

Renishaw plc – Slavery and Human Trafficking Statement

Financial year ended 30 June 2017

This statement is made in fulfilment of our obligations under Section 54, Part 6 of the UK Modern Slavery Act 2015 (“Modern Slavery Act”) and sets out the steps we have taken within the financial year ended 30 June 2017 to ensure slavery and human trafficking (“Modern Slavery”) does not take place within our organisation or in any of our supply chains.

Summary

Renishaw is committed to ensuring that the human rights of our employees, and those of the people working within all our supply chains, are protected. We have continued to communicate with our suppliers and our employees about our Business Code of Conduct (“Code”); all new suppliers receive a copy of the Code and our Modern Slavery Policy before starting to do business with us. As we have added new purchasing groups into our slavery team, we have continued to send out a copy of our Code and Modern Slavery Policy to any suppliers unique to their business area.

We have created a cross-functional working group (“Working Group”) which brings together our purchasing, Corporate Social Responsibility (“CSR”) and compliance teams, under the sponsorship of the Group Finance Director (the Renishaw plc Director responsible for CSR) and the Director of our Group Manufacturing Services Division (GMSD). The Working Group has been expanded to include more business areas within this period as we continue to implement our policy and mitigate all forms of slavery within our supply chains.

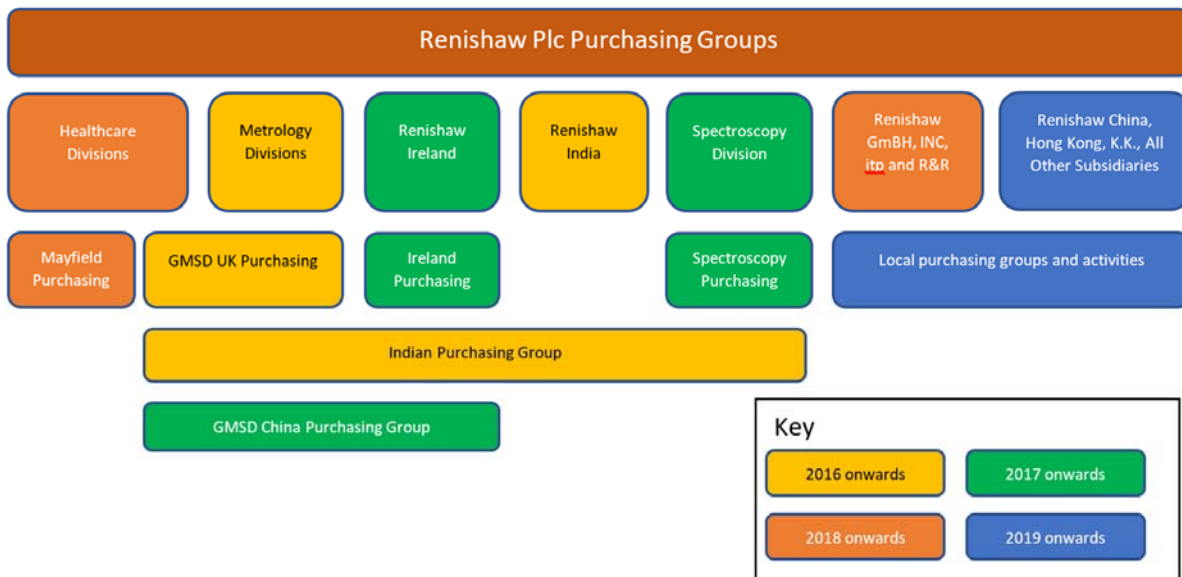
Organisation and structure, and supply chains

Renishaw plc is a UK-based engineering company. Within the group, we operate manufacturing units within the UK (5), Ireland (1), Germany (1), France (1), the USA (1) and India (1). These are all either part of Renishaw plc or wholly-owned subsidiaries and all report into senior management. In addition, Renishaw has R&D, sales, and administration locations across 35 countries.

Our supply chains are divided into different groups that serve local Renishaw locations, however most of our purchasing spend (around 80%) is undertaken by GMSD Purchasing, which conducts procurement for our Group Manufacturing Services and Corporate Services Divisions. Our other purchasing groups cover the remaining 20% and are being incorporated into the Working Group as per our strategy.

Our supply chains operate across the globe and include a small number of countries, commodities and industries that we deem to be higher risk for Modern Slavery issues.

We buy a range of goods and services, from IT hardware to corporate clothing, raw materials and waste disposal services. Some of these products and services we use within our own business (“Non-Production”) and others we incorporate in the products we sell to our customers (“Production”).



Internal supply chains

Our major internal manufacturing sites have completed a slavery assessment and we are confident that our own internal processes are adequate to ensure we do not inadvertently employ anyone who is a victim of any of the forms of slavery.

External supply chains

We continue to focus on our tier 1 suppliers by asking them to engage with us in ascertaining their understanding of the Modern Slavery Act, whether they fall under scope or not, and what they are doing to mitigate the risk of Modern Slavery within their own organisation and supply chain.

GMSD purchasing and our Indian purchasing groups are well advanced in the assessment of all their high-risk tier 1 suppliers. We have sent out questionnaires to all tier 1 suppliers assessed as high-risk for slavery through the due diligence process below. This amounts to just over 500 suppliers. Of these, 59% have responded in detail, and we continue to have ongoing discussions with 23% to understand their assessments in more detail. Only 7% of suppliers assessed to date require further evaluation.

Our Working Group has expanded to include our purchasing groups that are based in China, Ireland and Spectroscopy Division. We have identified the suppliers that are unique to our Chinese purchasing group and are currently at the stage of identifying those who are unique to our Irish operations and the Spectroscopy Division. We will be further expanding this work to our manufacturing and large distribution and service centres located in Renishaw Mayfield (France), Renishaw GmbH (Germany), Renishaw itp. (Germany), Renishaw Inc. (USA) and Renishaw R&R (USA) next year.

Due diligence process

The Modern Slavery Act impacts all suppliers in an organisation's supply chain. For the purposes of Renishaw's due diligence process, we have interpreted this to mean:

- All Production suppliers; and
- Non-Production suppliers with whom we have had trading activity within the current or previous financial year or those we are looking to work with soon.

For the suppliers identified above, an initial top-level assessment was carried out for the tier 1 suppliers. This assessment has been based upon whether the supplier is:

- located in a high-risk country¹
- operating in a high-risk industry or commodity²

If the supplier is in a high-risk country or operates in a high-risk industry or commodity we deem them to be a high-risk supplier for Modern Slavery and send them a Modern Slavery questionnaire. The responses to these questionnaires are then assessed by our Working Group. If there are concerns from these responses, the responsible buyers continue with the assessment until satisfied the supplier understands their responsibilities and the importance of this work. If necessary, we consider further steps, including visits by our senior purchasing team for further assessment and training.

If the supplier being assessed falls under scope of the Modern Slavery Act we assess the information given within their Slavery Statement rather than asking them to complete a questionnaire.

As we gain a greater understanding based on responses from high-risk suppliers, we will review and refine the steps we take to identify potential incidences of Modern Slavery elsewhere in our supply chains.

Training

Training on Modern Slavery and the due diligence process has been developed and implemented to GMSD Purchasing and the purchasing groups located in our sites in India and China. We have also developed an e-learning course which covers our Code and how that applies to people's jobs. All employees within the Renishaw group were enrolled on this course when it was launched, and new starters will be enrolled as part of their induction process.

Progress report

To date we have not identified any suspected incidences of Modern Slavery in our supply chains.

Questionnaires were issued to just over a further 300 suppliers identified as high-risk in 2017. To date, over 36% of the higher risk suppliers have returned completed questionnaires and we continue to press for responses for the remainder.

¹ High risk countries are those in the top 85, by prevalence or number, on the Global Slavery Index issued by the Walk Free Foundation.

² A high-risk industry or commodity is one defined by the US State Department in their Trafficking in Persons report.

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A large majority of the suppliers who returned questionnaires have been assessed to be working at a sufficient level to mitigate Modern Slavery within their organisation and supply chains.

The suppliers that we deemed to be of a lower risk for Modern Slavery were all contacted with copies of the Code and the Slavery and Human Rights Policy, with a letter setting out what is expected of them with regards to mitigating Modern Slavery within their organisations and supply chains.

This statement covers the period 1st July 2016 to 30th June 2017, has been approved by the plc Board and is signed on behalf of the Board.



Allen Roberts
Group Finance Director