

To effectively manage the social and environmental factors affecting the business and, in turn, their impact on its reputation and profitability, the Company has a formal CSR management structure to provide a better focus for the Group's activities.

The Assistant Chief Executive, Ben Taylor, has the responsibility to manage all aspects of the Company's CSR activities.

# CORPORATE SOCIAL RESPONSIBILITY



Group Headquarters, New Mills,  
Wotton-under-Edge

## Highlights

- Group Business Code introduced which sets out principles of business conduct and standards which all group companies are expected to follow.
- Renishaw products are making a continuing contribution to energy reduction and green energy systems with Raman now used to analyse the quality of solar panels.
- Worldwide staff turnover has reduced to just 6% compared to UK national average for manufacturing of 12.4%.
- A record number of young people entered the Group this Summer, with 85 undergraduates undertaking paid placements and 25 apprentices confirmed for September 2011.
- Further investments made to improve energy monitoring systems – electricity, water and gas – and significant investments approved to upgrade interior lighting to reduce running costs and carbon footprint.
- Expansion of sponsorship programmes for community based events.
- Donation of £130,000 to Red Cross Japanese Earthquake Relief Fund.

## Engineering for Britain

Renishaw has throughout its history encouraged young talent and we were especially proud that this year, Roxanne Pollard (shown opposite), one of our first-year technical apprentices, was selected as one of just six students to represent the UK at the Intel International Science and Engineering Fair (ISEF) held in Los Angeles in May 2011.

Roxanne's award was presented to her by the Worshipful Company of Scientific Instrument Makers during the UK's national Big Bang Fair and was made for her innovative bicycle safety helmet which allows cyclists to indicate presence and driving directions whilst keeping full control of the bike. She originally developed the helmet as part of an A-level Design & Technology course project whilst attending Chipping Sodbury School, near Bristol.

At ISEF, Roxanne joined 1,600 students from across the world and although she didn't win any of the awards on offer, she learnt a great deal and met many high profile scientists and engineers, including US TV personality Bill Nye, and was also interviewed for ten minutes by CNN.



Roxanne Pollard pictured in Renishaw's development machine shop with her award-winning bicycle safety helmet. It contains a light sensitive red LED at the rear of the helmet which automatically illuminates under certain light levels, and also contains amber LEDs situated on either side of the helmet which are contact-sensitive and become active when the rider touches them.

**During the year a Group Business Code (the “Code”) was approved by the Board, which sets out the principles of business conduct and standards that all companies in the Renishaw Group are expected to follow. It has been introduced to all staff and is available to external organisations on request, or via the Renishaw website.**

On 1st July 2011 the UK Bribery Act 2010 came into force. The Board has informed all staff worldwide that it has adopted a ‘zero-tolerance’ attitude to bribery and corruption, which applies to all employees of the Renishaw Group and to all third parties who act on behalf of the Group. A committee with responsibility for analysing the risks of bribery within the Renishaw Group and for implementing adequate anti-bribery procedures in response to those risks has already been established by authority of the Renishaw Board.

### Customers

With a direct presence in 31 countries, we pride ourselves on offering expert local support to our customers, no matter where their Renishaw product was originally purchased. With businesses increasingly focused on their environmental impact and the need to reduce costs, our products are helping customers to reduce energy consumption and minimise waste.

Sewtec Automation, which makes production and packaging systems for consumer goods, uses Renishaw touch probes on its CNC machine tools to significantly reduce unproductive setting times and eliminate scrap components. One component that used to take 90 minutes to set, now takes just 10 minutes, reducing the total energy consumption required to produce the same level of machined components. Further examples can be found in the news section of our website, [www.renishaw.com](http://www.renishaw.com).

Our products also continue to make a significant contribution to the manufacture and operation of alternative energy products, especially solar power, where due to concerns over nuclear energy and the rising costs of fossil fuels, there is growing pressure on the manufacture of efficient solar energy systems.

PRAMAC Swiss SA runs the largest solar panel production facility in Switzerland and uses Renishaw’s inVia™ Raman microscope in both its production plant and its quality control (QC) laboratory to check the quality of its solar panels. The company produces panels that use multi-layer thin film technology to increase solar absorption and significantly increase efficiency.

Every 15 days, just after first deposition of the silicon thin layer, some 20 panels are withdrawn from production and cut into 13 square samples for Raman analysis in the QC laboratory. The crystalline fraction of each sample is measured at three different points and the process has been semi-automated using Renishaw’s WiRE™ software custom analysis package.

### Staff

Renishaw is an equal opportunities employer operating a strict policy of non-discriminatory behaviour, offering an environment that promotes innovation and progress within

which individual talents can flourish. We have a diverse mix of age ranges, gender and ethnicity - at the end of June 2011 some 20.4% of UK staff are aged over 50 (2010 19.2%), with 13.3% below 25 (2010 12.9%), and some 23.7% of employees are female (2010 22.5%). Worldwide staff turnover (excluding redundancies) has reduced compared to last year at around 6% (2010 7%), which compares very favourably with the 2010 average in the UK manufacturing sector of 12.4% (source: Chartered Institute of Personnel and Development).

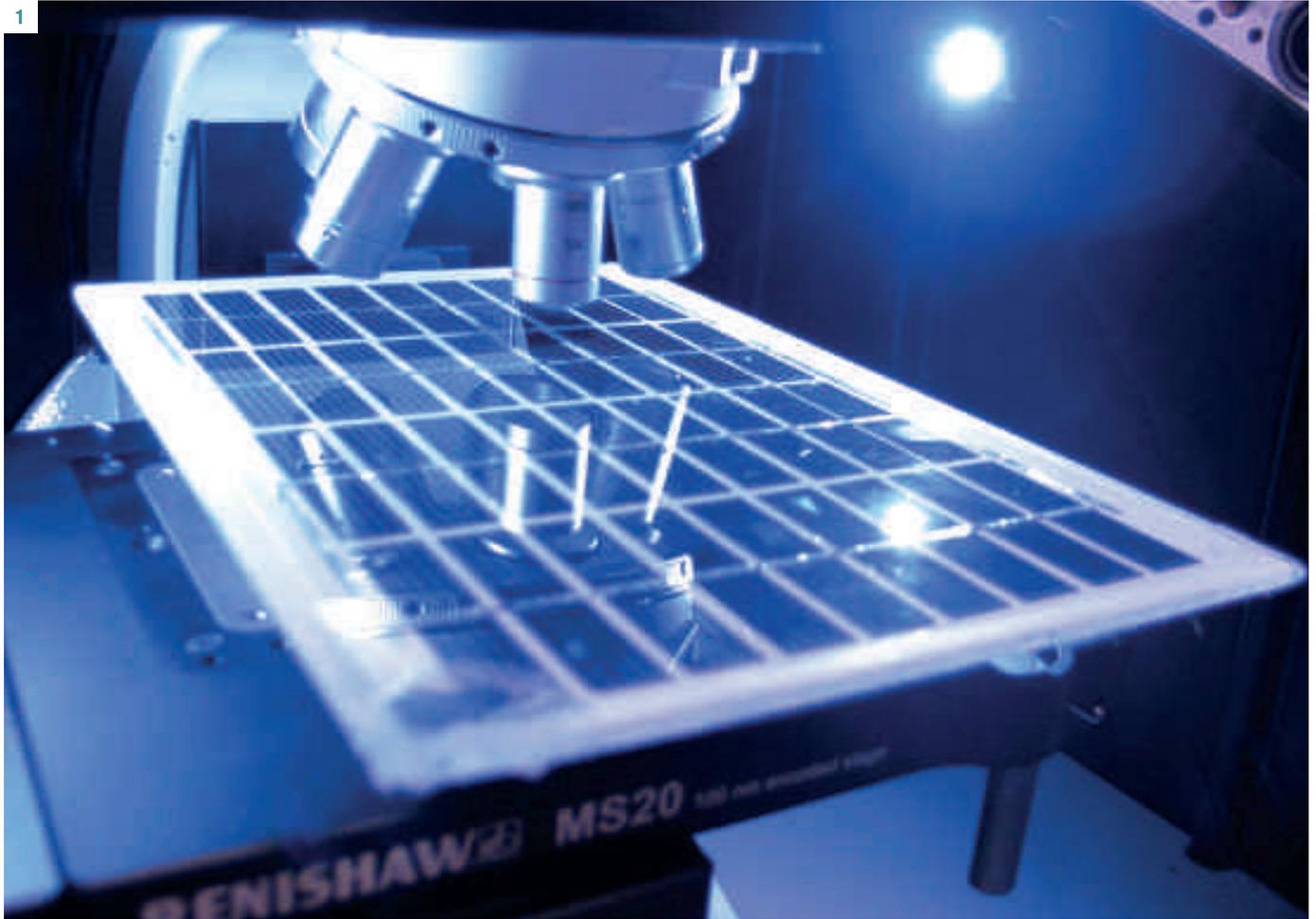
Long service is rewarded at every five years of service and can include small gifts, extra holiday allowance and a cash sum, with 258 staff achieving a milestone this financial year, including 25 people who achieved awards of 25 years or more. A group performance bonus programme rewards staff with an annual bonus based upon group results and individual performance.

Variable working-time has been adopted as standard practice for most UK staff, allowing staff members to create a better worklife balance, whilst at the same time maintaining full support to Renishaw’s worldwide customer base. Other benefits that staff receive include the use of gymnasiums at the New Mills, Stonehouse, Ireland and Woodchester sites and subsidised restaurants at the most populous UK locations. There is a high quality crèche at the Pune facility in India. In the UK there are discounts for sports and social activities, administered by a volunteer employee-run organisation.

In the Gloucestershire locations, close to their respective birthdays, staff members are invited to attend a communications meeting at which Board members are present. These meetings provide staff with information about developments within the Company and give them the opportunity to ask any question of the Board in an open discussion forum. A copy of the presentation and responses to questions raised at these meetings are made available to all worldwide staff via the Group’s intranet. Following the announcement of interim and annual financial results, all staff in Gloucestershire (and Edinburgh via videoconference) are also invited to attend a series of presentations, with all issues raised again made available to all worldwide staff.

After a gap due to the recession and resource issues, the worldwide staff newsletter ‘Probity’ is now being published again every two months, with contributions encouraged from across the Group. Throughout the year other company updates and items felt to be of interest to employees are also regularly communicated via email. The Company encourages direct employee feedback either to immediate supervisors or Board members, and, additionally, a suggestion scheme exists with awards for the best ideas received.

A strength of the Company throughout its history has been the encouragement of young talent, with an apprenticeship scheme started in 1979 and sponsored student scheme in 1984. During this summer some 85 undergraduates entered Renishaw for paid placements – 70 summer and 15 one-year industrial placements, amongst which the most promising students will be given financial incentives to maintain a relationship with the Company into the future. There are 33 craft and technical apprentices currently in training and 20 new



starters confirmed for September 2011, plus 5 software apprentices. A further 30 recent graduates also started with Renishaw this summer.

Over the last 12 months Renishaw's 'Applications Academy' has continued to develop a varied training curriculum and the Company is seeing significant benefits from a structured training programme that is now being rolled out globally. Six application engineers have completed the first twelve months of a two year programme, including secondments at the Advanced Manufacturing Research Centre in Sheffield (AMRC), at Renishaw GmbH, and various UK business divisions. During the year there have been three full training courses ranging from 8 weeks to 12 weeks duration, with attendance levels of between 5 and 20 engineers. In September 2011 the 'Academy' will be running its first post-graduate course aimed at introducing new graduates to the Company, and is developing several individually tailored courses for the Group; courses for a new 'Sales Academy' are also being planned.

During the year the Company undertook a comprehensive review of its management process relating to health and safety. A new management policy has been established that improves the organisation, control and monitoring of matters relating to health and safety, as well as establishing a new framework for the completion, management and review of risk assessments. Directors of each UK business division have also recently participated in training to ensure that they fully understand their responsibilities and to equip them in ensuring a successful implementation of the new policies.

### The environment

Renishaw takes its responsibilities for the environment seriously and has made further investments to improve its performance in relation to energy consumption, water usage, emissions and disposal of waste materials. The Company continues to optimise and control its energy consumption, as previously reported, with an additional emphasis upon cost control during the last 12-month period.

### Energy

In the UK, installation of half-hourly metering for electricity consumption is nearing completion. This will allow improved monitoring and the ability to clearly identify opportunities for reduced consumption. Further investments have been made in Renishaw's detailed monitoring equipment to identify specific peaks in electricity usage, quantify reductions and make continuous improvements across various sites. In addition, investments have been made in systems that will monitor gas and water usage at the main UK sites allowing these energy streams to be similarly reduced.

During the last twelve months the Company has also approved significant investments to upgrade interior lighting systems at its large Gloucestershire sites to the latest technology with a view to reducing both running costs and carbon footprint. This follows investment in recent years in passive infra-red detectors to switch off lighting when areas are not occupied and technology upgrades to lower wattage lighting systems.

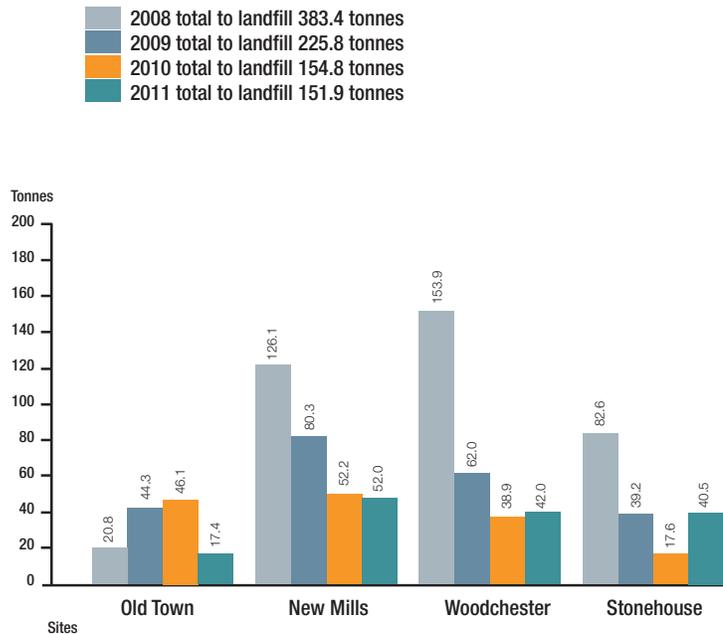
1: The ability to sample data over very large areas, seamlessly, in minutes, makes Renishaw's StreamLine Raman imaging system the ideal method for rapidly researching polycrystalline silicon cells used in the manufacture of solar panels. Systems are also available for on-line solar panel inspection for quality assurance applications during manufacture.

Figure 1  
Greenhouse Gas (GHG) emissions 2011 in tonnes of CO<sub>2</sub> (estimate)

<b>Scope 1</b>	
Gas consumption	652
Owned transport	1,617
Generator diesel	40
Heating oil	77
<b>Total scope 1</b>	<b>2,386</b>
<b>Scope 2</b>	
Purchased electricity	14,347
<b>Total scope 2</b>	<b>14,347</b>
<b>Significant scope 3</b>	
Business travel	2,144
Product distribution	3,908
Metal purchase	7,465*
Post/Communications	353*
<b>Total significant scope 3</b>	<b>13,870</b>

\* Only UK data included

Figure 2  
Landfill totals 2011



As Renishaw consumed more than 6 megawatts of electricity in 2008 it is bound by UK legislation to comply with the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) and has registered accordingly. To continue progress made in recent years by monitoring usage and continue to reduce CO<sub>2</sub> emissions, the Board has made a commitment to achieving the Carbon Trust Standard which will also benefit the Company in terms of its ranking within the CRC Energy Efficiency Scheme and any rebates due under the terms of the scheme.

However progress in this area has been slow during the last twelve months whilst the legislation has been under review.

#### Emissions (Figure 1)

Unless otherwise stated, the analysis in Figure 1 includes the Group's global operations for the 12-month period 1st June 2010 to 31st May 2011, with the exception of recent acquisitions (MDL, MTT and Renishaw Advanced Materials).

The measurement of the overall impact of carbon emissions within the Group is very complex given the geography and scope of operations. Despite a sharp increase in sales (54% excluding recent acquisitions) and a decision to also grow inventories to ensure adequate stock in an environment of growing but unpredictable and substantial order intake, emissions in the financial year 2011 increased by 52% over the previous year. A best estimate is that 30,607 tonnes of CO<sub>2</sub> were emitted through our activities (2010 20,151 tonnes). These increases are therefore proportionally lower than increased activity levels within the Group and reflect improved efficiencies in energy management.

Due to the delays in legislation relating to the Carbon Trust Standard, targets for the reduction of carbon emissions were not set by Renishaw in 2011, but the figures above will now form the baseline for Renishaw when it sets targets during the 2012 financial year.

Although not included within these standard Government measures, Renishaw recognises that there is a significant impact caused by staff driving to its Gloucestershire sites. There is very limited public transportation serving these sites and therefore the Company actively encourages car sharing by hosting a specific area on the company intranet, through joint lift-share notices in communal areas and through the circulation of regular emails that remind staff of the benefits of car sharing.

#### Waste Management (Figure 2)

Renishaw has continued to analyse waste streams and as a result strives to increase recycling and reduce amounts sent to landfill, notably paper, cardboard, plastic cups, toner cartridges and batteries. Analysis of the waste streams at the main UK sites shows a marked reduction in landfill has been made in recent years, although the sharp increase in manufacturing activity has seen an increase during the 2011 financial year at our Stonehouse machine shop.

Reduction of waste at source is also seen as a key contributor to overall waste reduction. Continuing efforts are being made to distribute both technical and sales documentation in electronic format and the encoder business division no longer distributes user guides to its customers, with up-to-date guides available through a special support website.



1: Following the devastating earthquake that hit Japan on 11th March 2011, as well as a Renishaw Group contribution of 17 million Japanese Yen (approximately £130,000) to the Red Cross Japanese Earthquake Relief Fund, staff at Renishaw KK have also made valuable contributions to the relief effort in the worst hit areas. Pictured left is Kyoko Kobodo, Leader – Sales Administration, who travelled to Sendai City where over 26,000 homes were destroyed, helping to move rubble, wood and sludge from houses and farms.



2: In September 2010, Renishaw (represented by Head of Communications Chris Pockett, far left) was one of just 4 companies chosen by the UK Government to represent excellence in British design, engineering and manufacturing, at a special exhibition held at the Department for Business Innovation and Skills (BIS).



3: On separate dates in June 2011, Renishaw India welcomed both Sir Richard Stagg (pictured centre), the British High Commissioner to India, and his Deputy, Peter Beckingham, to find out more about operations at its recently expanded facility in Pune.

Commercial documentation, such as invoices and acknowledgements, is also available through a 'paperless' facility, with customers encouraged to accept this form of transaction.

Although only one of the Group's products currently falls within the scope of the requirements of the European Directive 2002/95/EC on the Restriction of the use of Hazardous Substances (RoHS), all new position encoder products are now introduced as RoHS compliant, and the Company continues to develop and implement processes for other metrology products to ensure that they will meet the extended scope of the directive which will be implemented in 2017.

The Company is also working hard to meet the requirements of the European Directive on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and to date no 'substances of very high concern' (SVHC) have been identified in its products at a level requiring any action. A dedicated project manager co-ordinates the Company's activities with regard to compliance with both RoHS and REACH directives, including risk assessments and information gathering from suppliers.

### The community

The Company is one of Gloucestershire's largest companies and recognises the positive role that it can play through its ongoing relationships with the local community, businesses, schools and sports organisations. With the recognised national shortage in the UK of skilled engineers and scientists, it

continues to communicate a positive story about the role of science, engineering and manufacturing in enhancing the lives of the general populace and the attractions of a career within these sectors.

Throughout the year Renishaw therefore hosts at its headquarters tour groups of all ages, which in the past 12 months has included local primary and secondary schools, university undergraduates, charitable organisations and investment clubs.

The Company also actively supports the region's business community, imparting its knowledge through roundtable discussions and business seminars, which in the past year has included export trade, business with China, cost efficiencies and ethical business. It also loans its facilities to business organisations and networking groups, and acted as a host and ambassador for the 'Born Global' competition which aimed to identify young businesses with export potential.

During the year numerous local community festivals and carnivals were also supported through sponsorship, including the Stroud International Textile Festival, which Renishaw was formally invited to open. The Company also forged closer links with Gloucester Rugby Club, which plays in the English Premiership league, presenting the club's Young Player of the Year award in June.

### Charity

Over 20 years ago the Company created the Renishaw Charities Committee (RCC) to distribute funds to support

charitable and voluntary organisations, and to support the individual charitable efforts of staff through a match-funding scheme. The RCC is made up of staff representatives from the Company's main Gloucestershire sites and has a particular focus to assist organisations that help enrich the lives of children and adults, from toddler groups and sports clubs, through to organisations that support the disabled and the bereaved. A separate fund is also administered by the RCC, which donates monies to aid the victims of global disasters, which during the past year included the Pakistan Disaster Appeal and Rapid UK, the Gloucestershire-based specialist international urban search and rescue team.

During the year the RCC donated funds towards a multi-sensory unit at the National Star College, based near Cheltenham, Gloucestershire. This excellent specialist college works with children who have physical, sensory or learning difficulties to enable them to prepare for the best that adult life can offer. The multi-sensory unit will help students to manage their pain, anxiety, stress and behaviour.

The Cots for Tots Appeal aims to provide four life-saving cots and a new intensive care suite for the Neonatal Intensive Care Unit at St Michael's Hospital, Bristol, and a family accommodation suite close-by. Before choosing to support the appeal, members of the RCC visited the Unit which cares for more than 600 babies every year from across the South West of England, some born as early as 23 weeks. Huge recent advances in the care of premature and newborn babies mean that the Unit is able to care for many more babies, creating the need for the new equipment.

On 11th March this year one of the five most powerful earthquakes ever recorded hit Japan, which, combined with a huge tsunami that it triggered, led to widespread devastation, suffering and significant loss of life. Renishaw's offices in Tokyo and Nagoya were both undamaged and employees were safe, although Tokyo staff endured multiple aftershocks for many days. However, an event of this cataclysm touched many, and on 6th April the Board approved a payment to the Red Cross Japanese Earthquake Relief Fund of 13 million Japanese Yen, which added to a 4 million Japanese Yen donation from Renishaw KK's company trip fund, made a total contribution of 17 million Japanese Yen (approximately £130,000).

The Japanese Red Cross has been providing people in need with first aid and emergency healthcare, as well as distributing relief items. As the operation moves out of the relief and into the recovery phase, the Japanese Red Cross is helping to fit out 70,000 temporary homes with an appliance package consisting of key domestic items such as rice cookers, microwaves and kettles. The completion and equipping of these prefabricated homes will be a major step towards easing the pressure on evacuation centres and allowing people to return to some semblance of normal life.

Renishaw is proud to be able to support the Red Cross's excellent efforts and some Renishaw KK staff have also made valuable contributions to the relief effort in the worst hit areas, by volunteering their time to help.

## Education

The Company has a fundamental aim to nurture the next generation of engineers and scientists and during the past 12 months has taken steps to accelerate engagement with the educational sector.

A new education liaison role has been created within the Company, which will co-ordinate its activities with selected secondary schools, universities and STEM (Science Technology Engineering and Mathematics) enrichment organisations. The aim is to help facilitate STEM teaching, to raise the profile of Renishaw and to aid the recruitment of the most talented individuals.

As part of this process the Company has already identified 25 secondary schools in the Gloucestershire, Bristol and South Wales region, to which it has donated £1,000 each towards STEM related projects and prizes. In the university sector the Company is also participating in more recruitment fairs and events designed to enable interaction between students and potential employers. These have included a Renishaw seminar at the Engineering Faculty of Oxford University and participation in a Postgraduate Research Symposium at Imperial College, London, where Renishaw staff helped judge and award prizes for the best projects.

The Company also continued its policy of opening its doors to visits from primary schools, secondary schools and universities. This year one-week work experience placements were also given to over 50 students under the age of 18.

During National Science and Engineering Week, the Company's staff visited several local primary schools, where they gave talks and judged competitions. These included Simonne Watts, from Renishaw's Personnel Department, who became a 'STEM Ambassador' during the year. This excellent programme aims to identify and train volunteers who will act as inspiring role models for young people, helping them to see STEM subjects and careers with a fresh perspective.

Renishaw also supported numerous other organisations and events that aim to inspire young engineers. These included hosting the South-West Region launch of Go4SET, a scheme that gives young students a 10-week STEM project to help them make informed decisions about their subject options. The Company also released young engineers to act as mentors and ambassadors at national STEM events such as the UK's 'Big Bang Fair' and the Cheltenham Science Festival, as well as local apprentice recruitment fairs and 'Women in Engineering' events.

FTSE Group confirms that Renishaw plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social, ethical and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

