



Socially Responsible Investment Report for:

Renishaw Plc

Gloucestershire,
Ticker: RSW LN Equity
Website: www.renishaw.com
Last Updated: 09-07-2022

I. Exclusionary Screening

Does Renishaw Plc appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

Fossil Fuels & Precious Metals Mining

- BICS - Oil, Gas & Coal
- BICS - Precious Metals Mining
- Carbon Underground 200

Agrochemicals & Animal Cruelty

- BICS - Crop Chemicals & Fertilizers
- Cruelty Free Investing 10 Worst

Pornography, Gambling & Tobacco

- BICS - Casinos
- BICS - Tobacco
- Pornography

Defense & Retail Gun Sales

- BICS - Defense Primes
- SIPRI Top 100
- Gun Retailer
- NRA Top Industry Allies

Private Prisons

- BICS - Security Services

BICS = Bloomberg Industry Classification Systems

SIPRI = Stockholm International Peace Research Institute
NRA = National Rifle Association

I. Environmental, Social & Governance Data

What quantifiable environmental, social and governance data, policies or recognition does Renishaw Plc exhibit? Positive factors may help support a decision to invest.

Climate Change & Fossil Fuels

°C Reduction Commitment (SBTi)

Committed

CDP Climate Change 2021 Score

C

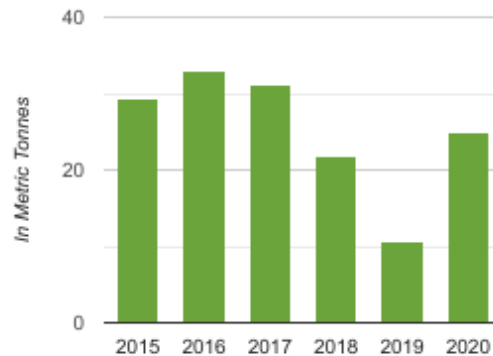
Renewable Energy Used (1000s MWh)

29.1

Initiatives and Policies in Place:

- **Climate Change Policy**

GHG Intensity per Sales



Environmental Stewardship

Sustainable Packaging

Yes

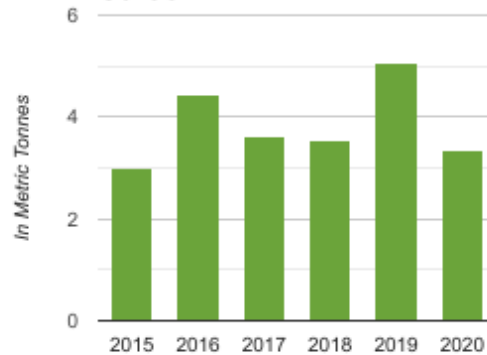
Publicly Disclosed Sustainable Supply Guidelines
Encompassing ESG Area

Yes

Initiatives and Policies in Place:

- **Social Supply Chain Management**
- **Waste Reduction**
- **Environmental Quality Management**
- **Environmental Supply Management**
- **Emission Reduction**
- **Energy Efficiency Policy**

Waste generated per Sales



Human Rights & Well-Being

Initiatives and Policies in Place:

- **Anti-child Labor Policy**
- **Human Rights Policy**
- **Equal Opportunity Policy**

Diversity, Equity, Inclusion and Justice

Women on the Board

33%

Women Executives

11%

Women in Management

7%

Number of Women on the Board

3

Number of Women Executives

1

Women Employees

23%

Corporate Responsibility

Independent Directors

44%

Employee CSR Training

Yes

Shareholder vote on management remuneration

98%

Community Spending (\$ USD millions)

0.25

Initiatives and Policies in Place:

- **Whistle Blower Employee Protection Policy**
- **Ethics Policy**

Data sources may include:

- Sustainability and other report(s) published by the company.
- Banktrack Human Rights Benchmark
- Barron's 100 Most Sustainable US Companies
- Bloomberg LP ESG Data (via Data License).
- CDP
- CEO Action for Diversity & Inclusion Pledge
- Climate Accountability Institute (CAI)
- Corporate Human Rights Benchmark
- Digital Rights Corporate Accountability Index
- Dow Jones Sustainability Indices (DJSI)
- EPA's Green Power Partnership
- Equileap's Top 100 Companies for Gender Equality
- Forbes World's Best Employers
- Fortune's 50 Best Workplaces for Charity and Volunteering
- Fossil Free Funds
- Global Reporting Initiative (GRI)
- Great Places to Work
- HRC's 2020 Corporate Equality Index
- Institute for Clinical and Economic Review (ICER)
- Just Capital Rankings
- KnowTheChain Benchmark
- MSCI ESG Ratings
- National Rifle Association (NRA)
- Newsweek Green Rankings
- PEOPLE's 50 Companies That Care
- Points of Light Civic 50 Honorees
- RobecoSAM Corporate Sustainability Assessment
- Roundtable on Sustainable Palm Oil (RSPO)
- Science-Based Targets initiative (SBTi)
- State Street Global Advisors' Gender Diversity Index
- Stockholm International Peace Research Institute (SIPRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The 2019 Top 50 DiversityInc
- The Climate Group's RE100, EV100 and EP100

II. Research Narrative

What else has our research process told us about how Renishaw Plc conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

Summary

Renishaw Plc is a UK-based manufacturing company producing high-precision measurement devices, healthcare and manufacturing technology. Begun in 1973 with a focus on metrology, the company's healthcare and additive manufacturing (aka metal 3D printing) focus represent relatively newer lines of business. In November 2021, after measuring significant reductions in its scope 1 and 2 greenhouse gas emissions over the previous 5 years, Renishaw made a commitment to produce net-zero emissions by 2025. The company has subsequently detailed a net zero scope 1 and 2 goal for 2028, with a scope 3 emissions baseline to be established by 2023 as part of meeting or exceeding its 2050 goal. Renishaw invests significantly in research and development, saying its products are helping the automotive industry transition to lighter, more efficient electric vehicles, with other products at times serving environmental purposes such as a spectroscopy system being used to measure aquatic microplastic pollution.

Renishaw appears to have the most room for improvement in the diversity of its leadership team and management, and in the significant gender pay gaps among its overall workforce. The company admits the pay gaps will take time to address, pointing to the entrenchment of highly experienced male leadership at the company and in the U.K.'s STEM industries more generally—but with the presence of several long-running insiders on its board, including Renishaw's two founders and its 40-year Group Finance Director, there should be little doubt about where the company can make a start in pursuing more diverse and equitable leadership.

Products & Services

Renishaw is a precision measurement and manufacturing technology company that was founded in 1973 by David McMurtry and John Deer, who initially became acquainted as colleagues at Rolls

Royce. McMurtry, who was the Rolls Royce Deputy Chief Designer approached Deer, a mechanical engineer, about an invention for a touch-trigger probe. The instrument was McMurtry's solution to an inspection requirement for the Rolls-Royce/Snecma Olympus 593, the turbojet engine that powered the supersonic Concorde aircraft. McMurtry's probe rendered three-dimension coordinate measurement possible, allowing for complex machined components and finished assemblies to be measured with unprecedented accuracy. After managing to secure a patent, McMurtry established Renishaw in partnership with Deer to commercialize his touch-trigger probe technology, and the two operated the fledgling company entirely out of Deer's home for the first three years.

Since 1976, Renishaw has been headquartered in Wotton-under-Edge, England. Of its 5,000 employees, 2,500 are based in the UK, where the majority of R&D and manufacturing is conducted. Beyond the UK, Renishaw operates 79 sites in 37 countries, with manufacturing bases in France, Germany, India, Ireland, and the US; its largest markets include China, the US, Germany, and Japan. In 2021, the company reported an annual revenue of 565.6 million GBP, of which the company claims to invest 13%-18% in R&D and engineering.¹

Renishaw's core products are in metrology (high precision measurement) and healthcare tech. The company also provides metal 3D printing solutions for manufacturers, also known as additive manufacturing. The company's probes, lasers, calibration equipment, and other products cater to a variety of applications, from jet engine and wind turbine manufacture, to large-scale surveying, nanotechnology, dentistry, neurosurgery, and chemical analysis. Renishaw says it is also helping car manufacturers produce lighter parts in the transition to electric vehicle production, and that the Danish Technology Institute (DTI) has used a Renishaw Raman spectroscopy system to measure microplastic pollution in Danish wastewater and rainwater.²

Environment

In terms of mitigating climate and environmental impact, Renishaw's efforts are primarily concentrated in reducing waste and GHG emissions. In November 2021, the company committed to a Net Zero Scope 1 and 2 Emissions target for 2028, and a Net Zero Scope 3 Emissions target for 2050, to be "validated and monitored by the SBTi (Science Based Target Initiative).³ The company states that a sizable share of its emissions are Scope 3, which includes the company's supply chain

¹ <https://www.renishaw.com/en/heritage--32458>

² <https://www.renishaw.com/en/renishaw-technology-used-to-identify-microplastics-in-the-environment--44359>

³ <https://www.renishaw.com/en/sustainability--6717>

and customer use of its products.⁴ In 2023, Renishaw will conduct an in-depth quantification of Scope 3 emissions, with the aim of establishing a more ambitious net zero target. While the company's normalized statutory emissions increased by 4% between 2018 and 2020, there has been an overall 65% decrease from 2015 levels. Beyond improving operational efficiency, Renishaw is working towards a complete transition to renewable energy sources, reflected by the 39% decrease reported in the company's carbon footprint between 2017 and 2022. In 2021, Renishaw received a climate change score of "C" based on its submission to CDP, and a "C-" for water security.⁵

In 2021, Renishaw's waste increased significantly, from 2,236 tonnes to 3,671 tonnes, of which 9% went to landfills—above the company's 5% target.⁶ Renishaw attributes the increase to COVID-19 restrictions, and expects the landfill total will have decreased following the lifting of these restrictions.

In July 2022, Renishaw established a dedicated sustainability team to help the company meet its Net Zero target, among other responsibilities. The team is led by Ben Goodare, who had been with the company 9 years at the time it was established, and who was originally responsible for measuring and then helping to significantly reduce the company's carbon emissions. In January 2022, "The Manufacturer" magazine named Goodare one of the top 100 role models for the manufacturing industry.⁷

Management Integrity and Ethics

In 2012, the UK-based Institute of Physics jointly awarded its Swan Medal to David McMurtry and John Deer "for their roles in founding Renishaw and leading it to become one of the world's principal manufacturers of metrology equipment."⁸ McMurtry stepped down as CEO in 2018, at the age of 78, and Will Lee was appointed to the role from his position as the Director of Marketing and Group Sales. Lee, who holds a degree in physics from Oxford and an MBA from the University of Bath, first joined Renishaw in 1996 and later became Director of the Laser and Calibration Products Division in 2007. David McMurtry continues to serve as Executive Chairman and oversees product development and group innovation, while John Deer serves as Non-Executive Deputy Chairman, providing manufacturing and global marketing consulting.

⁴ <https://www.renishaw.com/en/corporate-responsibility--16194>

⁵ https://www.cdp.net/en/responses?per_page=20&queries%5Bname%5D=renishaw

⁶ <https://www.renishaw.com/media/pdf/en/39aee19273f8475eb86cec7ef82105c5.pdf>

⁷ <https://www.themanufacturer.com/articles/the-manufacturer-podcast-sustainability-series-episode-6/>

⁸ <https://www.renishaw.com/en/board-of-directors-and-company-secretary--21878>

Renishaw’s executive committee, made up of 7 members, has just one woman, while only 7% of company management overall are women. Renishaw’s 9-member Board includes 3 women, but 5 members are company insiders (including the two founders, who have been on the Board since 1974 and 1975, and another member who joined in 1980)—which we do not consider a best practice.

In 2020, Renishaw established an employee-led “Diversity and Inclusion [D&I] Group” for its UK operations, which appears to be mainly focused on internal events and communications. Per UK regulations Renishaw does track and report its gender pay gap, which as of the company’s 2022 report sits at a worldwide median of 22.8% and a mean of 22%, with a lower UK gap of 15.4%.⁹ The company points out it is similar to others in STEM industries in terms of its number of men in leadership positions, and that the seniority of many of these leaders means that pay gaps may be slow to disappear. It should be noted that the gaps Renishaw reported in 2022 are very slightly smaller than those it reported in 2021.

In 2022 Renishaw held a 3.7 Glassdoor rating for employee satisfaction.¹⁰ The company also reported that its 2021 accident frequency rate was 17.4 per million hours worked, down from 19.2 in 2020.¹¹

In the most recent year reported, Renishaw made £239,000 in charitable donations, approximately 0.04% of 2021 annual revenues.¹² Our research did not find evidence of meaningful legal disputes involving Renishaw.

⁹ <https://www.renishaw.com/resourcecentre/en/download/renishaw-gender-pay-gap-report-2022--125265>

¹⁰ <https://www.glassdoor.com/Reviews/Renishaw-Reviews-E10219.htm>

¹¹ <https://www.renishaw.com/media/pdf/en/39aee19273f8475eb86cec7ef82105c5.pdf>

¹² <https://www.renishaw.com/media/pdf/en/39aee19273f8475eb86cec7ef82105c5.pdf>

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