on page 51 with the relevant data shown on page 144.

To calculate our GHG emissions we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised addition), data gathered for our Carbon Reduction Commitment submission, and the UK Government's GHG reporting guidance. The emission factors are taken from the DEFRA and IPCC libraries and energy suppliers. Our GHG emissions are based on actual data taken



from bills, invoices, meter readings and expense claims wherever possible.

For our Scope 1 and 2 emissions, less than 2% of the data is based on estimates from averaged data sets.

We continue to strive to reduce our GHG emissions and energy consumption worldwide, and are investing in renewable energy generation. In 2018/19, we have increased the area of solar panels at New Mills and Stonehouse, and installed a new solar array at our Woodchester site. We are installing a solar array at our new site in Norton Shores, Michigan and investigating further solar potential at other sites worldwide, as well as considering hydroelectric and wind energy generation opportunities.

We continue to install LED lights in all of our UK sites to improve lighting efficiency, and are embracing the process of Phase 2 of the Energy Savings Opportunities Scheme to try and identify further ways to lower our energy use wherever possible.

In India, we are moving towards carbon neutrality for our Pune manufacturing site. Our solar array provided 48% of energy requirements for this site during 2018/19.

We are pleased to report that our 2017/18 GHG emissions figures have been independently verified by thinkstep and they have found no material evidence to suggest it is not accurate. They also verified the methodology we used as being compliant with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

Waste management

Our waste management strategy successfully diverted a further 3,637 tonnes of waste from landfill. Just under 87% of all waste generated in 2018/19 originated from our UK sites, which continue to maintain their certification to the Carbon Trust Waste Standard. These sites are recognised by the Carbon Trust for their efforts in moving waste away from landfill as a disposal choice, towards recovery and recycling.

Global waste totals (tonnes)

	2019	2018	2017
Reused	163.20	67.62	0.00
Recycled	3,004.34	2,370.05	2,151.00
Composted	109.01	71.76	27.50
Incinerated	360.60	240.70	310.60
Total non-landfilled	3,637.16	2,750.12	2,489.10
Landfilled	110.75	162.93	129.52
Percentage of waste sent to landfill	2.96%	5.59%	5.20%
Total waste	3,747.91	2,913.06	2,618.62

This year our target was a 5% reduction of waste to landfill from our global operations. We were able to achieve a 32% reduction of waste to landfill during this year. We have determined that a proportion of our waste that we previously thought was going to recycling is being reused. We have diverted more than 97% (2018: 94%) of our waste from landfill this year.

We are committed to reducing the use of single-use plastic. In the UK, we no longer have polystyrene cups in our coffee vending machines, removing 1.5m plastic cups a year from our sites and 7 tonnes from landfill.

We continue to look at other ways we can reduce the use of plastic in our offices, supply chain, and product packaging.

At New Mills, we are researching opportunities for closed-loop recycling of our food and garden waste. This will enable us to use food and gardening waste to create natural gas which we will in turn use to power some of our cooking facilities in our onsite restaurant.

Allen Roberts

Group Finance Director

This Strategic report was approved by the Board on 1 August 2019 and signed on its behalf by

Sir David McMurtry

Executive Chairman