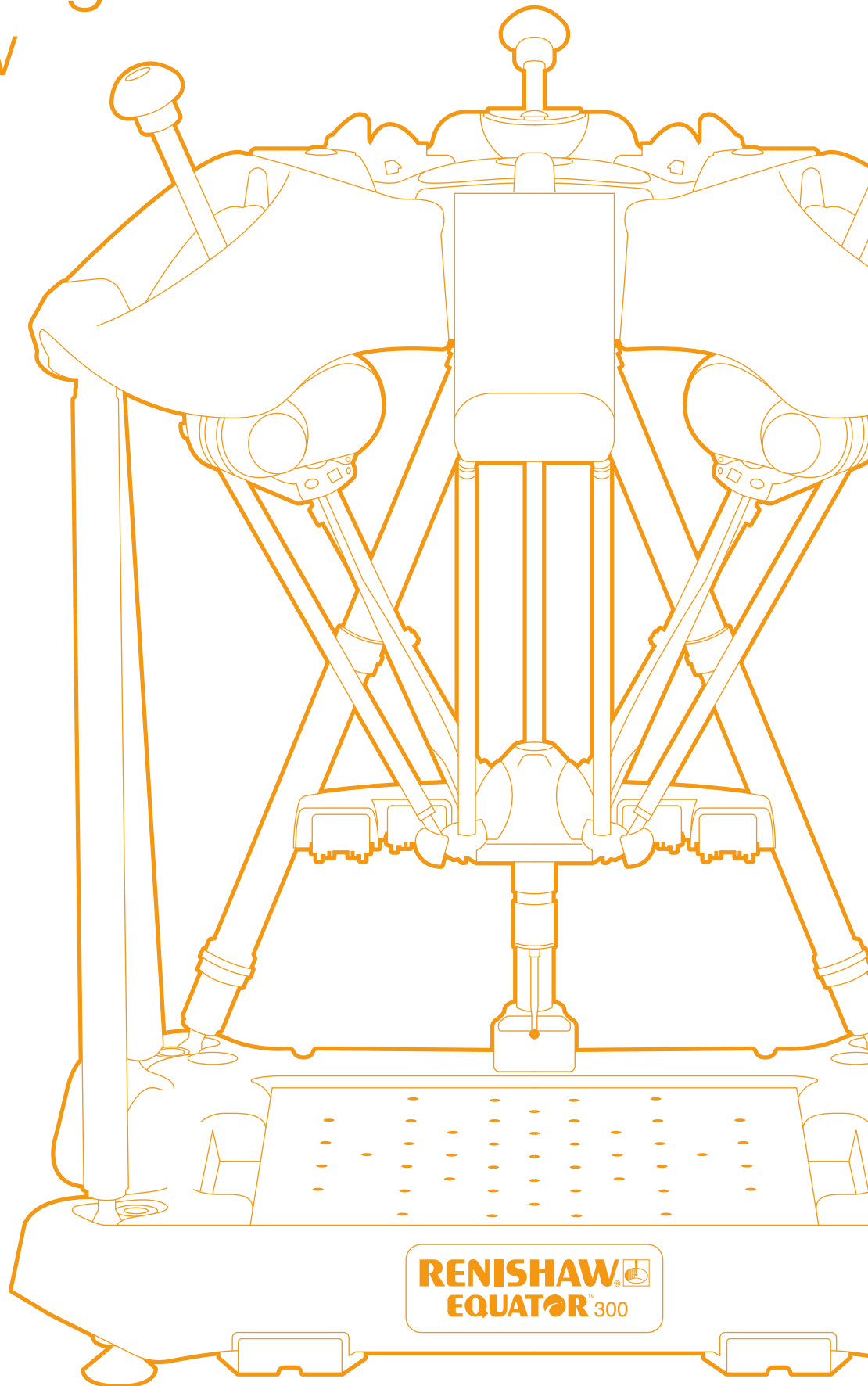


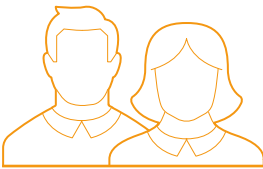

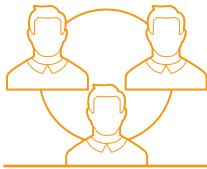
Transforming Tomorrow Together



Managing our resources and relationships

How we engage with our stakeholders

We've summarised our stakeholder relationships below, and on pages 66–68 set out how we have considered our stakeholders when making important decisions (our 'Section 172 statement').

Our stakeholders		
<h3>Our people</h3>  <p>Why we engage Attracting, retaining and motivating our people is vital to our success, so that we have the right skills and knowledge in our business. We also need to hear how our people are feeling in terms of wellbeing, and to ensure that we are providing a safe place to work.</p> <p>How we engage</p> <ul style="list-style-type: none"> – Works Forums, attended by members of the HR team and employee representatives. – HR Business Partners and their work with line managers and leaders in their areas of the business. – Diversity and Inclusion group. – Updates on Channel R, our in-house video channel. <p>Actions</p> <ul style="list-style-type: none"> – Began a global salary benchmarking review, intended to move our entire pay range fully into the upper half of the market range. – New performance review process. – New job grading structure. <p>▶ Read more on pages 54–56</p>	<h3>Planet</h3>  <p>Why we engage To deliver long-term value in a world of increasingly scarce resources, we need to minimise the impact our business has on the environment. Stakeholders also tell us that this topic is important to them.</p> <p>How we engage</p> <ul style="list-style-type: none"> – Discussions with customers on their sustainability requirements. – Reviewing and monitoring our emissions, waste output and energy consumption. <p>Actions</p> <ul style="list-style-type: none"> – Agreed Net Zero targets – by 2028 for Scope 1 and 2 emissions, and no later than 2050 for Scope 3. – Created a Sustainability Committee and brought four new people into our Sustainability team. – Launched a salary sacrifice scheme for ultra-low emission vehicles (ULEV), starting in the UK. <p>▶ Read more on page 57–61</p>	<h3>Customers</h3>  <p>Why we engage To give our customers the products and services they need, we must understand their needs and the problems they're trying to solve.</p> <p>How we engage</p> <ul style="list-style-type: none"> – Visits to customer sites to understand their manufacturing challenges. – Visits to Renishaw sites for demonstrations. – Meetings and discussions at trade shows and conferences. – Live webinars and online workshops. – Smart Manufacturing Ambassador programme on social media. <p>Actions</p> <ul style="list-style-type: none"> – Restarted attendance at global trade exhibitions and customer open houses. – Created more live and on-demand webinars which are available in up to 13 languages. – Restarted visits to local demonstration facilities. <p>▶ Read more on page 62</p>

Communities



Why we engage

Acting in a responsible way is important to us, and we want to make sure that we have a positive influence on the communities close to where we operate.

How we engage

- Educational outreach work, including virtual workshops, led by four full-time members of our outreach team.
- Employee volunteering.
- Donations, including providing IT equipment.
- Active membership of trade associations and research centres.

Actions

- Donated £0.3m to over 190 charitable and not-for-profit organisations.
- Engaged with 11,000 students through our schools outreach programmes in the UK.
- Supported the UK's Homes for Ukraine scheme and sponsored two Ukrainian families to settle in Gloucestershire.

► Read more on page 63

Shareholders



Why we engage

We recognise the trust that our minority shareholders have placed in us, and aim to provide sustainable long-term growth in return.

How we engage

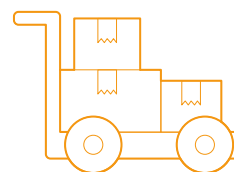
- Reintroduced our Investor Day in May 2022.
- Webcasts to present our interim and annual results, including Q&A sessions.
- Feedback received at and after the AGM.
- Dedicated email inbox for shareholders to submit questions before the AGM.

Actions

- Interim dividend of 16.0p per share, paid in April.
- Final dividend proposed of 56.6p per share.
- Hosted 49 investors at this year's Investor Day.

► Read more on page 64

Suppliers



Why we engage

Having a secure supply of high-quality, safe and ethical raw materials is important to our success as a manufacturer.

We also need to have strong relationships with our suppliers to help us meet our customers' evolving needs.

How we engage

- Regular calls and meetings between our purchasing teams and our suppliers.
- Purchasing teams located in key locations for working with suppliers, including China.
- Supplier audits and performance reviews.

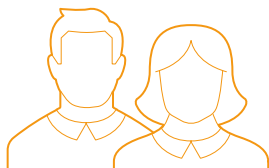
Actions

- £166.5m spent with suppliers during the year.
- £88.4m committed to capital expenditure projects.

► Read more on page 65

Managing our resources and relationships continued

Our people



We have had another busy year, prioritising key activities and welcoming more than 1,000 people into our business. The pandemic has continued to cause some challenges, but we've turned these into opportunities and focused on three key topics; improving our performance reviews, supporting career progression and developing our reward and benefits offer.

Developing and motivating our people

We needed to improve our performance review process, to promote transparency, consistency and fairness, and to encourage more regular conversations between people and their managers.

In FY2021, we began rolling out a new process, including a new rating system. Following performance reviews in that period, we asked people to share their experience of that process. They told us that they found the rating system complex and had difficulty completing their reviews within the required timescales.

We set up a working group to address this. While the overarching principles remain the same – we review performance based on a combination of objectives and attributes – we wanted to simplify the process. This year, we've made the following improvements:

- **process** – reduced the number of steps required to complete the performance review;
- **scoring** – replaced our itemised objective and attribute scoring system with a simpler description-based rating system;
- **accessibility** – extended the amount of time managers can access team reviews; and
- **timetable** – shortened timescales to complete the process, so it didn't become protracted.

Following these changes, our focus for FY2023 will be to evolve and refine the process further.

This year, we have also focused on ways to strengthen career progression at Renishaw. This is following feedback from existing employees, and leavers in their exit interviews, telling us that they didn't understand career progression pathways. Some people also felt they lacked access to development training.

We set up a working group to address this topic, with representatives from across the business. We also shared a survey with all UK employees in January 2022 to gather feedback. This told us that:

- most employees feel that progression should recognise their personal development in terms of skills and knowledge;
- career progression and increasing responsibility, aligned with pay increases, is very important to them, particularly as they develop their careers in their 20s and 30s;
- some people want to expand their role and become more influential at work, and this is most common at office-based sites;
- some employees are satisfied in their current position and are not looking for promotion at the moment;
- job title changes are highly valued by people in the early-to-mid stages of their career;

- people wanted clearer information on competencies, grades, salary and career paths;
- younger employees would prefer more frequent promotion with smaller increments of responsibility and pay, over less frequent/bigger steps.

Respondents also told us that while competitive pay is a key factor for retention, we also need to improve the way we support our people to build their skills and develop their careers.

We're currently working on a new job grading structure, using an industry-wide framework, which will help us to benchmark our pay and benefits across the Group. Once the revised grading structure is in place we'll create competency frameworks for all our roles. This will make progression pathways more transparent and link them to relevant training/resources to better support personal development. Our HR Business Partners (HRBPs) also continue to develop succession plans within their business units to safeguard key skill sets.

These changes will take some time to implement but we're committed to making them to give our people greater clarity and understanding.

Our Workday Learning system currently offers almost 1,200 training courses on subjects such as technical skills, project management and engineering change management, and we provided more people management training this year.

Our Early Career pathways continue to be popular and we welcomed 160 students during the academic year for work experience on a project-based scheme. We currently have 209 apprentices, 87 graduates, and 42 industrial placements across various disciplines, meaning we have around 340 people currently on these programmes.

Rewarding and recognising our people

We know that reward is an important topic for our employees, which is why this year we have reviewed our approach. Previous annual salary reviews have included an inflationary salary review based on CPI and linked to performance review, plus a bonus based on Group results. This had promoted a focus on monetary review rather than on performance or progression.

We aim to create a reward programme that is transparent, applied fairly and consistent with market forces to help us remain competitive. So we will continue to carry out periodic benchmarking to maintain competitive salaries and limit employee turnover. This is intended to move our entire pay range fully into the upper half of the market range, and has resulted in pay increases significantly above inflation for many people. We are aiming to introduce benchmarking globally by December 2022 using market data sourced from WTW.

Our goal is to ensure that pay is set at an appropriate level, in line with both the wider employment market, and our reward programme. We have made significant progress on this from the benchmarking work we've done this year, however there is still further work to do to reach our target position.

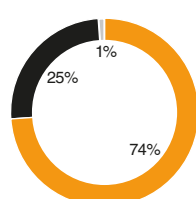
Nurturing an inclusive culture

We are committed to creating a work environment where everyone feels included. Our aim is to promote a culture that embraces our people's differences and improves engagement, helping them perform to the best of their ability.

We're recruiting an Equality, Diversity and Inclusion Lead who will help us to develop, implement and monitor our diversity and inclusion programme going forward. This year we;

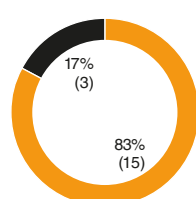
- published a more detailed report for our employees to explain what we are doing to reduce our gender pay gap;
- increased the number of Diversity and Inclusion Champions;
- started an inclusive leadership training programme for our managers;
- reviewed our recruitment processes for due diligence on diversity and inclusion measures;
- reintroduced stress awareness training for our managers;
- promoted our values to support a culture in which diverse skill sets, combined with a strong collaborative approach, create an environment where both personal and business objectives can be met.

All employee gender diversity ratio



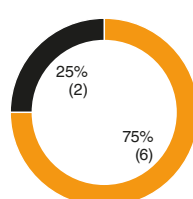
74% (3,810) Male
25% (1,262) Female
1% (25) Not disclosed

Senior management team diversity



83% (15) Male
17% (3) Female

Board diversity



75% (6) Male
25% (2) Female

At 30 June 2022 our gender diversity split was:

Management level	Male	Male %	Female	Female %
Board	6	75	2	25
Executive Committee	6	86	1	14
Senior managers ¹	15	83	3	17
Subsidiary directors ²	40	95	2	5

¹ As defined by the Companies Act 2006.

² Means statutory directors.

Engaging with our people

The ongoing effects of the pandemic have highlighted the importance of engagement to ensure that our people continue to feel supported through challenging times. Returning to normal after lockdown has given everyone the opportunity to return to collaborating onsite more frequently, which our people have welcomed. Employees have welcomed our new hybrid working policy, which adds further flexibility to our working practices.

The labour market has been particularly challenging in all regions. As a result, we have taken a more dynamic approach to attracting and retaining talent, including incentivising our existing employees to make referrals for key roles.

We hope that our focus on performance review, career progression and reward will also improve employee engagement. More generally, we continue to share news and information about Renishaw through a number of channels, to help our people stay engaged in our Group.

During the next year, we will continue to achieve our objectives for reward and career progression. We also intend to review our benefits package to identify where improvements can be made.

Supporting wellbeing

The health, safety and wellbeing of our people remains a priority. Once again, our people rose to the ongoing challenges during the pandemic this year. We took a cautious but structured approach to relaxing measures when lockdowns were lifted, demonstrating our commitment to keeping our people and our communities safe.

Of course, wellbeing has remained a critical issue for everyone, even as restrictions have started to ease. As a result, we've introduced additional measures to support our people's health and wellbeing:

- Added mental health cover to our subsidised private medical scheme (UK only).
- Introduced a free flu voucher programme (UK only).
- Increased our wellbeing materials on SharePoint.
- Shared further guidance for managers on handling difficult conversations.
- Piloted mental health awareness training for managers (UK only).

Providing a safe working environment

We've continued to work hard managing COVID-19 risks and the associated changes in legislation and guidance, protecting our employees' health and safety with minimal business disruption. We've reviewed our COVID-19 control measures throughout the year, and some measures remain in place such as providing free lateral flow tests for site-based employees. With the rules on wearing of face coverings and social distancing relaxing, we're back to a relatively normal way of working.

With a new Group Health and Safety manager joining us in the year, we've introduced a new H&S strategy and have three further new members of the team. We also developed and delivered a 'near miss' reporting campaign, which is helping us to better understand these events and take remedial action. Our H&S team also discuss these near misses with managers in the relevant business areas. This should help reduce our accident rate in the future.

This year we experienced 145 accidents (2021: 124) against a year-end headcount of 5,097 (2021: 4,664). This gives an accident frequency rate of 24.27 per million hours worked (2021: 17.40), with the increase reflecting that we have more people working onsite this year.

There were six reportable accidents under the UK RIDDOR reporting requirements. This is equivalent to a lost time injury rate of 1.0 per million hours worked, compared with a UK manufacturing average for RIDDOR-reportable accidents of 2.3 per million hours worked.

Gender pay gap

22.0%

mean
(2021: 23.7%)

22.8%

median
(2021: 23.2%)

Health and safety

1.0

injury rate per million
hours worked (Group)

2.3

injury rate per million
hours worked
(average for UK
manufacturing sector)

Managing our resources and relationships continued

Our people

Opportunities to progress

We are proud of our track record of developing people from within the business. We offer them opportunities to progress through different levels and into other parts of the Group. Our Early Careers programme is really popular, and many of our senior leaders have been with us since the start of their career; Will Lee, our Chief Executive, was part of our graduate intake in 1996. Here, a few of our people talk about how they developed their career at Renishaw.



I'm a third-year apprentice and joined the programme after completing my GCSEs. From day one, Renishaw offered me a secure platform to develop my education and hands-on skills in an enjoyable environment. As an ambitious global business, Renishaw is continuing to invest in my potential as an engineer."

Seb Hobbs
Manufacturing Apprentice



I joined as an apprentice 10 years ago, moving into manufacturing to work on CMM products. I've since completed my degree in mechanical engineering and am now a Senior Process Improvement Engineer, leading a team of technicians and engineers to support the production of our styli and encoder products."

Beth Low
Senior Process Improvement Engineer



I started the embedded electronics degree apprenticeship programme in 2017 and since then have rotated through various roles in the business. I've been working on the embedded software in our next generation of radio probes, and am looking forward to developing my own skills and Renishaw's future products."

Jack Chapman
Design/Development Engineer



I wanted to explore options related to my medical engineering degree but outside of a pure engineering role, so I joined the graduate programme as a Project Co-ordinator, delivering product development projects for encoders. I then moved to Group Engineering as a Senior Project Manager, streamlining business processes, project reporting and business change initiatives. In March 2021, I became our Head of Compliance Transformation, supporting the business to better align our compliance activities."

Lily Joyce
Head of Compliance Transformation



Promoting from within

Louise's journey



I started working as a summer placement student in Renishaw Ireland while studying engineering at Trinity College Dublin, before joining the UK graduate programme in 1997. Since then, I've held several technical, operational and corporate roles, including in design, production and project engineering, as well as key operational roles.

A particular highlight was working closely with Will Lee and the Executive Committee on key strategic and operational projects. More recently, I've been appointed Director of Additive Manufacturing, working closely with a dedicated team, including Sir David McMurtry, to shape Renishaw's future direction in this exciting area. I combine my role at Renishaw with that of mother to three young children."

Louise Callanan
Director of Additive Manufacturing



Managing our resources and relationships continued

Our planet



Our approach to sustainability

Sustainability is an integral part of our purpose to transform tomorrow together. It's our ambition to become a sustainability leader, working in partnership with our customers, suppliers and local communities to create positive change. This year, we developed a new sustainability delivery plan, guided by our values, which sets out our targets for reducing our emissions and how we'll contribute to the three UN Sustainable Development Goals (SDGs) that are most relevant to our business.

One of the most important ways in which we can have an impact is by reducing our emissions. Our new Net Zero commitment, approved by the Board in April 2022, sets out how we will prioritise that work.

In order to achieve our commitment, we will need to reduce our GHG emissions by 90%, compared to our FY2020 baseline.

So, we have committed to reaching Net Zero across all our Scope 1 and 2 emissions by 2028 and in our Scope 3 emissions by 2050, at the latest.

To address the remaining 10% of emissions, we'll invest in credible carbon capture and removal programmes, such as reforestation and carbon capture technologies. This way we can ensure that we're removing at least as many GHGs as we emit.

We intend to submit our targets and plans for verification and approval by the Science Based Target initiative (SBTi).

Addressing our Scope 1 and 2 emissions

Scope 1 and 2 emissions are those that we release directly into the atmosphere, either by burning fuel to run our vehicles and buildings or through the electricity we buy.

To tackle these emissions and reach our 2028 target, we have developed a phased action plan, which includes:

- moving our sites to low-carbon heating systems;

- installing more renewable sources of energy at our sites, such as solar panels and wind turbines;
- continuing to move our sites to purchased renewable electricity; and
- upgrading our vehicle fleet to ultra-low emissions.

Scope 3 is a broader category covering indirect emissions associated with making our products. For example, emissions associated with moving our products around the world, or from the goods and services we buy.

Calculating Scope 3 emissions is a complex process because it involves measuring the GHGs from our whole value chain. So we have set ourselves a deadline to quantify these emissions by March 2023. We're already making progress in several areas, including:

- introducing an ultra-low emission vehicle (ULEV) leasing scheme for UK employees; and
- carrying out life cycle assessments (LCAs) for key products to determine their environmental impact.

We realise that becoming a sustainable business requires a lot more than achieving Net Zero emissions. That's why we've also assessed the SDGs and identified three that are most relevant to our business:

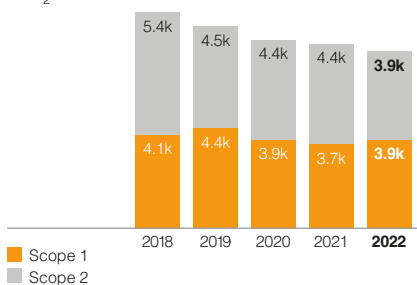
- Goal 8 – Decent work and economic growth;
- Goal 12 – Responsible consumption and production; and
- Goal 13 – Climate action.

Within the next year we'll create objectives and targets for our contribution to these goals and report publicly on our progress.

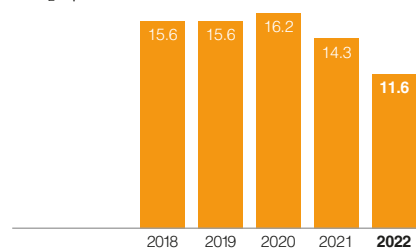
To help us deliver our sustainability plans, we have set up a new Sustainability team, which includes four new roles that will work alongside our Head of Sustainability. We've also created a sustainability governance structure (see overleaf) to manage and direct our approach.

We've made significant progress in the last 12 months and are excited to continue working towards achieving our sustainability commitment. On the following two pages you can read more about our plans to reach Net Zero and what we've achieved this year.

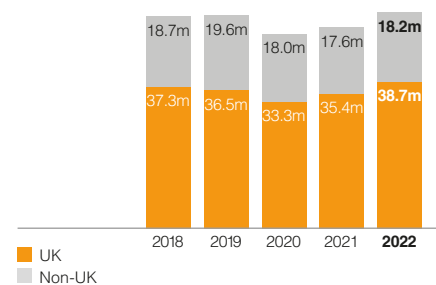
Total statutory emissions
tCO₂e



Statutory GHG emissions
tCO₂e per £m revenue



Group energy consumption
kWh



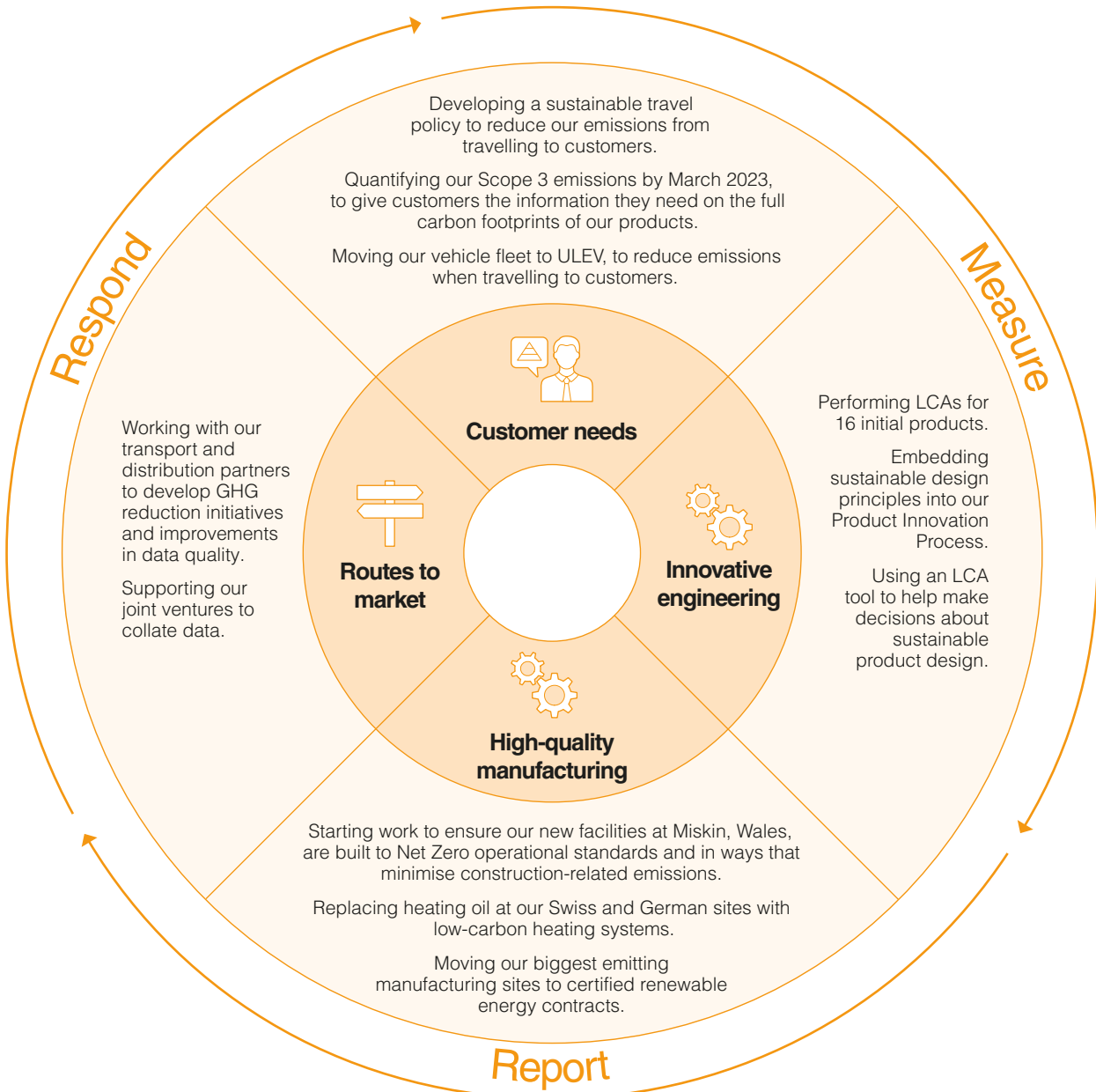
We calculate our GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). We base as much data as we can on direct sources, such as meter readings and utility bills. We use estimated figures for June each year to ensure timely data capture, but we'll update June 2022's data in the next Annual Report. Data for previous years has been subject to a 'true up' due to improvements in data capture methodologies, official retrospective updates to carbon emission factors and the correction of historical data errors. Our 'statutory emissions' mean our Scope 1 and 2 emissions and we use the market-based methodology to account for our efforts in generating and purchasing low-carbon energy. The location-based method is provided for disclosure only.

Managing our resources and relationships continued

Our planet

Our Net Zero commitment

To achieve Net Zero, we need to make changes throughout the business, which is why we've aligned our Net Zero commitment with our business model. To successfully deliver on a commitment of this scale, it will be crucial for us to measure our progress, report to relevant stakeholders and take meaningful action in response. The graphic below shows the key actions that we've identified so far and how they relate to our business model:



Our progress this year

In addition to agreeing our Net Zero commitments this year, we've continued to make good progress in our existing work to reduce emissions, minimise waste, and support our customers in their sustainability journeys. We've also introduced a new sustainability governance structure to help direct and oversee this work:

Sustainability governance structure



Life cycle assessments to help our customers

We know our customers value the way in which our products reduce waste and improve efficiency. We also know that they want to understand the product's environmental performance. That's why we're starting to carry out a series of LCAs on a mixture of popular and new products. This will help us understand and quantify their environmental impact, so that we can share this with our customers. We plan to start integrating LCAs into our Product Innovation Process (PIP) this coming year. Once fully integrated into the PIP, it will ensure that new products are designed with sustainability as a key requirement.

We also want to find ways to design more sustainable options for our products once they reach their end of use. To help us do that, we set up a new Design for Circularity forum this year, which includes representatives from every product group. We also provide recycling guidance for our products which helps end users dispose of them responsibly.

Lowering our emissions

Once again, we're pleased to have reduced our statutory GHG emissions by 293 tCO₂e this year. We have mainly achieved this by fitting solar panels to our buildings in Dublin, Ireland, and Apodaca, Mexico, and moving more of our sites to renewable electricity contracts. Our overall measured GHG emissions have increased this year because we've started measuring more of our Scope 3 emissions. As mentioned, we intend to fully quantify our Scope 3 emissions by March 2023, but already report more GHG data for:

- shipping and distributing our products;
- employee commuting;
- our joint venture companies; and
- the raw materials we use.

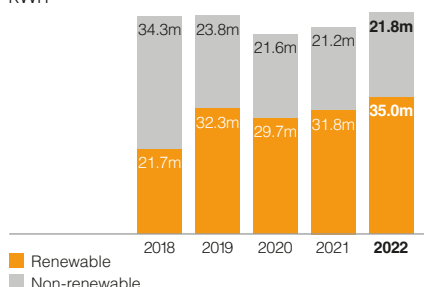
Our air travel emissions increased by 662 tonnes CO₂e versus last year, as COVID-19 travel restrictions eased. However, we haven't returned to our pre-pandemic levels, thanks to our new hybrid ways of working. To keep making progress, we're developing new sustainable travel principles, which will help embed sustainability in everyday business decisions.

Minimising our waste

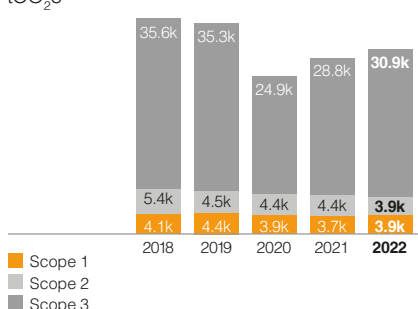
Due to a record year of trading, our waste levels rose to 2,616 tonnes this year (2021: 2,438 tonnes). However, we diverted 87% of our waste away from landfill, by finding ways to reuse, recycle and compost, as well as energy from waste recovery. For example, we began successfully reusing our transit crates, which has reduced the number of new crates we needed to buy.

We know that a significant proportion of our waste is created from our manufacturing processes. So, our new Design for Circularity forum is working with our manufacturing waste champions to continue looking at ways to minimise the amount of waste we generate, while maximising options to reuse, recycle and compost.

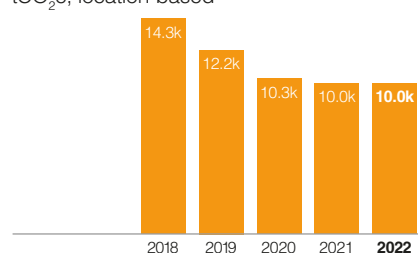
Energy source kWh



Total measured GHG emissions tCO₂e



Total measured scope 2 GHG emissions tCO₂e, location-based



Managing our resources and relationships continued


Our planet

Task Force on Climate-related Financial Disclosures

The table below shows our position relating to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures, in compliance with Listing Rule 9.8.6(8). This year, we've taken steps to comply with these recommendations and disclosures, including establishing our Sustainability Steering Committee to oversee our sustainability approach. We haven't yet been able to take all the necessary actions to comply fully with the recommended strategy disclosures a), b) and c), or risk management disclosures a), b). However, below, we set out what we have achieved this year, as well as explaining how we're working towards full compliance in our next Annual Report.

Progress  Improvement  No change

Governance

2022 position	2023 priorities	2022 progress
<ul style="list-style-type: none"> – We have identified climate change as a principal risk (see page 48). This means our Board now oversees the Group's management of climate-related matters, which are discussed regularly at our Board meetings. Allen Roberts, Group Finance Director and Board member continues to hold executive responsibility for sustainability. Our Audit Committee, with input from the Risk Committee, oversees risk management including climate-related risks. More detail on how the Board are updated on principal risks can be found on page 40. – The Board has considered climate-related issues when reviewing and guiding strategy, and in April 2022 it approved our Net Zero commitment. As part of this commitment the Board considered climate-related issues when they agreed a major plan of works and significant capital expenditure to reach Net Zero in our Scope 1 and 2 GHG emissions by 2028. It made clear that the budget for the Sustainability team should be increased to cover four new specialist sustainability roles. – Our Sustainability Steering Committee provides strategic oversight of our sustainability approach and our full sustainability governance structure is on page 59. The Committee includes members of the Executive Committee and senior managers. It gives monthly climate-related updates to the Board and wider Executive Committee. – This Committee also supports our Board in making strategic decisions on climate-related matters, such as our Net Zero commitment. 	<ul style="list-style-type: none"> – We'll establish a consistent and regular review of climate-related risk and opportunities so our Board can oversee progress towards related goals and targets. – We'll also start a training programme on carbon literacy and climate risk and opportunities for our senior managers and wider Group. 	

Strategy

2022 position	2023 priorities	2022 progress
<ul style="list-style-type: none"> – Although we have identified climate change as a principal risk, our Risk Committee has agreed that we need to better understand exactly what climate-related risks and opportunities we face. – We are already aware of some of those risks and opportunities. For example, the rapid rise in energy prices is both a risk and opportunity since it increases costs but reduces the payback period on renewable energy generation projects. As a result, more of our sites have become viable for renewable energy generation projects. However, we have not yet completed a full assessment of all our climate-related risks and opportunities, and this will be a priority before we publish our next Annual Report. 	<ul style="list-style-type: none"> – We'll carry out climate scenario analysis to better understand our resilience to climate change. We'll focus on our own operations first but understand the importance of assessing resilience across our whole value chain. – We'll identify the climate risks and opportunities we face over the short, medium and long-term and determine their effect on our strategy and financial planning. 	↔

Risk management

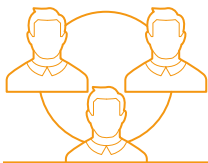
2022 position	2023 priorities	2022 progress
<ul style="list-style-type: none"> – Our risk identification and management process has identified our Climate change risk, as explained on page 48. – Our risk oversight for climate issues is located on page 39. This includes both a 'top down' and 'bottom up' risk identification process. 	<ul style="list-style-type: none"> – We'll establish a consistent and regular review of climate-related risk and opportunities using a 'bottom-up' approach. – We'll start to engage with other stakeholders like customers, suppliers and investors as we recognise their involvement is necessary to effectively manage our climate risk and opportunities. 	↑

Metrics and targets

2022 position	2023 priorities	2022 progress
<ul style="list-style-type: none"> – Our recently agreed Net Zero commitment means that we are now working towards Scope 1, 2 and 3 emissions targets. More detail can be found on page 57. – We continue to disclose GHG data as well as other environmental metrics such as renewable energy generation and waste. <p>More detail can be found on pages 57 and 59.</p>	<ul style="list-style-type: none"> – We'll quantify our Scope 3 emissions by March 2023. – We'll seek external assurance for our sustainability data. – We'll use relevant cross-industry TCFD metrics in future disclosures. 	↑

Managing our resources and relationships continued

Customers



Delivering our purpose means working closely with our global customers to help them solve complex challenges. It also means helping them increase innovation, product quality, production and operational efficiencies in their own businesses.

Building long-term relationships

When working with customers, we have four key aims:

- build long-term, trusted relationships to maximise customer satisfaction and return on investment. It is not just about a sale, but supporting and helping our customers develop their processes and improving the quality of their products;
- bring high levels of integration to our customers' manufacturing environments. We are especially focused on businesses that are looking to introduce connectivity and intelligent use of data into their processes;
- deliver excellent support no matter where in the world our customers are based. Supporting our customers, wherever their machines are located, builds their trust and confidence; and
- provide innovative services to support changing customer expectations and market requirements throughout the life cycle of all our product ranges. We are flexible in our approach and support customer needs from initial purchase, right through to end of product life.

We have always understood the importance of providing excellent support at a local level. We achieve this through our subsidiary network and long-term distributors. This allows us to assure our customers that whatever their needs, we can support and assist them, resulting in a positive return on their investment.

While the application of our products is common worldwide, business practices, customs and levels of technical expertise and language can vary. That's why our local teams are so important. This approach costs more than relying solely on third-party distributors, but it means our teams are readily available to provide support and advice. By using the strength of our UK operations to develop new products, this local approach means teams are free to make faster decisions and tailor their sales and marketing, and their solutions, to specific customer needs.

Establishing feedback

The ongoing success of our business relies on customers continuing to buy our products. To ensure our existing and future products continue to serve their requirements, we work hard to understand their needs. We do this in several ways, such as gathering regular feedback while testing new products and working with them to design world-class customer support programmes.

Due to the highly technical nature of our customers' requirements and our products, we prefer to do all this through direct contact. For example, the voices of our customers are represented at numerous forums, including regional sales and marketing conferences, product line conferences attended by representatives from our sales regions, and service conferences. Members of our Board and Executive Committee, and our Regional Presidents, also regularly engage with machine builders and end users across our key sales regions. They receive feedback on our performance as a supplier and

how we can continue to help our customers improve their own products and operational performance. Our membership of trade associations and other industry bodies (see 'Communities') gives us the opportunity to network with our peers and learn more about the challenges our industry faces.

As more customers set their own sustainability targets, it is more important than ever that we work with them to understand their challenges and goals. Understandably, customers are also interested in our own commitments and this year we received more questions than ever before, including queries about embedded emissions within our products.

This year we also started to attend global trade exhibitions and customer open houses, possible once again now that pandemic restrictions in many parts of the world are easing. These are very important opportunities to talk to our customers in a way that simply isn't possible using digital platforms. For example, our Chief Executive, Will Lee, attended exhibitions in EMEA, APAC and the Americas during the year, meeting key customers, as well as our sales and applications colleagues who have daily interactions with customers and prospects. These events are, once again, generating thousands of enquiries giving us valuable intelligence into market trends, as well as sales opportunities.

Despite the return of trade exhibitions, we continue to develop our use of digital marketing technologies. These have proven an invaluable way to interact with our wider industry and introduce them to our technologies and expertise. We've further developed our webinar programme during the year, with a range of topics such as CMM productivity and Raman spectroscopy of carbon materials. These are available live and on-demand in up to 13 languages. This has been particularly successful for our Spectroscopy business, whose live webinars now regularly attract more than 1,000 participants. We're continuing to use automated marketing to coordinate our messages, and deliver more tailored customer experiences.

Social media, especially LinkedIn, continues to be an important channel for us. Our Smart Manufacturing Ambassadors programme, which gives social media training and support to customer-facing employees, has increased our online engagement and support for customers. This channel makes us a more accessible business and our experts' 'How to?' style posts generate good levels of engagement, with queries answered directly by our employees.

The return of in-person events also means we can, once again, host customers from around the world at our local demonstration facilities and our manufacturing sites in the UK. As a manufacturer and heavy user of machine tools and our own products, we understand how to talk to our customers. Site visits give customers the chance to discuss mutual challenges, peer-to-peer, with our manufacturing teams.



Our stand at the EMO Milano exhibition in October 2021.

Communities



We strive to be open, honest and consistent in our relationships with the communities that live near our operations, and we are guided by our values of integrity and involvement. As a large organisation we recognise the impact we have on the communities we work in and aim to make a positive difference.

We aim to achieve this by:

- supporting community sustainability initiatives;
- providing financial support for charities and other not-for-profit organisations;
- engaging with local and national governments and elected representatives;
- working with trade and general business organisations;
- running extensive education outreach initiatives and large work experience programmes;
- supporting employee fundraising and volunteering;
- offering free use of our facilities for educational and other community events; and
- sponsoring community sports clubs and festivals for science, music and the arts.

Education outreach

Our science, technology, engineering and maths (STEM) education outreach programme is designed to excite, interest and engage young people in a range of engineering activities. We do this to encourage them to consider studying STEM subjects and, further down the line, a career in engineering. Our programme includes virtual and physical workshops at our longstanding education centre at our site in Miskin, Wales. We're also opening a new education centre at our New Mills headquarters this autumn, following a delay caused by the pandemic.

During the 2021-22 academic year our programmes reached around 11,000 UK students, with most events held online.

Our interactive virtual workshops on 3D printing and coding proved particularly popular. We also ran work experience weeks and our four full-time education outreach employees, supported by more than 120 STEM ambassadors, also delivered talks and workshops at local schools.

We were particularly pleased that 49 of our events took place at schools with an above-average number of students claiming free school meals. We believe this is a good demonstration of our commitment to supporting diversity in engineering careers. We also worked with Gloucestershire Local Enterprise Partnership to give activity packs to special educational needs and disabilities (SEND) schools, supported by virtual interactive workshops. To mark International Women in Engineering Day 2022 we also hosted a weekend of STEM workshops for 130 Girl Guides.

In April we sponsored a WorldSkills event during the UK's MACH exhibition, which held competitions for students across Europe. In the USA, Renishaw Inc has relationships with several universities and colleges, including Greenville College, South Carolina, and Davis Technical College, Utah. This gives students access to our latest measurement technology and support from our engineers.



Lucy Spiteri-Beale, one of our Early Careers STEM Outreach Tutors.

Charitable giving

We support charities and not-for-profit organisations within our communities via formal charities committees, individual employee fundraising and one-off fundraising events. The committees are focused on supporting organisations local to Renishaw offices. In the UK, we run an additional fund that donates monies to support the victims of global disasters.

In FY2022, we made direct donations totalling £292,000 to more than 190 different organisations around the world. This included donating £40,000 to charities supporting the crises in Afghanistan, Madagascar and Ukraine. Among our donations in the UK was £5,000 towards a baby transport incubator for the neo-natal intensive care unit at St Michael's Hospital in Bristol. In India, we gave grants of £105,000 to support projects focusing on healthcare, female empowerment, environmental protection, and child welfare. This included a £33,000 donation to the Ashwin Medical Foundation's Moraya Charitable Hospital in Pune, to help it operate its own oxygen plant during the pandemic.

In the US, our Social and Wellness Initiatives Towards Collective Health (SWITCH) committee focuses on the idea that one small switch can make a big difference to your overall wellbeing. This year, the committee ran a number of fundraising events, including a 'One Warm Coat Drive' to purchase winter coats for people in need, a local blood drive and a sweet collection to send to US troops serving overseas.

Following the Russian invasion of Ukraine, we also made some of our accommodation that is normally used by employees available to the UK's Homes for Ukraine programme. We also sponsored two Ukrainian families to help them settle in Gloucestershire.

Community engagement

We support a wide range of arts, music and sports organisations in the West of England and South Wales where our main UK sites are located. During the year, this included Lechlade and Wychwood music festivals, and sponsoring Scarlets Women's rugby team, as well as several national and international male players. We're also long-term sponsors of Bristol Beacon concert hall, where we are sponsoring an education room that will be located within its refurbished building in the heart of Bristol.

We continue to support initiatives that aim to create more sustainable communities. For example, we are members of Stroud District Action on Plastic, which aims to remove unnecessary plastic in the area. We also take part in a project, which is using some of our land to help realise its aim to provide a traffic-free route that connects our New Mills headquarters site with local towns, villages and a proposed train station.

We support our wider business community through active membership of trade associations and industry research centres, such as Canada Makes; the European Society for Precision Engineering & Nanotechnology; Global 3D Printing Hub (Spain); and the Additive Manufacturing Users Group (USA).

Managing our resources and relationships continued

Shareholders



Shareholders

With around 53% of our shares held by our founders, Sir David McMurtry and John Deer (our Executive Chairman and Non-executive Deputy Chairman respectively), our investor profile is quite different to most other large, listed companies. We recognise the trust that our minority shareholders have placed in us, and aim to provide sustainable long-term growth in return.

Engaging with shareholders

We were pleased to welcome shareholders back in person at our November 2021 AGM. Due to positive feedback from the wider investor community, we have kept the Q&A facility, which we first introduced at our closed doors AGM in 2020. This allows our shareholders to submit questions via email before the meeting and to submit proxy instructions electronically. It also helps them engage with the Board even when they are not able to attend the AGM. Details of this year's AGM can be found in the Notice of Meeting, which will be provided separately to shareholders in due course.

During the year, we held open webcasts for the FY2021 full-year results and FY2022 interim results (which also included Q&A sessions). Recordings of these are made available on our website.

With COVID-19 restrictions lifted, we were also pleased to welcome back current and potential shareholders, analysts, brokers and financial advisors in person at our Investor Day in May. During the day, we gave presentations on our strategy and commitment to sustainability, including our journey to Net Zero. We also held smaller workshops, which focused on topics including finance, strategy and individual product groups. This helped investors to gain more in-depth understanding about our products and business, and to ask detailed questions. The Board considered investor feedback on the day via our broker UBS, and intends to implement appropriate enhancements.

Record revenue and adjusted profit before tax

We're pleased to have achieved record revenue and adjusted profit in a year where we have seen strong revenue growth in all of our regions as the recovery from the effects of the pandemic continues. Adjusted profit before tax increased to £163.7m this year from £119.7m last year, and statutory profit before tax increasing to £145.6m this year from £139.4m last year. Our cash and bank deposit balances have increased to £253.2m at 30 June 2022, from £215.0m at 30 June 2021.

We have always valued having cash in the bank to protect the core business from downturns, and we monitor our cash against a minimum holding according to forecast overheads and revenue downturn scenarios. This cash also enables us to react swiftly where investment or market capture opportunities arise, while we expect to significantly increase our investments in capital expenditure in the coming years to meet expected future demand.

Investing for the future

To deliver sustainable long-term growth, we have continued to invest in research and development this year, spending £85.8m on engineering costs in the year. As explained on page 19, we've continued to concentrate on our flagship product projects this year, focusing on products that we believe offer the best return on our investment and fit with our longer-term strategy.

With further improved profits and cash, we increased our interim dividend to 16.0 pence per share, and the Board proposes a final dividend of 56.6 pence per share.



Product demonstration at our May 2022 Investor Day.

Shareholdings

Directors

52.85%

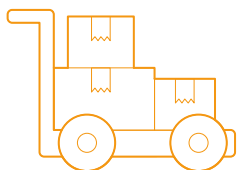
Individuals

1.04%

Institutions

46.11%

Suppliers



Developing relationships

Our purchasing teams in the UK, Ireland, India, China, the USA, and various European countries work hard to develop strong, effective relationships with our suppliers. By having teams based close to many of our suppliers we can have regular and direct communications while addressing differences in culture, time zone and language.

We also aim to build long-term relationships with suppliers. We do this by embedding buyers within our New Product Innovation teams so that we work with the right suppliers from the initial product design stage. This helps us to ensure that we're receiving the components and materials we need from suppliers with the high standards we're looking for, while supporting their growth too. As a result, our overall number of suppliers hasn't significantly changed as our business has grown; instead many of our suppliers have grown with us.

We use tens of thousands of individual raw materials and components, and so we recognise that we can't take a 'one size fits all' approach to these supplier relationships. For some suppliers we'll be a relatively small part of their business, while for others, particularly small businesses located near our manufacturing sites, we could be their major customer. This reinforces the importance of working with our suppliers from the early design stages, to help identify what matters most to them.

Overcoming challenges in the year

Like many businesses, we've experienced supply chain challenges this year. For many of the raw materials and components we buy, global demand has outstripped supply, and this has been a particular challenge with electronic components. Some lingering effects of pandemic-related local shutdowns and Brexit have exacerbated these issues.

Our long-term approach to working with suppliers, and the quality of the relationships we've built, has helped us meet this challenge. Our purchasing teams' responsiveness and rapid decision-making means we have responded quickly to changes in supply and pricing. Having teams based close to main sources of supply has also helped us to identify alternative suppliers where needed. As some of our customers are manufacturers of electronic components themselves, in some instances we've used those relationships to strengthen our position with suppliers to secure supply of critical parts.

Being clear on priorities has also helped us to mitigate much of the supply disruption. Giving our suppliers clarity on our demand requirements, including over the medium-term, has been important to them. In turn, we've needed accurate delivery dates from them to help revise our production plans as necessary. As a result of our work with our suppliers, and our investment in buying safety stock of critical components, we've seen no significant disruption to manufacturing this year.

We remain grateful to our suppliers for their support in working with us in this challenging period.

Working with high-quality and ethical suppliers

The need to protect the interests of our employees, customers, and shareholders is important to us, and we do this by ensuring that our supply chains are as risk-free as possible. We use a risk management process that regularly assesses supply chain risk and, where possible, looks to introduce secondary sources for all key outsourced requirements.

We actively involve suppliers in our supplier performance programme. Existing suppliers are assessed on a regular basis to ensure that they meet expectations in the areas of delivery, quality, corrective actions, and responsiveness. Where we find shortcomings, we engage with suppliers to ensure they are trained in good practice and that appropriate ongoing improvement programmes are put in place.

Our supply chain and engineering teams put great emphasis on ensuring that suppliers have the ability to meet our high standards of quality by engaging with them as early as possible.

Where necessary, we work closely with suppliers to ensure that they have the controls in place to ensure the ongoing supply of quality goods and services. We share known good practices and our knowledge and experience.

We are committed to conducting our business with honesty and integrity; suppliers are no exception to this policy. All suppliers we engage with are required to comply with our trading terms and Group Business Code, covering areas such as modern slavery, conflict minerals, human rights, anti-bribery, tax evasion, data protection and dangerous goods.



AM assembly at our factory in Miskin, Wales.

Expenditure on goods and services:

£166.5m

Committed to capital expenditure projects:

£88.4m

Section 172 statement

How has the Board had regard to Section 172 matters?

We explain how our Board engaged with employees, suppliers, and customers during the year in the Managing our resources and relationships section on pages 52–65. The Directors regularly consider reports on health and safety, environment, and security. This supports the Directors in their decision-making, helping them understand the impact those decisions have on our local communities and the environment. It is critical to our success that we promote and ensure high standards of business conduct. Further information can be found on pages 41, 49, 55, and 57–59. The Group Legal and Company Secretariat, Quality, Compliance, HR, and Sustainability teams also report regularly to the Board. Our Non-financial information statement on page 69 identifies policies and guidelines governing our approach to anti-corruption, anti-bribery, social matters, and human rights. Considering the long-term impact of the decisions made by the Board is an integral part of the approval of strategy, and our strategic progress this year is disclosed on pages 18–21.

How did the Directors discharge their Section 172 duty when taking the principal decisions during the year?

Our Board takes the interests of our stakeholders into account when making decisions. We've identified key stakeholders on pages 52–53. Different stakeholders have different needs, so our Board tries to understand these needs and priorities during its discussions. This, together with considering the long-term consequences of decisions and maintaining our reputation for high standards of business conduct, has always been integral to the way we operate. This statement explains how our Directors:

- have engaged with our employees, shareholders, customers, suppliers, our communities and others; and
- have considered our employees' interests, the best interests of our shareholders, the need to foster business relationships with suppliers, customers and our communities, and the outcomes of those considerations on the following principal decisions taken during the financial year.

In this statement, we define principal decisions of our Board as those taken in this financial year, which relate to matters of key strategic importance and which are significant to any of our key stakeholders.

Employee retention commitments	
What was the principal decision?	Which stakeholders were considered?
How to ensure that the remuneration of our people remained competitive and that we are well positioned to attract and retain talent.	Employees, shareholders
How did we engage with or consider our stakeholders?	
<p>We established working groups across the business to review our reward processes and make recommendations.</p> <p>We gathered employee feedback through a pulse survey and exit interviews to help identify key areas for improvement.</p> <p>We considered the expectations of, and verbal feedback received from, our shareholders.</p>	
What was the outcome of our engagement/consideration?	
<p>The Board approved a significant benchmarking budget for the UK and some overseas roles. It then implemented package changes or identified employees in two phases during the year. We intend to roll out benchmarking globally by December 2022.</p> <p>During phase one, we engaged an external provider – WTW – to benchmark salaries in the UK, India, and parts of Europe. The benchmarking exercise involved the analysis of our pay distribution relative to the wider market, as well as the consideration of the pay of each employee, relative to what they might earn elsewhere, to ensure their pay is competitive. Around 1,400 companies contribute their data anonymously to the wider market element of this exercise.</p> <p>Our reward strategy is now focused on improving our pay positioning by continuing to benchmark going forward.</p> <p>The Board also agreed to simplify our performance review process (including the rating system), which has shortened timescales and given our people greater flexibility to complete their reviews.</p> <p>In the main, our people have reacted positively to the changes in both the performance review process and benchmarking.</p> <p>We are now in the process of putting a new job grading structure in place, and work is underway to develop competency frameworks to support career progression.</p>	
▶ For more information, see pages 54–55	

Sustainability commitments

What was the principal decision?

Whether to set sustainability targets and, if so, how to achieve them.

Which stakeholders were considered?

Shareholders, employees, customers, suppliers, environment, and communities

How did we engage with or consider those stakeholders?

Employee-led groups such as the Sustainability Committee and Design for Circularity forum gave our people the opportunity to help shape the main actions and target dates of our Net Zero commitment and targets.

In setting these targets, developing our emission reduction plans, and acknowledging climate change as a new principal risk, our Board specifically considered investor expectations, acknowledging that many of our shareholders are similarly concerned about climate change and want to see companies take action.

The Board's consideration included reviewing the potential costs to the Group and our stakeholders (including our customers and suppliers) against the wider benefits of the commitment, including the benefits to our planet and communities in which we operate.

What was the outcome of our engagement/consideration?

Following engagement with stakeholders, the Board acknowledged that taking action on climate change is the right thing to do; from a global perspective, it is the responsible approach for both our planet and society.

Our Board agreed to set specific Net Zero targets to address our Scope 1, 2 and 3 emissions. To reach Net Zero, we aim to reduce our Scope 1 and 2 emissions, by 90% of our FY2020 baseline emissions, no later than 2028. And we aim to do the same in our Scope 3 emissions by 2050 at the latest. Our Board also agreed that climate change should be included within our principal risks.

Involving our employees in the process of setting our Net Zero commitment has helped to ensure it genuinely reflects our business and represents realistic and achievable goals. It also helped us consider the interests of our people. We communicated our Net Zero commitment across the Group through a series of webinars where employees could provide feedback and ask questions. A video was also posted on Channel R, our internal communications channel available on the employee intranet.

One of our larger institutional investors asked us to explain what our Net Zero commitment is, to help them understand how it aligned with their investment requirements. This has helped us to better understand what matters to our shareholders. We also gave a presentation on our Net Zero commitments at our Investor Day this year, and attendees had the opportunity to ask questions during a Q&A session.

As part of our sustainability commitments we have also identified three of the UN's Sustainable Development Goals which are most relevant to our business. Our Board have approved this selection since the year-end, and we will now develop targets and plans for how we can best contribute to these SDGs in FY2023.

► For more information, see pages 57–61

Section 172 statement continued

Our values

What was the principal decision?

How to communicate and embed our values – innovation, integrity, inspiration, and involvement – which underpin our purpose of Transforming Tomorrow Together.

Which stakeholders were considered?

Employees

How did we engage with or consider those stakeholders?

We held values workshops with regional representatives, with attendees from all levels of the business. This included dedicated workshops for senior managers to involve them in the communication of the values and to understand how they are perceived in different areas. This ensured that all parts of the business were considered.

Involving employees in values workshops before they were more widely communicated and embedded ensured we understood how the values were perceived by different employee groups and that they genuinely reflected our business.

What was the outcome of our engagement/consideration?

We ran a global communications campaign for our updated values, which included an introductory video from our Chief Executive, Will Lee. Other materials to support this campaign, such as videos from employees from different parts of the business and in multiple languages, were available on our employee intranet.

Having communicated our values to the Group, we launched a global values competition as a tangible way to recognise values-led behaviours and celebrate employees who exemplify them.

► For more information, see pages 6–7

Cessation of trade in Russia

What was the principal decision?

Following the Russian invasion of Ukraine in February 2022, we immediately stopped the supply of goods to our Russian offices. These offices continued to fulfil orders from local stock when possible and where customers were not subject to sanctions. The Board had to consider how to deal with operations in Russia going forward.

Which stakeholders were considered?

Employees, customers, suppliers, shareholders, and communities

How did we engage with or consider those stakeholders?

We consulted affected employees, distributors and regional management. We gave serious consideration to our people living and working in Russia, as our Board acknowledged that any interruption to, or cessation of, trade would have a significant effect on their lives. We issued regular guidance and published an FAQ document to address concerns. We listened to our people throughout the Group, who voiced their opinion that the right thing to do would be to end trade in Russia.

We also needed to consider our suppliers, as sanctions have been introduced against Russian and Russian-affiliated companies. As part of this, we reviewed our global supplier base and assessed potential effects of the decision. Our Group purchasing processes include assessing suppliers against current export controls and sanctions and conducting appropriate due diligence. We have talked to key suppliers around the world to identify any potential disruption within their own supply chains and will take mitigating actions where necessary.

What was the outcome of our engagement/consideration?

Following our stakeholder engagement, we decided to stop trade operations of our Russian subsidiary, including closing our offices in Moscow and Perm. Although we have been able to transfer some colleagues to other subsidiaries, regrettably this has meant job losses within Russia, and we have offered support to affected colleagues. The decision to end trade operations in Russia has also led us to make a provision for a possible £2.1m loss on the value of our Russian assets. Despite this, we do not expect to see major financial issues as a result of our decision. Combined sales to Russia and Belarus have typically represented around 1% of total Group revenue.

► For more information, see page 41

Non-financial information statement

We need to include in our Annual Report certain non-financial information, as required under sections 414CA and 414CB of the Companies Act 2006. The table below shows where this information can be found in this Report.

Our business model is set out on pages 16–17 and our non-financial KPIs are disclosed on page 23.

Reporting requirements(s)	Where you can find this	Our policies	Related principal risks
Climate-related financial disclosures	TCFD statement (pages 60–61)	n/a	Climate change (page 48)
Environmental matters	Managing our resources and relationships – our planet (pages 57–59)	Group Business Code, Group Environment Policy	Climate change (page 48)
Our employees	Managing our resources and relationships – our people (pages 54–55)	Group Business Code, Equality, Diversity and Inclusion Policy	People (page 42)
Social matters	Managing our resources and relationships – our people (pages 54–55) and our communities (page 63)	Group Business Code	People (page 42)
Respect for human rights	Managing our resources and relationships – our people (pages 54–55) and our suppliers (page 65)	Group Business Code, Modern Slavery and Human Trafficking Statement	People (page 42) Non-compliance with laws and regulations (page 49)
Anti-corruption and anti-bribery	Principal risks – non-compliance with laws and regulations (page 49)	Group Business Code, Group Anti-Bribery Policy	Non-compliance with laws and regulations (page 49)

Allen Roberts

Group Finance Director

The Strategic Report on pages 1 to 69 was approved by the Board on 15 September 2022 and signed on its behalf by:

Sir David McMurtry

Executive Chairman