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Renishaw plc – Slavery and Human Trafficking Statement

Fiscal year ended 30 June 2019

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 2019 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 are required to comply with our Modern Slavery Policy. As we have added new purchasing groups into our anti-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 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 continues to work together to investigate opportunities to improve our processes and 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 research and development, sales, and administration locations across 36 countries.

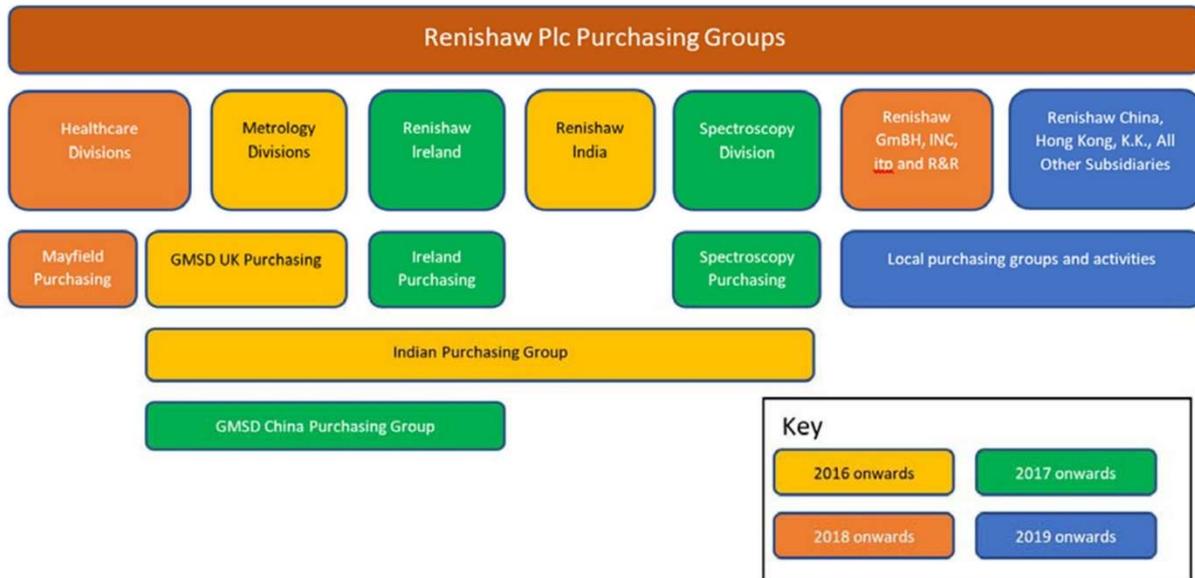
Our supply chains are divided into different groups that serve local Renishaw locations, however most (80%) of our purchasing spend is undertaken by GMSD, which conducts procurement for our Group Manufacturing Services and Corporate Services Divisions. Our other purchasing groups cover the remaining 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 actively monitor these supply chains and focus much of our efforts towards modern slavery mitigation within these areas of minerals, clothing and electronics.

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”).

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Internal supply chains

We have assessed our own internal controls and are confident that our processes are adequate to ensure we do not inadvertently employ anyone who is a victim of any form 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, whether they fall within its scope, and what they are doing to mitigate the risk of Modern Slavery within their own organisation and supply chain. To the end of June 2019, we have assessed more than 80% of our tier 1 suppliers and continue to work hard to increase this number through active dialogue with our suppliers.

Our two largest purchasing groups, GMSD and 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 slavery through the due diligence process outlined below. Our purchasing groups in Spectroscopy, Renishaw Ireland and itp GmbH (Germany) have also completed the majority of the assessments of their tier 1 suppliers. We have completed on-site audits of five suppliers considered to be very high risk for modern slavery. Of these, three were able to show adequate provisions to manage these risks and a high understanding of what is required to ensure they are not employing either directly or indirectly anyone suffering from the bonds of modern slavery. With the other two we have identified further risks of modern slavery at tier 3 and are in dialogue with our suppliers, NGOs and other actors within the supply chain to establish how we can collectively manage this issue.

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

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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. In the next year we will investigate the most effective way to continue the journey of education and management of our suppliers.

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 higher risk if it operates:

- In a high-risk country¹
- 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 this questionnaire are then assessed by the Purchasing Group and our central CSR 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 within the scope 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.

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 the risk of Modern Slavery in our supply chains.

As part of these refinements we have created a simplified assessment process for micro-organisation's 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.

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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Training

Training on Modern Slavery and the due diligence process has been developed and implemented within GMSD, Spectroscopy, and the purchasing groups located in our sites in India, China, and itp GmbH (Germany). We have also developed an e-learning course which covers our Group Business 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 99% of our people across the Group have completed it.

We are continuing to refine and develop training and as we improve our processes and begin to partner with suppliers to extend these actions beyond tier 1, we will further refine our training and develop it for suppliers at each level within our supply chains.

Progress report

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

In 2019, 18% of our suppliers were identified as high risk. Questionnaires were issued to 701 high-risk suppliers, 81% of which have been returned complete and we continue to press for responses for the remainder.

Most suppliers who returned questionnaires have been assessed as working at a sufficient level to mitigate Modern Slavery within their organisation and supply chains. We continue to conduct site visits and audit a very small number of suppliers, all of whom operate in industries and locations that are widely recognised to be very high risk for the presence of Modern Slavery. These audits have given us confidence that they are operating in a manner which significantly reduces any risk of exploitation within their operations.

This statement covers the period 1st July 2018 to 30th June 2019, has been approved by the plc Board and is signed on behalf of the Board.

A handwritten signature in blue ink, appearing to read "William Lee", is positioned above the printed name and title.

William Lee
Chief Executive Officer