

Fit for  
**the future**

# Managing our resources and relationships

## How we engage with our stakeholders

Our rich and varied network of stakeholder relationships upholds the values on which Renishaw was founded.

We have more than 1,700 registered shareholders, 4,463 colleagues and supplied more than 23,000 customer accounts during the year. We deal with suppliers in more than 35 countries. These individuals, businesses and communities are all integral to our business.

## Our stakeholders



### People

It is through the commitment and dedication of our people that we will successfully deliver our business strategy.

#### Why we engage

Only by fully engaging with our workforce, embedding our values across all that we do and developing progressive people management practices, will we achieve a culture that aims to allow employees to maximise their potential. We strive to continuously improve Renishaw as a great place to work and to achieve personal goals.

#### How we engage

We have a sustained focus on engagement, this is achieved through works forums, increasing the flexibility in working practices, wellbeing programmes and an employee assistance helpline. A Diversity and Inclusion Group has also recently been established.

► Read more on pages 40 to 43



### Customers

We work closely with our customers to solve their complex challenges and deliver on our purpose.

#### Why we engage

To deliver on our purpose, it is vital that we work closely with our customers to solve their complex challenges and help them to increase their own innovation, improve product quality, expand their production output and enhance their operational efficiencies.

#### How we engage

Through face-to-face contact via a number of different forums, regional marketing conferences, trade shows, in-house seminars and technical workshops. We have moved to online equivalents during the pandemic.

► Read more on pages 11 and 43



### Suppliers

The supply of outsourced goods and services is critical to our overall success.

#### Why we engage

The integrated nature of our supply chain enables us to be agile and deliver quality products at the right time. To ensure we are all working to the same quality standards and delivery time frames we work closer with our suppliers than ever before.

#### How we engage

Suppliers are engaged in our supplier performance programme. They are assessed on a regular basis to ensure that they are suitable suppliers for Renishaw and are trained in best practice. Appropriate ongoing improvement programmes are also put in place, as required.

► Read more on page 11 and 44



## Communities

We recognise the impact we have on our communities and aim to make a positive difference.

### Why we engage

Our core value of integrity is central to the relationships we have with our communities around the world, where we strive to be open, honest and consistent. We aim to make a positive difference and to maintain an open dialogue with community representatives.

### How we engage

Our communities are supported through charitable donations, educational outreach, employee volunteering, the use of our facilities and through supporting community efforts where our respective goals align.

► Read more on pages 11 and 45



## Shareholders

We aim to provide all shareholders with high-quality information at the same time.

### Why we engage

We value the trust our shareholders have placed in us by investing, and want to pay that back in kind through payment of dividends where appropriate and/or capital appreciation. By engaging we can update on our progress and seek feedback.

### How we engage

We engage through various media including our website, the Annual Report, our financial results and trading statements. We also hold open webcasts of presentations of the full and half-year results.

► Read more on pages 11 and 55 to 56



## Planet

Sustainability is about leaving a positive legacy for the future. Part of our long-term strategy is to ensure we have a net positive impact.

### Why we engage

We believe that sustained action is required to address climate change and the impact it is having on our planet. We feel that, as a business, we have a responsibility to mitigate our impact on the planet.

### How we engage

We measure and report on the impacts we have through our GHG emissions and waste footprint. We look for ways to invest our time and money to reduce these impacts, through on-site renewable energy generation, waste and energy reduction and the purchase of clean electricity.

► Read more on pages 46 and 47

# Managing our resources and relationships continued



## People and culture

### Workforce engagement

Catherine Glickman (Non-executive Director) is our ambassador for workforce engagement. Since joining the Board in 2018, she has regularly visited our headquarters and manufacturing sites, has been briefed on people initiatives and meets with the Health & Safety team annually. Since lockdown in March, she has participated in team communications remotely, which she will continue during 2020/21. She is also advising the Diversity and Inclusion Group and is contributing to its initiatives. In the next year, she plans to continue the onsite visits (where permissible), meeting staff directly, and extending engagement with the international teams.

### Global HR system implementation progress

Within this financial year, we have implemented and embraced Workday as our global HR system. Our wider focus is now on overseas configuration together with preparing to migrate our legacy e-learning platform of 450 internal courses across to our new system. By bringing HR, performance and learning data together, we are enabling a future of greater connectivity and a more transparent personal and career development pathway for our employees.

The system provides immediate access to business-critical information with high levels of data accuracy, integrity and security. This brings increased management visibility across many areas enabling the business to strengthen individual performance management and accountability.

### 2020 leadership and development

Continuous development of our managers is critical to the success of our business. This year has seen significant focus on the development of a series of modular interactive management and leadership programmes, which will continue to be delivered during the next financial year.

These programmes are specifically aimed at improving the performance of leadership and management capability, by strengthening and understanding the key traits and attributes that allow leaders to manage themselves and their teams. These programmes will be available to our worldwide management group.

### Graduates and apprentices

Renishaw remains committed to its early career programmes and endeavours to attract key talent that will grow with the business and become part of the future pipelines for succession and development.

Across our sites in the UK, we currently have 91 graduates on two-year programmes across 11 different schemes/disciplines and 192 apprentices across 13 different standards and levels.

We continually review the requirements of our Early Careers programmes to meet our future business needs. This year we introduced an overarching development framework to support skills development in areas including communication, presentation and commercial awareness.

Further education programmes are in place to upskill our existing employees where there is a business need. As part of this we have also been able to utilise our Apprenticeship Levy fund and currently have 31 employees on a variety of degree apprenticeship programmes.

### Higher engagement = higher performance

Through the commitment and dedication of our people we will fulfil our potential and successfully deliver our business strategy.

Only by fully engaging with our workforce, embedding our values across all that we do and developing progressive people management practices, will we achieve a culture that aims to allow employees to maximise their potential. We strive to continuously improve Renishaw as a great place to work and to achieve personal goals.

Having a sustained focus on engagement will help us retain our talent, which is crucial to our future success. Improving engagement also helps us to build on our core values, resulting in committed, hardworking and loyal employees.

### Restructure and focus

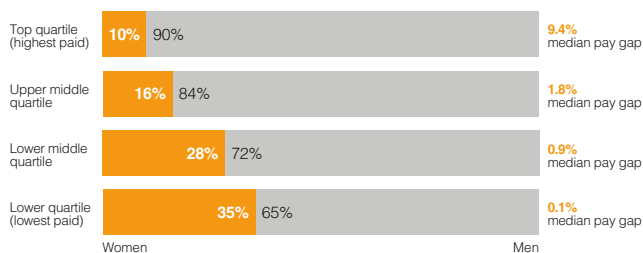
Renishaw has implemented difficult changes over the course of the year, including a phased closure of the Staffordshire site and a resizing programme that resulted in a number of redundancies. These measures were implemented with a view to preserving key skills, boosting future productivity and ensuring that the company is best placed to face the future.

### Response to COVID-19

The COVID-19 pandemic compelled Renishaw to be agile in its response to protect the health and safety of our employees, as well as the business. This resulted in many employees working from home at short notice and the temporary shutdown of manufacturing sites to implement robust COVID-secure procedures before resuming operations.

The swift and successful implementation of these measures highlighted how dynamic, resilient and committed our employees were across all areas to facilitate these changes. It also highlighted the importance of extending flexibility to employees around their work commitments during this unprecedented period, in relation to childcare and/or health-related considerations.

### The proportion of women and men in each pay quartile



### Gender pay gap

**25.2%** mean  
**21.1%** median

2019 UK average (median) pay gap 17.3%

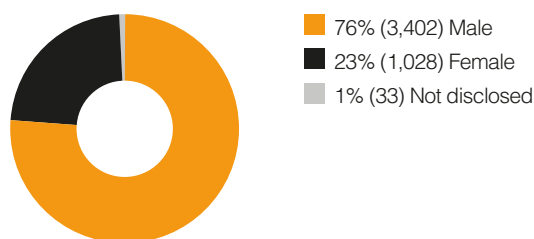
### Gender bonus gap

**61.7%** mean  
**29.3%** median

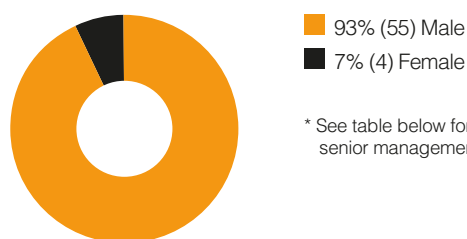
75.5% of women received bonus pay

78.6% of men received bonus pay

### All employee gender diversity ratio

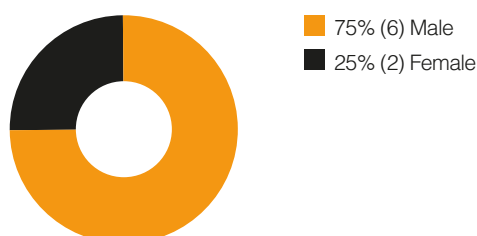


### Senior management team diversity\*



\* See table below for breakdown of the senior management bands.

### Board diversity



Management level	Male		Female	
	Male	%	Female	%
Board	6	75	2	25
Executive Committee	8	89	1	11
Senior managers <sup>1</sup>	13	81	3	19
Subsidiary directors <sup>2</sup>	42	98	1	2

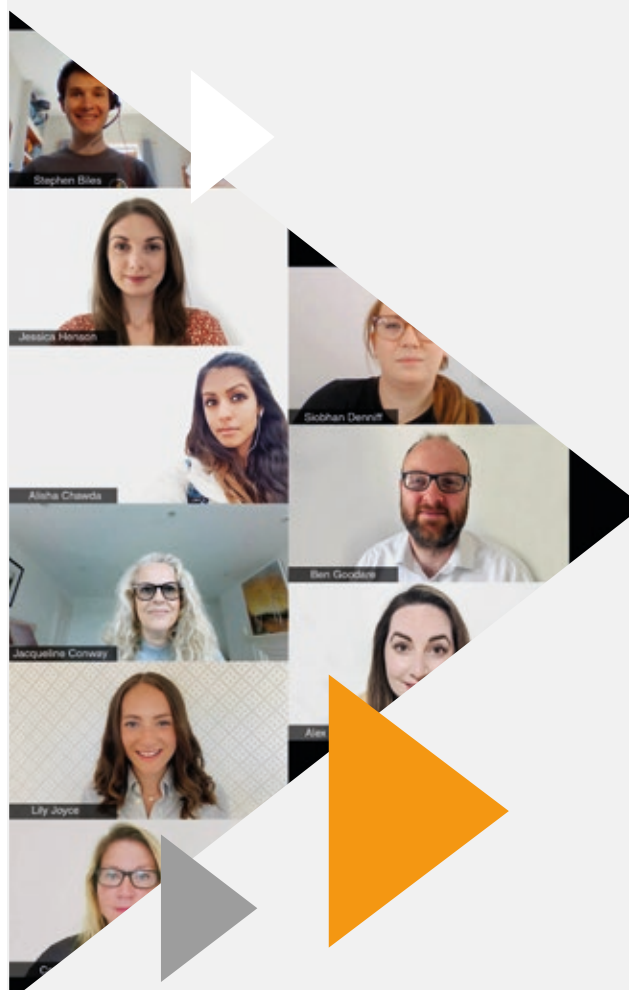
1 Includes the direct reports of the Executive Committee, excluding those in administrative or non-managerial roles.

2 Means statutory directors.

## The Diversity and Inclusion Group

Renishaw recognises that the greater the range of talent and diversity of our people, the greater the performance potential of our business. To enable us to align diversity with business strategy, we recently established the Diversity and Inclusion Group, with the purpose of 'establishing a more inclusive culture and diverse workforce at Renishaw by promoting equality and diversity through a committed collaborative approach.'

Employee engagement will be driven through focus groups that will collate data to guide and shape some of the key objectives for the group. This will include national awareness days, blogs and guest speakers. We will also engage with our Regional HR Heads to look at the Group diversity and inclusion strategy, supporting our employees across the world.



# Managing our resources and relationships continued

## Flexible working practices

Adopting flexible working practices to maintain business continuity during the pandemic has highlighted the need for us to increase our flexibility in working while maintaining operational efficiency.

## Employee wellbeing

Employee wellbeing has been a priority for Renishaw during 2019/20. To support the wellbeing of our employees during the pandemic, we have introduced additional support in the form of online presentations, self-help materials and links to external resources. Training has been developed for our managers to support remote management of their teams. All of our UK management team completed mental health awareness workshops during 2019/20 and the implementation of a UK network of mental health first aiders (MHFAs) has also been completed. Our MHFAs are developing their own channels of communication and sources of support in readiness to assist employees more effectively.

Our worldwide Employee Assistance Programme (EAP) continues to offer support and signposting in relation to a variety of topics. Our employee wellbeing activities will be expanded throughout the Group in 2021 to support our global colleagues.

## 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 frames our approach, drives our culture of safety throughout the Company, and details Renishaw's H&S management structure and processes, in line with industry best practice. The outcome is a clear and consistent approach to H&S that is used throughout the Group.

The total number of accidents for the period was 118 (2019: 207) against a year-end headcount of 4,463 (2019: 5,041). This equates to an accident frequency rate of 15.55 per million hours worked (2019: 24.67).

There were four reportable accidents under the UK RIDDOR reporting requirements: two musculoskeletal injuries, one deep laceration to the hand and one suspected rib fracture. This equates to a lost time injury rate of 0.54 per million hours worked, compared with a UK manufacturing average for RIDDOR reportable accidents of 2.10 per million hours worked.

We continually assess H&S risks across the Group. This is done through our risk assessment processes and regular auditing. Through these actions, our AM activities and associated processes continue to be identified as our main area of risk. These are tightly controlled and managed via training, policy and procedures, with the wider AM industry generally accepting Renishaw as one of the safest producers of AM machinery.

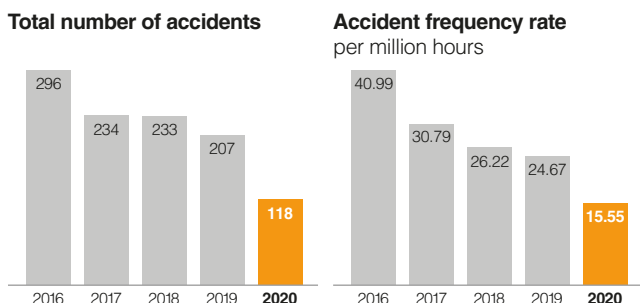
2019 saw the launch of the stress management training programme for line managers within the UK. This programme run by ACAS, was completed on schedule with nearly 500 undertaking the training.

The internal H&S auditing procedure has been reviewed and amended to ensure that auditing is conducted in a consistent and robust manner. The 2021 H&S annual audits will be conducted against the new audit structure.

During the COVID-19 pandemic, H&S has been a key priority for the business, including the implementation of safe working measures designed to ensure the continuity of key activities.

In 2021, our H&S focus will be on the following key areas:

- The preparation and implementation of a robust home working policy, including an assessment of the H&S risks of homeworkers.
- A full review of the Group manual handling policy, risk assessment strategy and training programmes.
- Maintaining global legal compliance and implementing consistent strategies for managing H&S risks across the Group.





# Customers

To deliver on our purpose, it is vital that we work closely with our customers to solve their complex challenges and help them to increase their own innovation, improve product quality, expand their production output and enhance their operational efficiencies.

## Building relationships

Our key aims for our customer relationships are to:

- build long-term relationships with our customers. It is not just about a sale, but also about supporting and helping our customers develop their processes and improving the quality of their product output;
- bring high levels of integration to our customers' manufacturing environments. We are especially focused on those businesses who are looking to bring connectivity and the intelligent use of data within their manufacturing processes;
- deliver excellent customer support on a global basis. Our customers can be global, with orders being placed in one country and the product shipped to the eventual end user, who could be located on a different continent; and
- provide innovative services to support changing customer expectations and market requirements throughout the life cycle of all our product ranges. We are flexible with our approach and support customer needs from initial purchase, right through to obsolescence, regardless of global location.

Renishaw was 'born global' and we have always understood the importance of providing excellent support at a local level. We achieve this through our wholly-owned subsidiary network and long-term distributors. This allows us to assure our customers that whatever their needs, we can support and assist them, resulting in a positive return on their investment.

Although machinery and the application of our products may be common across the globe, business practices, local customs, levels of technical expertise and language, are very different, so employing local people is vital. This also

ensures that Renishaw people are easily accessible to provide fast engineering support and answer queries. Our model is to use the strength of our UK operations for product development, but to decentralise decision making to our subsidiary network. This allows our local offices to make fast decisions and also to tailor sales and marketing messages and customer solutions, to their specific needs.

## Establishing feedback

Our future success depends on us:

- understanding customers' true needs and using this to inform future technology innovations;
- obtaining customer feedback on new developments during testing programmes; and
- working with customers to help us develop our world-class customer support programmes.

Due to the highly technical nature of both our customers' requirements and our products, we prefer to do this through direct contact with our customers. The voices of our customers are represented at numerous forums including regional sales and marketing conferences, product line conferences attended by representatives from the sales regions and our group service conferences. Members of our Board, Executive Committee and regional presidents also regularly engage with original equipment manufacturer (OEM) customers and end users across our key sales regions. They receive feedback on our performance as a supplier and how we can continue to help them improve their own products and operational performance.

A key platform for our engagement with current and future customers is trade exhibitions, which are typically held over two to six days. Over the duration of these events there is the opportunity to meet with thousands of people from multiple industries who visit our stands to talk to us about their challenges. Enquires from customers and prospects are recorded and stored digitally in accordance with our privacy notice (which is set out on our website), to ensure appropriate follow-up by our sales teams after the exhibitions to continue those conversations.

Prior to the pandemic, we attended 47 trade exhibitions during the year, covering most of the industries that we supply. The most important of these was EMO Hannover, where, over six days and two different stands, we met with customers from over 50 different countries. We also held numerous in-house seminars, inauguration events (including the opening of our new office in Moscow, Russia), and attended conferences and OEM customers' open houses across the world, the latter providing access to companies with whom we would not normally deal directly.

COVID-19 has impacted and will continue to impact the ability to meet customers at physical events. We have been making good use of online conferencing tools and at the end of the year we introduced a virtual exhibition platform and a series of webinars, which will be utilised globally. We continue to make use of social media to engage with our customers, with multiple corporate, subsidiary and product line accounts across platforms including Facebook, Instagram and LinkedIn.

## Managing our resources and relationships continued



### Suppliers

The supply of outsourced goods and services is critical to our overall success. We have developed processes and procedures to ensure all supply chains and supplier relationships are managed in an effective way.

Particular attention is paid to the initial supplier identification/selection process for new suppliers to ensure that we have supply chains capable of achieving Renishaw's requirements in the areas of quality, cost, timescales and risk management. The ongoing management of existing supply chains and supplier relationships are equally as important, so we engage with all key suppliers on a regular basis through defined communication and feedback channels.

We have approximately 400 key UK suppliers who vary in size and location, with about half being located within a 100-mile radius of our main manufacturing sites in the UK. Many of these are SMEs (small and medium-sized enterprises). We also have many suppliers overseas. To support this, we have supply chain staff located in the UK, Ireland, India, China, the USA and various European countries. This allows us to have regular and direct communications with our suppliers while addressing differences in culture, time zone and language.

We recognise the need to protect the interests of our employees, customers and shareholders by ensuring that our supply chains are as risk-free as possible. We use a risk management process that regularly assesses supply chain risk and, where possible, looks to introduce secondary sources for all key outsourced requirements. Where this is not possible, bespoke stock policies have been implemented to allow us to manage any potential disruption in the supply chain.

We actively involve suppliers in our supplier performance programme. Existing suppliers are assessed on a regular basis to ensure that they meet expectations in the areas of delivery, quality, corrective actions and responsiveness. Where there are shortcomings, we engage with suppliers to ensure they are trained in best practice and appropriate ongoing improvement programmes are put in place.

Our supply chain and engineering teams put great emphasis on ensuring that suppliers have the capability to meet our high standards of quality by engaging with suppliers as early as possible. Where necessary, we work closely with suppliers to ensure that they have the controls in place to ensure the ongoing supply of quality goods and services. We share known best practices and our knowledge and experience of working within the metrology and process control manufacturing sector.

We are committed to conducting our business with honesty and integrity; suppliers are no exception to this policy. All suppliers we engage with are required to comply with our trading terms and the Group Business Code, covering areas such as modern slavery, conflict minerals, human rights, anti-bribery, tax evasion, data protection and dangerous goods.





# Communities

We aim to be an inspiring employer and a responsible business. Our core value of integrity is central to the relationships we have with our communities around the world, where we strive to be open, honest and consistent. We recognise the impact we have on our communities and aim to make a positive difference and maintain an open dialogue with community representatives.

## Our approach

We achieve these aims through: engagement with trade and general business organisations; financial support for charities and other not-for-profit organisations; our extensive education outreach initiatives; large work experience programmes; support for employee fundraising and volunteering; the free use of our facilities for educational and other community events; and the sponsorship of community sports clubs and festivals for science, music and the arts.

## Charitable giving

Our values of innovation and integrity play a large part in our approach to supporting charities and not-for-profit organisations within our communities, which are supported through formal charities committees, individual employee fundraising and one-off fundraising events. The committees are focused on supporting organisations local to Renishaw offices 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. In the UK, an additional fund is administered by the employee-led charities committee, which donates monies to aid the victims of global disasters.

In 2019/20, we made direct donations totalling more than £198,000 to 219 different organisations. Although the number of UK grant applications has dropped significantly due to COVID-19, we responded to emergency appeals from various charities and proactively supported foodbanks located close to our major sites in the UK. In the USA our support for local people included a Thanksgiving Food drive; in Brazil, food, cleaning and hygiene supplies are collected and donated to the Centro de Desenvolvimento Bem Me Quer, which supports local children with disabilities; and in South Korea our people took part in Running with the Blind to raise money for the Foundation for the Blind and mark the 20th anniversary of Renishaw Korea. For a full list of organisations who received significant donations of over £2,000 or local currency equivalent, see page 151.

## Community organisations

Before COVID-19 we continued to host tours and give talks to a wide range of organisations including business clubs, primary schools, secondary schools, colleges and universities. We hosted events organised by other organisations, including the Stroud Young Photographer of the Year final and a regional engineering open house for the Institution of Engineering Technology (IET).

We actively support the business community regionally, nationally and internationally, through active membership of trade associations and industry research centres. 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); the Association of British Healthcare Industries; the Manufacturing Technologies Association (UK); Global 3D Printing Hub (Spain); PräziGen (Germany); and Canada Makes.

We also 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: corporate membership of the SS Great Britain Trust, Bristol Music Trust and Bristol Museums; sponsorship of Cardiff Blues Women and Gloucester-Hartpury Women rugby teams; and sponsorship of professional rugby players including Tomos Williams who plays for Cardiff Blues and Wales.

## Education outreach

Our educational outreach programme is designed to excite, interest and engage young people, regardless of gender, sexuality, ethnicity or background, to study STEM subjects and to consider engineering as a career. We aim to be a key educational resource for the hands-on learning of design, fabrication, manufacturing and engineering skills, delivering workshops at our Gloucestershire HQ and dedicated education centre at our Miskin site.

In an average academic year, we engage with around 22,000 students through our various outreach programmes in South Wales, Gloucestershire and Bristol. These are managed by our four full-time outreach staff and supported by over 160 STEM ambassadors. In addition to workshops this included careers fairs, school visits, our 3D printer loan scheme, work experience programme and activities delivered by trusted partners including Bloodhound Education, Cardiff Blues and STEMworks.

# Managing our resources and relationships continued



## Our planet

We believe that sustained action is required to address climate change and that businesses have a responsibility to mitigate their impacts. We take this seriously and have continued to invest in increasing our energy efficiency, our generating capacity, and lowering our GHG emissions. The use of our own products in our manufacturing facilities is part of this strategy of increasing efficiency by reducing raw material use, waste, and energy consumption.

Our Corporate Responsibility (CR) Committee manages the oversight of the CR strategy and released an updated Group Business Code this year. This 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 continue to engage with colleagues around the Group using our internal social networks, a newly developed intranet site, and increased training for the subsidiary representatives.

We recognise that COVID-19 and the restrictions on travel will have significantly affected our GHG emissions during this fiscal period. In 2019/20, our normalised statutory emissions have increased by 4% (market-based) compared with 2018/19 and have decreased by 65% (market-based) compared with our base year (2015). We have also had an absolute reduction in our total GHG emissions of 22% (market-based).

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 sizeable proportion of our GHG emissions fall 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. The details of our GHG emissions for this year are shown in the charts on page 47 with the relevant data shown on page 152.

To calculate our GHG emissions we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the UK Government's GHG reporting guidance. The emission factors are taken from the DEFRA, IEA 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 estimated. We continue to strive to reduce our GHG emissions and energy consumption worldwide, including investing in renewable energy generation. In 2019/20, we increased the area of solar panels at New Mills, added a new ground mount array at Stonehouse and installed new solar arrays at our new site in Norton Shores, Michigan, USA and our existing site in Turin, Italy. We are investigating further solar potential at other sites worldwide, as well as considering hydroelectric and wind energy generation opportunities.

We are pleased to report that our 2018/19 GHG emissions figures have been independently verified by thinkstep and they have found no inaccuracies. They also verified the methodology we used as being compliant with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

## Waste management

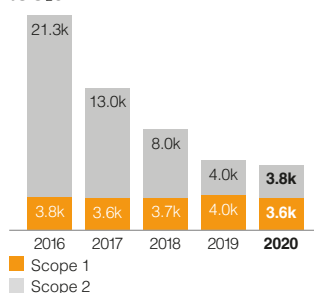
During the year our waste management strategy successfully diverted a further 1,906 tonnes of waste from landfill.

### Global waste totals (tonnes)

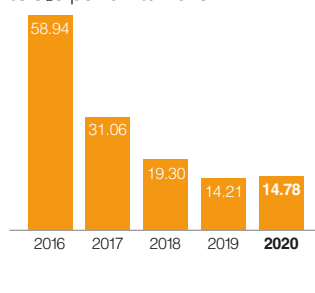
	2020	2019	2018	2017
Reused	<b>88.00</b>	166.00	67.62	0.00
Recycled	<b>1,541.20</b>	2,208.90	2,370.05	2,151.00
Composted	<b>47.75</b>	100.97	71.76	27.50
Incinerated	<b>229.26</b>	300.00	240.70	310.60
<b>Total non-landfilled</b>	<b>1,906.21</b>	2,775.87	2,750.13	2,489.10
<b>Landfilled</b>	<b>247.10</b>	235.00	162.93	129.52
Percentage of waste sent to landfill	<b>11.48%</b>	7.81%	5.59%	4.95%
<b>Total waste</b>	<b>2,153.31</b>	3,010.87	2,913.06	2,618.62

This year our target was a 5% reduction of waste to landfill from our global operations. Despite our best efforts this year the amount of waste to landfill has increased by 5% or 12.1 tonnes. Due to the restrictions on operational practices because of COVID-19 our manufacturing colleagues and our waste contractors struggled to meet the target of 5% reduction of waste to landfill. We have, however, reduced the amount of waste produced by 28%. We have diverted more than 88.52% (2019: 92.19%) of our waste from landfill this year.

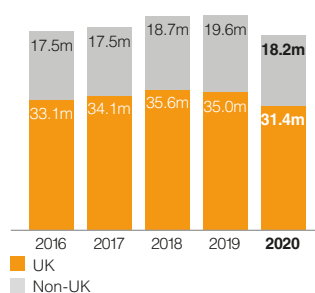
**Total statutory emissions**  
tCO<sub>2</sub>e



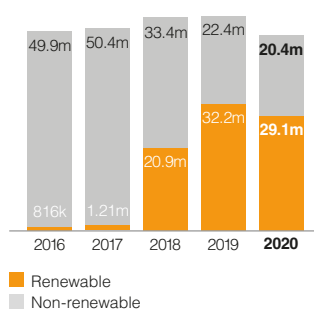
**Statutory GHG emissions**  
tCO<sub>2</sub>e per £m turnover



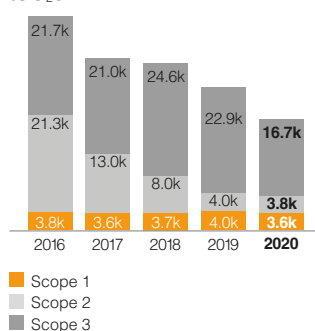
**Group energy consumption**  
kWh



**Energy source**  
kWh



**Total measured GHG emissions**  
tCO<sub>2</sub>e



# Non-Financial Reporting Statement

This section of the Annual Report is about how we manage our resources and relationships. It 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 CR and our Group Business Code are available on our website [www.renishaw.com/CSR](http://www.renishaw.com/CSR) and expand on this information. As required under the 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](http://www.renishaw.com). The due diligence carried out for each policy is contained within the respective documentation.

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	▶ <b>Further details and policies on social matters are available on our website</b>	
<b>Human rights</b>	Other statutory and regulatory disclosures: Employees	<b>88</b>
	▶ <b>Details of our policy, as well as our approach to protecting human rights, can be found on our website</b>	
<b>Anti-corruption and anti-bribery matters</b>	Principal risks and uncertainties: Non-compliance with laws and regulations	<b>35</b>
	Managing our resources and relationships: Suppliers	<b>44</b>
	▶ <b>Our Group Business Code and other related policies can be found on our website</b>	

# Section 172 statement

## Key requirement

Under the Companies (Miscellaneous Reporting) Regulations 2018, the Directors are required to explain how they have complied with their duty to have regard to the matters in section 172 (1) (a)-(f) (Section 172) of the Companies Act 2006. Under Section 172 a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing so the director must have regard to other matters including: – likely consequences of any decisions in the long term; – interests of the company's employees; – the need to foster the company's business relationships with suppliers, customers and others; – impact of the company's operations on the community and the environment; – the company's reputation for high standards of business conduct; and – the need to act fairly as between members of the company.

## Examples of the way in which the Board had regard to s172 matters

The Board's engagement with employees, suppliers and customers in 2019/20 is explained in the stakeholder engagement model on pages 38 to 49. The Directors receive regular reports on health, safety and environment and security to support their consideration of the impact of their decisions on our community and the environment. Further information can be found on pages 34, 42 and 46 to 47. Ensuring high standards of business conduct is critical for the success of the Group. The Directors receive reports from the Group Legal, Quality, Compliance, Human Resources and Corporate Responsibility teams and our Non-Financial Reporting Statement opposite identifies policies and guidelines governing our approach to anti-corruption, anti-bribery, social matters and human rights. Consideration of the long-term impact of decisions is integral to the approval of strategy, and our strategic progress in 2019/20 is disclosed on pages 1 to 49.

## Examples of how the Directors discharged their s172 duty when taking the principal decisions during the year

The Board takes the interests of stakeholders into account when making decisions. The relevance of each stakeholder group may increase or decrease by reference to the issue in question, so the Board seeks to understand the needs and priorities of each group during its discussions. This, together with the combination of the consideration of long-term consequences of decisions and the maintenance of our reputation for high standards of business conduct, has always been integral to the way the Renishaw Board operates. During a challenging year, the below have been the principal decisions taken and how stakeholders views have been considered:

Stakeholder	Principal decision	Engagement	Outcome	Page(s)
<b>Shareholders, potential investors and lenders/ employees/ customers/ suppliers.</b>	In light of the increased global macroeconomic uncertainty due to the COVID-19 pandemic, the interim dividend payable during the year was cancelled, and no final dividend is declared in respect of the year. This reflects the previously announced decision for all directors to waive their dividends.	Various communication forums to achieve equitable treatment of our stakeholders, given the effects of the COVID-19 pandemic.	No dividend paid for 2019/20 in line with the Board's priority of conserving cash and managing the Group in a prudent manner through this period of uncertainty.	<b>5</b>
<b>People/ customers/ suppliers/ communities</b>	The implementation of the <i>Fit for the future</i> strategy was a key area of focus during the year, and saw the realignment of the business with current global demand and a heightened focus on key strategic priorities.	Rigorous Board debate and consideration of Board papers, and business plans, consultation processes, CEO communications, workforce engagement mechanism, staff survey by works forum representatives.	Implemented redundancy programmes, the co-location of the Staffordshire AM operations to New Mills and Miskin, travel restrictions, and other efficiencies. Where possible, at risk employees were offered other roles and those leaving the business were not replaced to reduce redundancies.	<b>6, 9 and 22</b>
<b>People</b>	Since the start of COVID-19 we put in place short-notice arrangements for many people to work from home, a temporary shutdown of manufacturing operations to implement strict social distancing measures, implemented a heightened focus on our <i>Fit for the future</i> strategy and initiated temporary shorter working hours.	Additional bi-weekly Board calls, regular CEO online briefings for employees, COVID-19 support group, consultation processes, enhanced employee wellbeing programme, senior management feedback, workforce engagement.	Highlighted need to evaluate our working practices, increase our flexibility and deliver on <i>Fit for the future</i> . The Board considered a wide range of operational and financial scenarios and the interests of multiple stakeholder groups to determine the overhead and salary reductions necessary to protect the financial position of the Company.	<b>6 and 40</b>
<b>Customers</b>	Development of alternative routes to access customers as a result of COVID-19 impact on the ability to meet customers at physical events.	Key platform is trade exhibitions, prior to the pandemic, 47 trade exhibitions attended.	Increased use of online conferencing tools and introduction of a virtual exhibition platform as well as a series of webinars, which will be utilised globally.	<b>38 and 43</b>

### Allen Roberts

Group Finance Director

The Strategic report on pages 1 to 49 was approved by the Board on 18 August 2020 and signed on its behalf by

### Sir David McMurtry

Executive Chairman



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