

Renishaw plc – Slavery and Human Trafficking Statement

Fiscal year ended 30th June 2020

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 2020 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 existing suppliers unique to their business area.

We have created a cross-functional working group (“Working Group”) which brings together our purchasing, Corporate Responsibility (“CR”) and compliance teams, under the sponsorship of the Group Finance Director (the Renishaw plc Director responsible for CR) and the Director of our Group Manufacturing Services Division (GMSD). The Working Group continues to work together to investigate opportunities to improve our processes, and to establish a risk-based approach to mitigating Modern 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 our senior management team within the UK. In addition, Renishaw has R&D, sales, and administration locations across 35 countries.

Our suppliers are divided into different groups that serve local Renishaw locations, however most (around 80%) of our purchasing spend is undertaken by GMSD, which conducts procurement for our Group Manufacturing Services and Corporate Services Divisions. Our other purchasing teams 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 actively monitor these and focus much of our efforts in the area of Modern Slavery mitigation within them. These areas are minerals, clothing, and electronics.

We buy a wide range of goods and services, from raw materials to 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

We have assessed our own internal controls and are confident that our processes are adequate to ensure we do not employ anyone who is a victim of any of the forms of Modern Slavery.

External supply chains

We continue to focus on our tier 1 suppliers by asking them to engage with us in communicating their understanding of the Modern Slavery Act. We also ask them to share what they are doing to mitigate the risk of Modern Slavery within their own organisation and supply chain. To the end of June 2020, we have assessed more than 85% of our tier 1 suppliers and continue to work hard to increase this number through active dialogue with them.

Our largest two purchasing teams, GMSD and Renishaw India, are well advanced in the assessment of their existing higher-risk tier 1 suppliers. We have sent out questionnaires to all tier 1 suppliers assessed as higher-risk for Modern Slavery through the due diligence process outlined below. Our purchasing teams in Spectroscopy, Renishaw Ireland and itp GmbH (Germany) have also completed the majority of the assessments of their tier 1 suppliers.

Our Working Group has expanded to include the purchasing teams based in China, Ireland, itp GmbH (Germany) and Spectroscopy. Each of these purchasing teams has gone through the assessment process as outlined below and continues to assess any new suppliers that are added.

Due diligence process

Our due diligence process is still considered to be fit for purpose for adequately assessing the risk and identifying any situations of modern slavery within our tier 1 supply chain. This process is set out below and has not changed significantly from previous years.

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.

An initial top-level risk assessment was carried out for all tier 1 suppliers meeting these definitions. This assessment deems a supplier to be at higher risk if it operates:

- In a high-risk country¹; or
- In a high-risk industry or commodity²

If the supplier is identified as higher risk, we ask them to complete a Modern Slavery Self-Assessment Questionnaire. The responses to these questionnaires are then assessed by the purchasing team and our central CR team. 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 purchasing team for further assessment and training.

If a supplier falls under scope of Section 54 of the Modern Slavery Act, we assess the information given within their Slavery Statement rather than asking them to complete a questionnaire. Some suppliers' Slavery Statements are found to be below expectations; in these circumstances, they are asked to complete the Modern Slavery Self-Assessment Questionnaire, which is then assessed using our normal process.

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.

As we gain a greater understanding based on responses from higher risk suppliers, we continue to review and refine the steps we take to identify and mitigate risk of Modern Slavery in our supply chains.

As part of these refinements we have created a simplified assessment process, for micro-organisations that are non-production and considered to be operating in a low risk industry. This enables a simplified self-assessment questionnaire to be completed that does not add a significant administrative burden to these small suppliers.

Training

Training on Modern Slavery and the due diligence process has been developed and implemented within GMSD, Spectroscopy, and the purchasing teams located in our sites in India, China, and itp GmbH (Germany). We have also developed an e-learning course which covers our Code and how that applies to people's jobs. This course continues to be refined and all employees are required to participate in the course. To date we have had over 95% of our people across the Group complete it.

Progress report

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

Globally, there have been 754 active vendors flagged as high risk and issued with a questionnaire. Of these, 664 have been approved, and 27 questionnaires have been returned and are awaiting review. 63 suppliers have yet to return a satisfactory questionnaire and we continue to push for responses.

A large majority (88%) 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. This year, due to the Covid-19 pandemic, we have been unable to undertake any site visits and audits for suppliers.

In the next period, we are launching a review of our global Modern Slavery strategy and planning to work with external providers in order to undertake deeper assessment of suppliers in tier 2 and beyond.

This statement covers the period 1st July 2019 to 30th June 2020, has been approved by Renishaw's Board, and is signed on behalf of the Board.



Allen Roberts

Group Finance Director