

Although the Renishaw Board has long recognised the need to manage effectively the social and environmental factors affecting the business and, in turn, their impact on its reputation and profitability, it is acknowledged that a formal CSR management structure would provide a better focus for the Group's activities in this respect.

Therefore the Board has named Ben Taylor, Assistant Chief Executive, as the executive director with responsibility to manage all aspects of the Company's CSR activities. One of his first measures was to appoint a group of senior managers to co-ordinate CSR activities.

This group's first action was to propose that a Renishaw Group Business Code be implemented to codify and consolidate standards of conduct within the Group. The Code has been approved by the Board and work is underway to implement processes to ensure compliance.

CUSTOMERS

We continue to build long-term relationships with our customers by offering expert local support through our direct presence in 31 countries and by supplying innovative products that significantly advance their operational performance - from improving manufacturing efficiencies and raising product quality, to maximising research capabilities and improving the efficacy of medical procedures.

With an increasing focus within the manufacturing sector on its environmental impacts and the business need to reduce costs, our products are also helping customers to reduce energy consumption and minimise waste.

One example is Lamborghini tractors, which has saved €150,000 per annum by installing Renishaw tool breakage detection systems; non-productive machine time taken to check tools has been reduced significantly, reducing the total energy consumption required by this Italian company to produce the same level of machined components. Further examples can be found in the news section of our website, www.renishaw.com.

Our products are also making a significant contribution to the manufacture and operation of alternative energy products, most notably our position encoders which are increasingly used to ensure the accuracy of machinery used in the manufacture of solar panels and also to give direct position feedback on electric motors for hybrid vehicles.

In Sweden KMT Lidköping (see page 7) rely on our optical and magnetic encoders to control critical positional aspects of their huge vertical turning grinding machines, used by their customers around the world to produce bearings for wind turbines, some of which are over 4 metres in diameter. The accuracy of such bearings is critical to the safe and efficient operation of these green energy sources.

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 2010 some 19.2% of UK staff are aged over 50 (2009 18.6%), with 12.9% below 25 (2009 9.2%), and some 22.5% of employees are female (2009 29.3%). Worldwide staff turnover (excluding redundancies) has remained stable compared to last year at around 7%, which compares favourably with the 2009 average in the UK manufacturing sector of 15.2% (source: CIPD).

Long service is rewarded at every five years of service and can include small gifts, extra holiday allowance and a cash sum, with almost 350 staff benefitting this calendar year. 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 all UK staff, allowing staff members to create a better work-life 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 are also discounts for sports and social activities, administered by a volunteer employee-run organisation.

Close to their respective birthdays, staff members in the Gloucestershire locations 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 are also invited to attend a series of presentations, with all issues raised again made available to all worldwide staff.



LAMBORGHINI TOOL BREAKAGE DETECTION REDUCED BY 67%

Lamborghini is a brand that symbolises Italian passion in the world of supercars, but it also has a strong following in the agricultural world, due to a range of high performance tractors produced by SAME DEUTZ-FAHR. At its headquarters and main factory in TREVIGLIO, near Milan, Italy, visitors are struck by the same passion for producing high quality products in an advanced machining operation. Now the company has improved efficiency further by fitting cost-effective Renishaw probe equipment to multiple Mazak machining centres, giving a spectacular return on investment.

As Luigi Galimberti, Manufacturing Engineering specialist for machining operations, explains, "We have used tool breakage detection for a long time on the Mazak machines, as machining cycles are fully automated and operators would have no idea if a tap or drill broke. Without detection a component could still have a broken tool embedded; subsequent operations would be incomplete and other components could be damaged."

Mr Galimberti explains that the decision to invest in the TRS2 tool recognition systems and the subsequent cycle time savings has been extremely successful. "After a detailed analysis, based on the cost to run machines, we know this equates to a saving of more than €150K in the first year. This is because most of the non-productive machine time taken to check tools has now been released to machine components. We have paid back the initial investment in the TRS2s in a matter of just 5 months."

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Throughout the year other company updates and items felt to be of interest to employees are also regularly communicated via email, with hard copies circulated to staff without PC access. The Renishaw culture also encourages direct employee feedback either to immediate supervisors or Board members. In addition, a suggestion scheme exists with awards for the best ideas received.

Renishaw maintained its UK sponsored student scheme, apprenticeship scheme, and industrial placement programme throughout the difficulties of 2009. A number of sponsored students who have recently graduated will start during 2010, plus the Company currently has 50 students on work placement, all of whom are being reviewed for potential sponsorship for 2010/11. There are now 30 apprentices currently in training, and a record 20 new starters confirmed for September 2010, plus 10 industrial placement students.

A new 'Applications Academy' has also been created to meet the need for a larger number of engineers to become specialists in the application of Renishaw's metrology products. Whilst this structured training programme will last two years for novices, a modular format will allow other staff to benefit from training sessions, such as six sigma techniques and report writing, which are relevant to their job role.

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. New investments have also been made in systems that will monitor gas and water usage at the four main UK sites allowing these energy streams to be similarly reduced.

Despite the difficult economic conditions that prevailed for much of the year and a close control of capital investment, the Company has continued to invest in upgrades to lighting systems in high energy-load areas of the New Mills and Woodchester sites. These include further introductions of passive infra-red detectors to switch off lighting when areas are not occupied and technology upgrades to lower wattage lighting systems. Evaluations of similar lighting schemes that will reduce electricity consumption and reduce costs are underway at other sites.

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 CO₂ 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.

Emissions

The measurement of the overall impact of carbon emissions within the Group is very complex given the geography and scope of operations. A conservative estimate of the impact of changes made by reductions in electricity consumption rates and air-freight in the financial year 2009 was a 20% reduction over the previous year, with a best estimate of 15,000 tonnes of CO₂ being emitted through our activities.

For the 2010 financial year a far greater emphasis has been placed upon accurately measuring performance using the UK Government's guidance on how to measure and report upon carbon emissions.

Unless otherwise stated the following analysis (which will form the baseline data for all future emissions reporting) includes all the Group's global operations for the 12-month period 1st June 2009 to 31st May 2010:

	GHG emissions 2010 in tonnes of CO₂e
Scope 1	
Gas consumption	685.0
Owned transport	1,842.4
Generator diesel	65.6
Heating oil	38.2
Total scope 1	2,631.2
Scope 2	
Purchased electricity	10,525.4
Total scope 2	10,525.4
Significant scope 3	
Business travel	1,264.7
Product distribution	1,919.8
Metal purchase	3,533.9*
Post/Communications	276.3*
Total significant scope 3	6,994.7

* Only UK data included

Based upon this baseline data and as part of the process of achieving the Carbon Trust Standard, the Company will be setting targets for reduction of carbon emissions during the 2011 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 lift-share notices in communal areas and through the circulation of regular emails that remind staff of the benefits of car sharing.

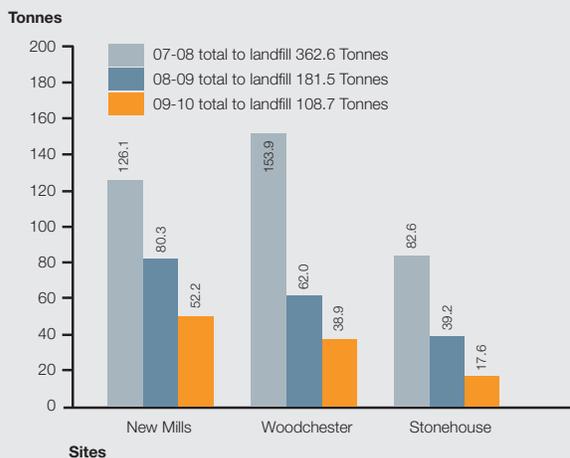
Waste Management

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.

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 line no longer distributes user guides to its customers, with up-to-date guides available through a special support website. 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 Company'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 products wherever possible.

Landfill totals



Inside view of the main machine shop at Stonehouse, Gloucestershire, where a 79% reduction in landfill has been achieved since 2007-2008.

THE COMMUNITY

Throughout its history the Company has forged close links with the local community and schools. It is especially keen to communicate a positive story about the role of engineering in enhancing the lives of the general populace and the attractions of a career within the manufacturing sector.

Renishaw therefore hosts four groups of all ages throughout the year, which in the past 12 months has included business and engineering undergraduates from various UK universities, local secondary schools, and a group from the University of the Third Age (U3A).

The Company also actively supports the local business community, imparting its knowledge through roundtable discussions and business seminars, especially with regard to export activities. It is also an active member of Wotton Chamber of Trade and recently helped judge the Stroud Life Business Awards.

Charity

The Renishaw Charities Committee (RCC) was created over 20 years ago to distribute funds made available by the Company to support charitable institutions and to support the individual charitable efforts of staff through a match-funding scheme. A particular focus is 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. This year additional funds were also made available for a new disaster fund, which was created in the wake of the Haiti earthquake.

During the year the RCC donated funds to and supported a christmas carol concert fundraising event for a multi-sensory hydrotherapy unit at St Rose's special needs school in Stroud, Gloucestershire. This inspirational school has an outstanding reputation for providing for the education, care and therapy of children with severe physical disabilities and complex health needs.

Gloucestershire Young Carers aims to create a network of support groups for young carers, the often forgotten section of our communities that are burdened at an early age with the responsibility of caring for their ill or disabled parents. The organisation works with these young carers to ensure that service providers understand their needs and through the existing 15 support groups allows them to take a break and share personal experiences. The RCC had no hesitation in providing funding to help develop the network.

In May six staff from the corporate marketing team also took part in the 'Helping Hands' volunteer scheme run by Well Child, a charity which helps seriously sick children and their families to manage the consequences of serious illness and complex health conditions, and also supports children with special educational needs. The team re-designed the existing library at Amberley Ridge School in Gloucestershire and in just one day transformed it into an inspiring room with new colours and graphics, all funded by Renishaw.

Renishaw has supported Children in Need (CIN) for many years, and any money raised by staff is matched by the RCC. Last Autumn a group of divisional directors decided to support fundraising efforts through an initiative titled 'Directors in Drag', which caused great amusement around the Gloucestershire sites and received significant media coverage. Together with support from the RCC this fun day raised £7,450 for CIN.



Staff from Renishaw's corporate marketing team transformed the existing library at Amberley Ridge special educational needs school in Gloucestershire, as part of Well Child's 'Helping Hands' volunteer scheme.

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Education

Nurturing the next generation of engineering excellence and a desire to present a positive image of engineering is a fundamental part of the Company's involvement with education.

In June Renishaw made a significant contribution to a new Education & Training Zone that was set up within MACH 2010, the UK's largest manufacturing show, with the organisers aiming to 'inspire, prepare and motivate the next generation of British engineers through a rewarding experience.' Over the course of the five-day event, Renishaw supplied 23 young apprentices to act as tour guides and mentors to groups of 14 to 16 year-old children, with exhibits including the BLOODHOUND Supersonic Car which aims to create a new 1,000 mph land speed record. The Company also funded a coach to take over 30 pupils from three Gloucestershire schools to the exhibition.

Engineering diploma students that attended the show were also given support materials which included a case study of Renishaw that arose from a week long visit to the Company in 2008, where the organisation DTEP was given full access to film staff during their normal working day at sites across Gloucestershire and to capture their thoughts about a career in engineering.

Renishaw has strong links with universities in many of its key markets. An example is a long-term partnership with Cardiff University's refurbished Trevithick Library, which includes the 'Renishaw Room', a group study facility that provides an inspirational learning environment for the next generation of high-class graduate engineers, physicists, computer scientists and manufacturing engineers.

Throughout the year the Company also continued to foster relationships with primary and secondary schools, providing support for work experience, school visits and careers evenings. During the year the Company has supported some 50 paid placements for university students and this summer gave one week work experience placements to 40 students under the age of 18.

Renishaw also supported numerous other organisations that aim to inspire young engineers, including hosting the regional launch of the Go4Set programme, speaking and exhibiting at an Engineering Education Scheme Wales event and sponsoring the regional heat of the Greenpower electric car racing championship which took place at the Castle Combe race track in Wiltshire, UK.



The 'Renishaw Room' within Cardiff University's Trevithick Library is a high-class group study facility for student engineers, physicists, computer scientists and manufacturing engineers. Pictured far right is Gareth Hankins, Manufacturing Director, who started his career as a Renishaw apprentice, before taking an engineering degree at Cardiff.



CMM RETROFIT FOR GE OIL AND GAS FLORENCE

GE Oil and Gas Florence has transformed the performance of a DEA Global CMM with a retrofit system direct from Renishaw, allowing far higher data collection rates and thus form analysis, never before practically possible on the DEA CMM.

As Claudio Bartali (Manufacturing Technology Project Leader) explains, "The demonstration was spectacular – inspection time on a typical impeller reduced by 4 times. However, that is not the main reason we started the project and employed Renishaw to retrofit the CMM with REVO. The exciting part will start soon when we use the massive amount of accurate REVO-measured data to compare the form of inspected surfaces with the 3D CAD models."



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.