

## Renishaw plc – Slavery and Human Trafficking Statement

Financial year ended 30 June 2016

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 2016 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. To ensure we can communicate this commitment internally and externally, we have reviewed the Renishaw Business Code of Conduct (“Code”) and updated it to be more explicit about modern slavery. We have also adopted a Slavery and Human Rights Policy which can be found on our website. These documents are used to educate various stakeholders, especially suppliers, of the standards expected of them.

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. The Working Group has been tasked with assessing the current practices for the mitigation of modern slavery, and also to strengthen and add in any new processes necessary to ensure our anti-modern slavery work is sufficient to protect the human rights of workers within our supply chains.

### Organisation and structure, and supply chains

Renishaw plc is a UK-based engineering and manufacturing company. Within our group of companies, we operate manufacturing units within the UK (5), Ireland (1), Germany (1), France (1), the USA (1) and India (1). These manufacturing units are either part of Renishaw plc or wholly owned subsidiaries and all report into senior management within the Group’s management structure. In addition, Renishaw has R&D, sales and administration locations across 35 countries.

Our supply chains are divided into different groups that serve local Renishaw locations, however the majority of our purchasing spend, around 80%, is undertaken by GMSD Purchasing, the purchasing group that procures the requirements of our group manufacturing services and corporate services divisions.

Our supply chains operate across the globe in many industries, including in countries, commodities and industries a small number of which we deem to be at risk for modern slavery issues.

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”).

### Internal supply chains

Our internal manufacturing locations have been asked to complete a modern slavery self-assessment questionnaire (“Questionnaire”). This has allowed us to assess the risks within our internal supply chains. Our internal suppliers are also required to work according to the

Code, which has been updated this year to be more explicit about our work on mitigating modern slavery within our organisation and our supply chains. The updated Code is available to all employees, and update training is being developed for all personnel that will be carried out in the next financial year.

## External supply chains

As GMSD Purchasing covers the vast majority of our purchasing we decided that we would start working on their supply chains, and expand to our smaller purchasing groups after the process had been proven to work effectively. During the year we also started the process with our purchasing group based in India.

We have identified just over 2100 suppliers used by GMSD Purchasing that require assessment. We are also in the process of assessing the numbers of suppliers we have unique to our Indian manufacturing location, and are training the procurement team in China.

In this first year we decided that we would focus on our tier 1 suppliers, and ask them to engage and ascertain their understanding of the Modern Slavery Act, whether they fall under scope of it or not, and what they are doing to mitigate the risk of modern slavery within their organisation and their supply chains. To ascertain this, we developed a due diligence process, set out below. We also communicated an updated version of the Code and our Slavery and Human Rights Policy to all of the suppliers used by GMSD Purchasing.

## Due diligence process

The Modern Slavery Act impacts on all suppliers in an organisation's supply chain, and for the purposes of our due diligence process we decided that for Renishaw this means:

- All production suppliers
- Non-production suppliers with whom we have had trading activity within the current or previous financial year or those who we are looking to work with in the near future.

For the suppliers identified above, an initial top level assessment was carried out for the tier 1 suppliers. This assessment has been based upon whether the supplier is:

- located in a high risk country<sup>1</sup>
- operating in a high risk industry or commodity<sup>2</sup>

If the supplier is located in a high risk country or operates in a high risk industry or commodity we deemed them to be a high risk supplier for modern slavery. Of GMSD Purchasing's 2100 suppliers, 300 were identified as high risk through the assessment and were asked to complete the Questionnaire. The responses were assessed by the Working Group.

In the Questionnaire we anticipated that there will be some suppliers who fall under scope of the Modern Slavery Act, and so we asked them to provide a copy or link to their slavery and human trafficking statement. This was reviewed by the Working Group and assessed for the appropriateness of the response. All new suppliers that are operating in a high risk country, industry or commodity, are expected to complete the Questionnaire before trading commences, with sign off from the Working Group or an authorised person within the relevant subsidiary.

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<sup>1</sup> High risk countries are those in the top 85, by prevalence or number, on the Global Slavery Index issued by the Walk Free Foundation.

<sup>2</sup> A high risk industry or commodity is one defined by the US State Department in their Trafficking in Persons report.

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We recognise that this process, at this stage, only gives us an overview of the understanding of the suppliers we deem to have a higher risk of modern slavery being within their supply chains. As we gain a greater understanding of these risks we will review and refine the steps we take to identify potential incidences of modern slavery in our supply chains.

## **Training**

Training on modern slavery and the due diligence process has been developed and has been rolled out to GMSD Purchasing, and the purchasing groups located in our sites in India and China. We have also communicated with all senior management across the Renishaw group about modern slavery and our approach to its mitigation. We will continue to refine this training and roll the training out to more groups across the business in the future.

## **Progress report**

To date we have not identified any suspected incidences of modern slavery in our supply chains.

Questionnaires were issued to the 300 suppliers identified as higher risk in 2016. As at the date of this statement over 50% of the higher risk suppliers have returned completed Questionnaires and we continue to press for responses for the remainder.

A large majority 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. We are in the process of making further enquiries of the minority whose responses have been insufficient, either over the telephone, or as part of a regular supplier visit.

The suppliers that we deemed to be of a lower risk for modern slavery were all contacted with copies of the Code and the Slavery and Human Rights Policy, with a letter setting out what is expected of them in mitigating modern slavery within their organisations and supply chains.

In addition, as part of developing this assessment process, we have identified some improvements to our assessment process to avoid misinterpretation when gathering data. As we progress, we will develop a more comprehensive programme aimed at addressing the risk of modern slavery beyond our tier 1 suppliers and develop better ways of measuring the effectiveness of the methods we deploy to combat these risks.

This statement covers the period 1<sup>st</sup> July 2015 to 30<sup>th</sup> June 2016, and has been approved by the Board and signed on its behalf by



Allen Roberts  
Group Finance Director