

## Business review/Corporate social responsibility



We wish to be recognised collectively and individually as leaders and contributors in our field and our community.

**Ben Taylor** CEng, FIMechE  
Assistant Chief Executive

### Business ethics

The Renishaw Group Business Code sets out the principles of business conduct and standards that all companies in the Renishaw Group are expected to follow. It is communicated 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 and as relayed last year we published our “zero-tolerance” attitude to bribery and corruption. A committee set up last year analysed the risks of bribery within the Group and following its recommendations made during the year, the Board approved the adoption and implementation of the Renishaw Group Anti-Bribery Policy (“the Policy”) which is available at [www.renishaw.com](http://www.renishaw.com).

The Policy has been issued to all staff (including new staff as part of their induction process) and a dedicated intranet page has been set up with related key documentation. Staff who may encounter bribery and corruption during the course of their duties have been identified and are undertaking an online training module, along with other training.

The in-house legal department has worked with senior management both in the UK and other countries in which the Group operates to identify the higher risk areas and is working in collaboration with management through a compliance programme to mitigate risk.

The programme includes providing the Policy to agents and other representatives of the Group and due diligence procedures when appointing new agents and representatives. The Group will continue to monitor compliance through its internal controls processes and regular reports to the Audit committee and the Board.

### Our people

#### Diversity

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 2012 22.0% of UK staff are aged over 50 (2011 20.4%), with 13.5% below 25 (2011 13.3%) and 23.7% of employees are female (2011 23.7%).

Proper consideration is given to applications for employment from disabled people who are employed where suitable for appropriate vacancies. Opportunities are given to employees who become disabled to continue in their employment or to be trained for other positions.

#### Health and safety

Health and safety matters are given special attention by the directors and last year a management policy was established that improves the organisation, control and monitoring of matters relating to health and safety, as well as establishing a framework for the completion, management and review of risk assessments. The aim is to safeguard employees, customers and visitors. During the year there were no workforce fatalities.

51

Record number of apprentices in training

40

Record summer graduate intake

### Staff retention

Long service is rewarded at every five years of service and can include small gifts, extra holiday allowance and a cash sum, with 242 staff achieving a milestone this financial year, including 18 people who achieved awards of 25 years or more. A group performance bonus programme rewards all qualifying staff with an annual bonus based upon group results and individual performance (qualification requires that a full year of service is completed from 1st July to 30th June).

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 gyms 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.

UK staff turnover, excluding fixed term contract staff, has reduced compared to last year at 5.5% (2011 6%), which compares very favourably with the 2011 average in the UK manufacturing sector of 9.3% (source: Chartered Institute of Personnel and Development).

### Communication and participation

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 Group 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 given by the Assistant Chief Executive.

A worldwide staff newsletter "Probity" is published every two months, with contributions encouraged from across the Group. Printed copies are produced for manufacturing areas and also distributed to Renishaw pensioners. Throughout the year other company updates and items felt to be of interest to employees are also regularly communicated via email.

The Company encourages business participation through direct employee feedback, either to immediate supervisors or board members. Employee work forums exist and representatives liaise with management on employee matters. Annual individual appraisals are also held across the Group which give employees a formal opportunity to feedback their thoughts about the Group, including a survey that enables us to measure employee satisfaction on a range of issues.

A suggestion scheme exists with awards for the best ideas received, plus an inventors' award scheme for individuals who are named as inventors on patent applications that are subsequently granted.

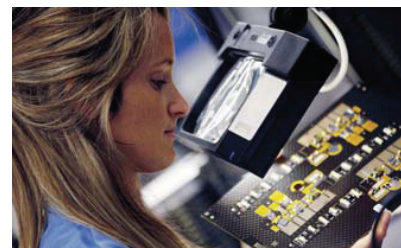
### Training and development

The maintenance of a highly skilled workforce is essential to the future of the business and the directors place great emphasis on the continuation of the Company's approved training policy. During the year examples of expenditure on staff training include £178,000 on apprenticeships and £203,000 on centrally administered cross-departmental training.

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 80 undergraduates (2011 85) entered Renishaw for paid placements – 60 summer placements, 15 one-year industrial placements and 5 pre-university placements, amongst which the most promising students will be given financial incentives to maintain a relationship with the Company into the future. There are 51 craft and technical apprentices currently in training (2011 33) and 20 new starters confirmed for September 2012 (2011 20), plus 4 software apprentices. A further 40 recent graduates also started with Renishaw this summer (2011 30) of which 32 are participating in the new comprehensive graduate induction programme that commenced in 2011.



Above: Software engineers at Charfield site



Above: Inspection of circuit board assembly at Woodchester site

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### Our next generation

Several directors of our business divisions are former sponsored students (see page 41) and Gareth Hankins, Director, Group Manufacturing Services Division joined us as an apprentice aged just 16 and was supported by Renishaw to undertake and complete his engineering degree in manufacturing systems and management.

We were especially proud that this year, Tom Silvey, one of our third-year technical apprentices, won two awards at Gloucestershire's inaugural Apprenticeships Awards. As well as being voted the Outstanding Apprentice in the Engineering & Manufacturing category, Tom also received the Diamond Jubilee Gloucestershire Apprentice of the Year award which recognises the year's most outstanding apprentice across disciplines as varied as health, manufacturing, finance and construction.

Renishaw was well represented at the awards as two of our other young apprentices, Aaron Booth (3rd year) and Ollie Counsell (1st year), also achieved nominations for the Engineering & Manufacturing award.

Tom, aged 23, is currently training as a production engineer at our Stonehouse machine shop and his route into apprenticeships was far from conventional, having initially started a mechanical engineering degree which he quickly decided was too theoretical and lacking in practical aspects.

To help encourage other young people to consider an engineering career, this year we also supported the organisers of the UK's largest manufacturing trade show, MACH 2012, with their special education initiative. Over the five days of the show 16 of our apprentices, including Tom, led groups of 14 to 16 year-old students on tours of "student-friendly" exhibitor stands (including Renishaw) to learn about the vital role that the latest engineering technology plays in our everyday lives and the excellent career opportunities available.



Above: Renishaw's staff newsletter is published frequently during the year



Above: Award-winning apprentice Tom Silvey







## A measure of success – from sponsored students to senior directors

Now aged 41, both Dave Wallace and Tim Prestidge joined Renishaw as sponsored students over 20 years ago. Together with Gareth Hankins, a graduate and former apprentice who is now Director, Group Manufacturing Services Division and Will Lee, a former sponsored student who now heads our Laser & Measurement Calibration products division, they illustrate the value to the business of the investments

that we have made in our staff development schemes over many years.

Now members of the Executive Board (see page 14) their varied experiences in academia and industry are now being used positively to help the next generation of engineers. For example, Tim is a trustee of Young Engineers, a charitable organisation whose objective is to inspire young people to consider careers in engineering.



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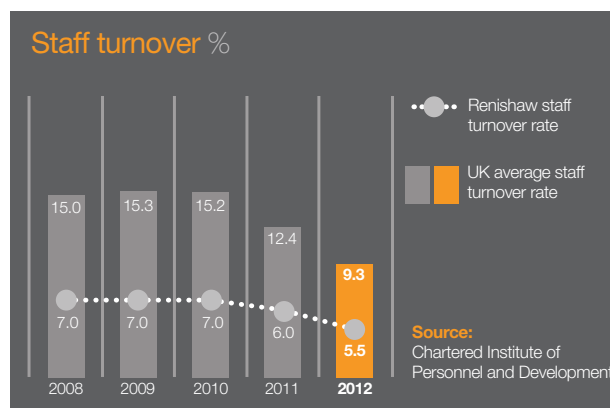
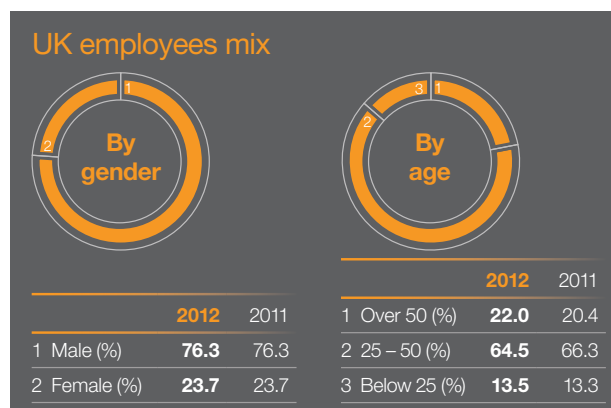
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Business review/**Corporate social responsibility** continued**The environment**

Renishaw takes its responsibilities for the environment seriously and continues to make 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 has been completed, giving us the ability to identify opportunities for reduced consumption. Investments have also continued to be made in our monitoring equipment to identify specific peaks in electricity usage, quantify reductions and make continuous improvements across various sites. Additionally, recent investments are allowing us to monitor gas and water usage at our main UK sites, allowing these energy streams to be similarly reduced.

During the period we refurbished an older building at our New Mills headquarters site, taking the opportunity to upgrade interior lighting and control systems, including passive infra-red detectors and lower wattage lighting systems.

The partial refurbishment of our Miskin site included a £100,000 investment in very high standard Pilkington energiKare™ triple glazed low-emissivity glass windows with Krypton gas filling, to achieve a U-value of just 0.9. A new building in York for our subsidiary MDL is also being built to the highest standards of the Building Research Establishment's Environmental Assessment Method (BREEAM), a rating system which is recognised nationally and internationally as the most robust and rigorous method for assessing the environmental performance of buildings.

As Renishaw consumed more than 6 megawatts of electricity in 2008 we are bound by UK legislation to comply with the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) and have registered accordingly. To continue progress made in recent years by monitoring usage and to reduce CO<sub>2</sub> emissions, we are committed and continue to work towards achieving the Carbon Trust Standard (CTS) which will also benefit us in terms of our ranking within the CRC Energy Efficiency Scheme and any rebates due under the terms of the scheme.

**Emissions (Fig. 1)**

Unless otherwise stated, the analysis in Figure 1 includes the Group's global operations for the 12-month period 1st June 2011 to 31st May 2012, with the exception of MDL 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 and in some cases estimates have been made for some markets where data is not readily available. The figures quoted can also be highly variable due to sharply fluctuating official conversion rates. In Scope 1 the purchase of the large Miskin factory accounts for much of the rise in gas consumption, whilst group vehicle fuel costs rose by 32% due to market factors. Increases in volumes of generator diesel usage is primarily due to the expansion of our Pune manufacturing facility. The other significant change was in Scope 3 where although we did purchase less metal this year, the reduction appears much more significant due to the official CO<sub>2</sub> conversion rates.

A best estimate is that 30,553 tonnes of CO<sub>2</sub> were emitted through our activities (2011 30,607 tonnes). Given that there were increased activity levels within the Group and a continued focus on improving efficiencies in energy management, the figures are very susceptible to the official conversion factors.

**Fig. 1 Greenhouse gas (GHG) emissions**  
CO<sub>2</sub>/tonnes

Scope 1		Significant scope 3	
Gas consumption	1,456	Business travel	2,210
Owned transport	2,469	Product distribution*	4,058
Generator diesel	85	Metal purchase*	4,622
Heating oil	75	Post/Communications*	398
Total scope 1	4,085	Total significant scope 3	11,288
Scope 2			
Purchased electricity	15,180		
Total scope 2	15,180		

\*UK data only

**Fig. 2 Landfill totals tonnes**

Data for significant sites

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

#### Waste Management (Fig. 2)

Renishaw has continued to analyse waste streams and 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 20% increase in landfill, reversing the positive trend seen over the previous four years. Although there continued to be reductions at Old Town and Stonehouse, the New Mills site was the subject of significant refurbishment and building waste during the period as we sought to maximise space in light of staff and business growth, whilst at Woodchester we also cleared two older buildings leading to significant amounts of general waste.

Reduction of waste at source is 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. Regular marketing communications with customers in our main markets is now solely by email, and our employee newsletter "Probity" is primarily distributed electronically, with a small quantity printed for manufacturing sites. In the UK Renishaw staff no longer receive hard copy pay slips but can access these electronically.

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 and the majority of legacy encoder products are now RoHS compliant and we are continuing 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, whilst achieving several earlier dates for healthcare products.

We are continuing to work 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 our products at a level requiring any action. To co-ordinate our activities with regard to compliance with both RoHS and REACH directives, we have a dedicated project manager who manages risk assessments and information gathering from suppliers.

See more at [www.renishaw.com](http://www.renishaw.com)

## Business review/**Corporate social responsibility** continued

# 400

Number of visitors to April community open days at Stonehouse



Above: Sir David McMurtry speaks to UK Business Minister, Mark Prisk MP during Stroud Festival of Manufacturing and Engineering



Above: Ben Taylor addresses the British Government's Asian Ambassadors

### The community

Renishaw is one of Gloucestershire's largest companies and we recognise the positive role that we can play through our ongoing relationships with the local community, businesses, schools and sports organisations. With the recognised national shortage in the UK of skilled engineers and scientists, we continue 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 we therefore host 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.

In April 2012, we made a significant contribution to the success of the first Stroud Festival of Manufacturing and Engineering, which aimed to highlight the importance of engineering within the area and the many career opportunities within the sector. As part of the event our staff contributed to a Women in Engineering day, and we also held open days at our Stonehouse machine shop for local schools and the general community, attracting 400 visitors. We are also a member of the Gloucestershire Local Enterprise Partnership's Sector Group for Advanced Engineering.

We actively support the business community both regionally and nationally, imparting our knowledge through roundtable discussions and business conferences, and sponsor award programmes. In the past year, for example, we spoke about export trade at the EEF National Manufacturing Conference

alongside senior UK Government Ministers and business leaders, whilst in May 2012, Ben Taylor was invited to speak to the British Government's Asian Ambassadors and High Commissioners. Throughout the year we also hosted business networking groups at our facilities.

During the year we sponsored and actively contributed to numerous local community festivals, including the Nibley Music Festival where "The Renishaw Stage" provides a platform for young acts in the early stage of their careers. We sponsored the "Renishaw Science & Engineering Zone" at the Gloucestershire Motor Show where we provided various interactive activities for younger visitors. We continued to forge closer links with Gloucester Rugby Club, which plays in the English Premiership league, sponsoring the club's young centre Henry Trinder and the Young Player of the Year award.

We helped to support the costs of many local town and village celebrations of Her Majesty The Queen's Diamond Jubilee, including the funding of a special commemorative mug that was presented to all schoolchildren in the local town of Wotton-under-Edge.

### 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.



250

Number of charities and voluntary organisations supported during the year



Above: Together in Matson community group who won the "Wish Campaign"



Above: The first group of "Young Brunels" (see over)

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 donations to support Christian Aid's work following the floods emergency in the Indian state of Orissa.

During the year the RCC made donations to around 250 individual organisations totalling over £105,000. Beneficiaries were diverse in nature including schools, infant playgroups, carers support groups, hospital appeals, air ambulance groups, Multiple Sclerosis therapy centres, the Samaritans, youth football clubs, church appeals, food banks, senior citizen groups, scout groups, youth clubs and hospice care organisations.

The Door is a youth project created in the town of Stroud in 1991 for the benefit of all young people aged 11 to 25, including those excluded from school or their homes. It gives youngsters a safe venue away from the streets where they can take part in fun, challenging activities and trips to help channel their energies in a positive manner. Staff also carry out training and mentoring to ultimately help people turn their lives around. After seeing the good work first-hand the RCC donated £5,000 to help the organisation move to a new location where it can provide more services and become self-funding.

The Severn Area Rescue Association (SARA) in Gloucestershire, is an inshore rescue boat and land search organisation covering the Severn Estuary and surrounding area. The River Severn is a notoriously dangerous waterway, with the second highest tidal range in the world. SARA provides Search and Rescue services 24/7, 365 days of the year and has crew specialised in the rescue of endangered persons from fast moving and

flood water incidents. During the year the RCC donated £2,000 to help purchase a new boat for the organisation's Sharpness station which was set up in 1986 after the tragic drowning of a mother, father and small child who were caught out by the fast incoming tide.

A major initiative that the RCC funded during the year was The Citizen newspaper's "Wish Campaign", which gave local community groups, schools and youth organisations the opportunity to win a share of £15,000 to fund their projects. Some 75 organisations applied to be part of the competition, and after evaluation by the RCC and staff from the newspaper's owners, 30 of these were shortlisted for the final stage of the campaign, where supporters of each organisation collected daily tokens ("votes") from The Citizen. There were over 42,000 votes cast and "Together in Matson", a community group from the city of Gloucester, received the most votes to win £1,800. However, all shortlisted groups were awarded at least £100, and the RCC ultimately decided to donate £100 to the other 45 organisations not shortlisted, as all met the committee's criteria for funding. The total funding to all 75 community groups amounted to £19,500 and helped the RCC uncover worthy groups that would not necessarily be aware of Renishaw's charitable support for the community.

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### 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. During the year our new education liaison executive took her role within the Company and she is helping us to co-ordinate and initiate new activities and stronger relationships with selected secondary schools, universities and STEM (Science Technology Engineering and Mathematics) enrichment organisations. The aims are to encourage STEM teaching and out-of-school clubs, to raise the profile of Renishaw as a potential employer and to ensure that we attract the most talented individuals.

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

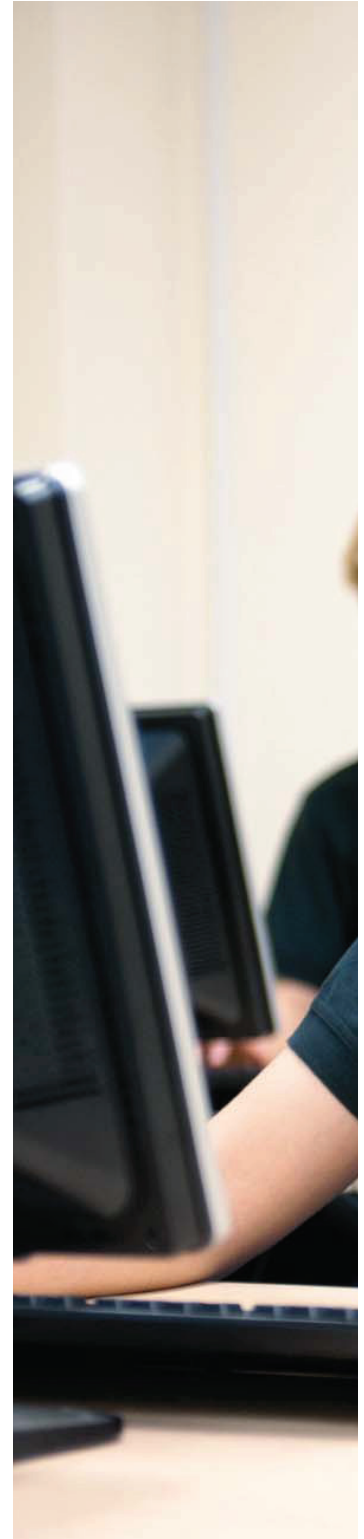
We again supported National Science and Engineering Week in March, when four of our engineers were released to mentor pupils at Bluecoat Primary School in Wotton-under-Edge. Our staff were each allocated a class and helped them to construct a working model which related to a mode of transport. The children, aged 5 to 11, learned new skills including creating electrical circuits and problem solving. We also helped to fund the purchase of materials and the week culminated with an award ceremony for the most talented pupils.

Throughout the year we have also participated in numerous graduate and school careers fairs, including presentations from our apprentices and graduates. This includes sponsorship of a Postgraduate Research Symposium at Imperial College, London, where we help judge and award prizes for the best projects.

We sponsored numerous activities that aim to inspire young engineers, such as the Brunel Institute's "Young Brunels" initiative, where every year, 12 children are selected to join a five-year scheme to mentor them towards a career in science and engineering. Further events include the Big Bang Fair in Swansea, the "Careering Around" initiative organised by the Cheltenham Science Festival, and the Engineering Education Scheme Wales. As part of the latter event, two of our young graduates mentored projects at Monmouth School and Chepstow School, with the former project winning the award for "Best Application" and has also been entered as a finalist at the National Big Bang Fair being held in London in 2013.

Greenpower is a national organisation that runs competitions for primary and secondary schools to design, build and then race battery powered cars. In May we were pleased to host Greenpower's "Goblin" class regional event for primary school pupils in Bristol and Bath, who raced their vehicles around a car park at our New Mills headquarters. Last October we also sponsored the Western Regional Heat of the Secondary Schools competition held at Castle Combe race circuit.

Within Renishaw we also run our own Applications Academy which offers a varied training curriculum from "Face-to-Face Communications" and "Report Writing", to the "Fundamentals of Manufacturing" and "CNC programming". During the year 94 staff from across the Group benefitted from Academy training, plus many more who made use of e-learning programmes available as part of our new learning management system (LMS) in which we have made a significant investment. The LMS software is used for the administration, documentation, tracking and reporting of training programmes, classroom and online events, e-learning programmes and training content.





## The Renishaw Applications Academy gives our engineers the skills to give expert customer support

**With an increasingly diverse range of products, training is vital to maintaining our reputation for excellent technical support. Nowhere is this more important than China, where we have significantly expanded our customer base in recent years**

Last year we recruited three Chinese MSc engineering graduates from Sheffield University who, after a 13-week induction programme which covered all metrology

products and commercial aspects of the business, are spending a series of six-month assignments on key projects, including one at the Advanced Manufacturing Research Centre in Sheffield.

Li Xiang says that the Academy will also help to improve liaison between HQ and our Chinese offices when the engineers return to China in summer 2013, as they “will have a deep understanding of both the UK corporate and local Chinese culture.”

He Jiandong (front) and Li Xiang (to the right with Academy Manager, Paul Saunders) are just two of the many beneficiaries of the Renishaw Applications Academy



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