

Growth in a Changing World

Sustainability Report 2011



invenSYS™

For Invensys, sustainability is:

- Balancing long-term economic success, environmental stewardship and social responsibility
- A guiding principle that is intrinsic to our operations and our value propositions
- Valuable to our customers, communities, employees and shareholders...it is an integral part of our business

Our Sustainability Policy commits us to focus on:

- Supporting the well-being of our employees and communities
- Reducing our environmental footprint
- Mitigating and repairing environmental impact
- Designing our products and services responsibly
- Delivering offerings that improve the efficiencies of our customers
- Enhancing the sustainability performance of our suppliers

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2011 Performance Highlights

+7%

Increase in energy use in our manufacturing locations

+2%

Increase in CO₂ emissions in our manufacturing locations

-9%

Decrease in CO₂ emissions intensity (metric tonnes per £ million revenue) from our manufacturing, office, fleet and air travel activities

-2%

Reduction in non-hazardous waste generation in our manufacturing locations

-14%

Reduction in hazardous waste generation in our manufacturing locations

-6%

Reduction in water use in our manufacturing locations

85%

of Invensys employees participating in our Employee Engagement Survey indicated that Invensys policies demonstrate that safety is a top priority.

-14%

Reduction in total recordable case incident rate across all locations

7

Invensys locations have achieved two million hours worked without a recordable injury



CARBON DISCLOSURE PROJECT

Chief Executive's Statement

"Our strategy is simple: use our distinctive technologies and delivery capabilities to help our customers operate safely and efficiently."



I am pleased to present our third annual Sustainability Report. In this report, we provide an update of our sustainability efforts over the past year and the work we are doing to achieve the goals we have set.

Commitment

At Invensys, we recognize the importance of sustainability to our business and we remain committed to the principles of economic success, environmental stewardship and social responsibility. We strongly believe that success in these areas will help us to continue to be profitable and grow in our chosen markets.

We have identified key performance indicators to help us monitor and ensure long term improvements in our own operations. However, it is through our products, services and solutions that we can achieve significant benefits beyond our own footprint by enhancing our customer's sustainability performance. We believe that collaboration with stakeholders will further enhance our performance and reputation.

Challenges

We recognize the need to continue our strong sustainability performance and focus while our businesses grow. We also recognize the many challenges of our evolving industries and markets. Invensys continues to adapt to these conditions to emerge as a stronger company.

In particular, the last few years have presented unprecedented challenges around the world. Disruptions in world economies, regional political turmoil, and natural and other disasters have affected many people and organisations, including ourselves.

Demand for energy, particularly from emerging economies, continues to increase and regulatory requirements are increasing as safety considerations remain paramount. The need to act responsibly and sustainably continues to be a priority, and a focus remains on improving efficiency and reducing environmental impact.

Accomplishments

For our key performance indicators, we exceeded our 3% reduction targets for water use and hazardous waste generation, but, due to a significant increase in activity levels in our factories, we fell short of absolute targets for energy use, carbon emissions, and non-hazardous waste generation. We have maintained our leadership position in safety performance and further reduced our injury and illness incident frequency rates. We are again members of the FTSE4Good Index Series and Dow Jones Sustainability Indexes. We continue to participate in the United

Nations Global Compact (UNGC) and the Carbon Disclosure Project and have earned the Carbon Trust Standard due to carbon reductions in our UK operations. We have improved integration of sustainability into our supply chain, enhanced our employee development capabilities, and refined our corporate governance.

The future

The key to sustainability at Invensys is our approach to execution by linking people, strategy, and operations to create sustainable value. We continue to seek to improve our performance as we grow our businesses by selling products, services and solutions that make a positive impact on our customer's business. We will move faster to pursue appropriate business improvement and expansion opportunities. We will not become complacent based on past year's success in environmental, health and safety performance but will instead pursue further improvements.

We recognize that our employees are our greatest asset. We strive to ensure they have the proper development, opportunities, and guidance to support our sustainability goals. Finally, we will continue to seek out opportunities to interact with the communities in which we operate to bring the talents and energy of our employees and business to bear on local community challenges.

I am excited about our future and look forward to reporting our improvements next year.

Wayne Edmunds
Chief Executive

Company Profile

Invensys is a global technology group supplying solutions, software, services and equipment to monitor, control and automate processes in a wide range of environments and across almost every sector.

From oil refineries to power stations and from railways to domestic appliances, we help our customers to optimise their processes, improve their performance, and operate safely and in an energy-efficient manner.

Our divisions



Invensys Operations Management

Invensys Operations Management is a leading global technology, software and consulting business that creates and applies advanced technologies to enable the safe and efficient operation of industrial and commercial operations such as oil refineries, fossil fuel and nuclear power plants, petrochemical works and other manufacturing sites.

iom.invensys.com



Invensys Rail

Invensys Rail is a multinational technology leader, providing state-of-the-art software-based signalling, communication and control systems that enable the safe and efficient operation of trains in mainline and mass transit networks across the world.

invensysrail.com



Invensys Controls

Invensys Controls designs, engineers and manufactures products, components, systems and services used in appliances, heating, air conditioning/cooling and refrigeration products across a wide range of industries in residential and commercial markets.

invensyscontrols.com

Company Profile continued

Invensys is:

- Headquartered in London
- A public limited company (plc) listed on the London Stock Exchange
- A truly global company providing solutions in more than 180 countries
- Comprised of three divisions with 20,664 employees

Our values:

- Innovation – We apply inspiration, imagination and creativity for high performance
- Agility – We adapt, grow and swiftly change for a sustainable future
- Integrity – We do what we say we will do
- Meritocracy – We develop, evaluate and recognise high-performing ability and achievement
- Courage – We stand up for what we believe in and are willing to accept team decisions as our own

Vision and values

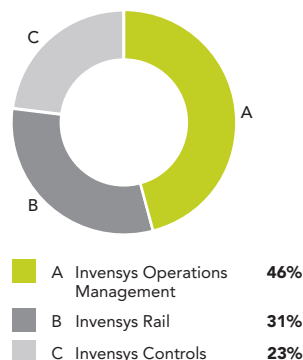
We continue to embed the Invensys Values—Innovation, Agility, Integrity, Courage and Meritocracy—into our organisation. Alignment with the Values is considered integral to the performance of our employees, and the Values are built into our performance management processes.

The key messages of the Invensys brand and its values have been clarified and made relevant to current and potential Invensys employees through an employer branding initiative. This is intended to create an “I want to work here” culture, and retain and attract confident, competent and ambitious people to Invensys who are drawn to a high-performance work culture.

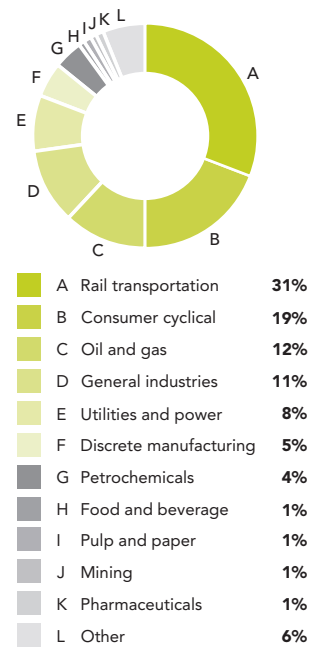
Financial highlights

A summary of our financial performance is presented in the graphs that follow. Further detailed information is available in our Annual Report and Accounts 2011.

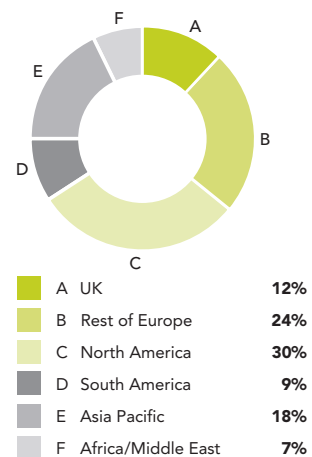
Revenue by division



Revenue by sector



Revenue by geography



Company Profile continued

Financial KPIs

Orders (£m)

2008	2,036
2009	2,806
2010	2,473
2011	2,452

£2,452_m

Orders¹ were £2,452 million (2010: £2,473 million), down 1% (down 3% at constant exchange rates (CER²))

Order book (£m)

2008	1,294
2009	2,083
2010	2,307
2011	2,204

£2,204_m

Order book at 31 March 2011 was £2,204 million (2010: £2,307 million), down 4% (down 2% at CER)

Revenue (£m)

2008	2,108
2009	2,284
2010	2,243
2011	2,486

£2,486_m

Revenue was £2,486 million (2010: £2,243 million), up 11% (up 9% at CER)

Operating profit (£m)

2008	254
2009	244
2010	248
2011	262

£262_m

Operating profit³ was £262 million (2010: £248 million), up 6% (up 5% at CER). Operating margin³ was 10.5% (2010: 11.1%)

Underlying EPS (p)

2008	17.0
2009	14.1
2010	13.4
2011	19.8

19.8_p

Underlying earnings per share (EPS)⁴ were 19.8p (2010: 13.4p), up 48%

Basic EPS (p)

2008	21.1
2009	17.4
2010	18.5
2011	22.4

22.4_p

Basic EPS were 22.4p (2010: 18.5p), up 21%

Dividend (p)

2009	1.5
2010	3.0
2011	4.0

4.0_p

Recommended final dividend of 2.5p per share (2010: 2.0p); total dividends of 4.0p per share (2010: 3.0p)

Operating cash flow (£m)

2008	258
2009	298
2010	265
2011	213

£213_m

Operating cash flow was £213 million (2010: £265 million), down 20% (down 21% at CER). Operating cash conversion was 81% (2010: 107%)

Return on operating capital (%)

2008	53.5
2009	49.0
2010	48.6
2011	49.9

49.9%

Return on operating capital⁵ was 49.9% (2010: 48.6%)

¹All numbers are for continuing operations unless otherwise stated. Continuing operations are Invensys Operations Management, Invensys Rail and Invensys Controls, on which basis the Group is managed.

²Unless otherwise stated, % change is measured as the change at CER as a percentage of the 2010 adjusted base and is calculated based on underlying amounts in £'000s.

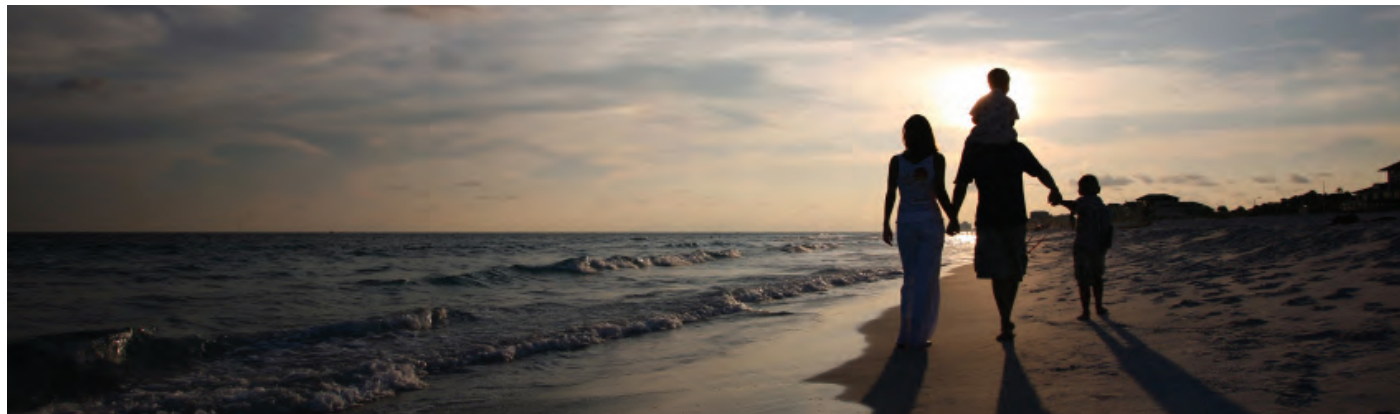
³Unless otherwise stated, references to operating profit and operating margin are arrived at before exceptional items.

⁴Calculated by reference to continuing operations before the exceptional post-retirement benefits past service credit, pension curtailment gains and PPP settlement credit.

⁵Return on operating capital at CER is calculated as operating profit divided by capital employed excluding goodwill, net pension liabilities, non-operating provisions and net taxation liabilities.

Our Approach to Sustainability

Sustainability is intrinsic to our operations and value propositions: it is important to our customers, communities, employees and shareholders.



We have continued to execute on our strategy of embedding sustainability into our operations. We have made progress in reducing our environmental footprint, including minimising waste and increasing efficiency even as our business has grown over the last year. Our water use and generation of waste has decreased. Additionally, while both revenue and production time increased across the Group, our consumption of energy grew at only 78% of this growth. We updated our supplier assessment procedures, and communicated our expectations of suppliers to conduct business in an ethical and responsible manner.

Executing our sustainability strategy

Our sustainability strategy is embedded into our three-year Strategic Plan, which identifies risks and opportunities and establishes goals for each division. The Strategic Plan serves as the basis for our upcoming year's Annual Operating Plan (AOP) and Goal Deployment Process (GDP). Sustainability elements are then assigned to individuals through the Invensys Performance Management System (IPMS) process. These processes drive the integration of sustainability into our operations, products and services. Local business leaders integrate sustainability elements into their business

plans and customise them to their local conditions and markets. The Environmental, Health, Safety and Sustainability (EHS&S) function supports the divisions in achieving their goals. As in past years, our sustainability strategy focused on three main aspects:

Reducing our environmental footprint

We continue to monitor energy use, carbon emissions, hazardous and non-hazardous waste generation and water use. For the past year, we set a 3% absolute reduction in each of these KPIs for our manufacturing locations. For the next two years, we have set reduction targets of 2% annually versus the prior year's results. Beyond our own footprint, we have improved our interaction with our supply chain by implementing our online supplier assessment tool in the past year and deploying our supplier Code of Conduct. We will continue to evaluate the sustainability aspects of our offerings through life cycle assessment and other tools where appropriate.

Caring for the well-being of employees and communities

We are committed to improving workplace safety and being a good neighbour. This past year, we again demonstrated double-digit reductions in our injury and illness incident frequency rates and we have

established continuous improvement goals over the next three years. To satisfy the goal of maintaining legal and regulatory compliance within our operations, we continue to implement our Compliance Assurance Verification Programme.

Interaction with communities in which we operate is coordinated locally and customised to local needs. We continue to provide a variety of employee programmes in support of community involvement, such as matching gifts, sponsorships of activities and paid volunteer time.

Communicating our sustainability performance

We continued over the past year to communicate our sustainability performance through the Annual Report and Accounts, the Sustainability Report and our website. We believe that we have presented our challenges and accomplishments, and risks and opportunities, accurately and transparently. We continue to participate in public disclosure of our sustainability performance through the United Nations Global Compact (UNGC) and the Carbon Disclosure Project (CDP). We also communicate our performance by being a member of the Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good Index Series.

Marketplace

We continue to expand our sustainability offerings and communicate their benefits.

Product stewardship

For our customers, we offer a portfolio of innovative products and business solutions that help improve sustainability performance while increasing efficiency, productivity and profitability. We have a long history of partnering with customers to deploy innovative, energy-efficient technologies that improve safety and

reduce impacts to the environment. Our approach enables businesses around the world to lower raw material use and overall operating costs, reduce energy and water use, decrease waste and emissions to the air, and increase productivity. We essentially help our customers design products and operate facilities in a safer, more efficient manner.

Beyond these benefits, our approach to product stewardship recognises that businesses must take on new responsibilities to reduce the environmental footprint and health and safety impact of their products and services. However, real change cannot always be achieved by producers acting alone: the entire value chain must be considered to provide the most workable and cost-effective solutions. We believe that product stewardship is fundamental to our brands, our business and our long-term success.

Product quality is the foundation of sound product stewardship. This requires quality control throughout the value chain. Quality control is first monitored in our supply chain. Within our operations, our quality management system includes division, regional and site-level quality assurance functions. To prevent quality-related issues, quality control practices are applied to product design and measured during quality risk assessments of manufacturing processes. This quality system enables us to provide consistent and dependable products, services and solutions.

From an environmental perspective, we will continue to evaluate the benefit of life cycle assessment (LCA) as a tool to understand the environmental impacts of our products and services. Invensys Rail has completed an LCA pilot project, and lessons learned from this exercise will be considered in future efforts.

In the past year, our divisions identified no fines for non-compliance with laws and regulations concerning the provision and use of products and services.



Marketplace continued

Supply chain

We recognise that our influence on sustainability extends beyond our own operations and includes our supply chain. We made two significant advances this past year related to sustainability and our suppliers. The first is the rollout of our on-line supplier profile and self-assessment tool. The second is the development of our Supplier Code of Conduct.

The on-line self-assessment tool allows us in a more structured and easily-accessible format to compile and rate compliance and performance of our suppliers. As our database of supplier information expands, this information will be considered in supplier selection for future work. The Invensys Supplier Code of Conduct integrates many relevant aspects of the Invensys Code of Conduct, leaving out provisions that are not necessarily relevant to suppliers but more relevant to Invensys employees. We require that all Suppliers comply with the Supplier Code of Conduct.

In developing and deploying our Supplier Code of Conduct, we recognised that although there are local and national differences in business and regulatory

standards, there are a number of minimum standards that must be achieved by all. As part of our supplier selection process, Invensys may give preference to those suppliers who are socially and environmentally progressive and who comply with the letter and spirit of the Supplier Code of Conduct. Additionally, non-compliance with the Supplier Code of Conduct may result in supplier disqualification. The Supplier Code of Conduct is available upon request.

The Supplier Code of Conduct requires a commitment to:

- Governance/compliance
- Trade compliance
- Management/business practice
- Employees
- Environment
- Community

We work with

24

of the top 25 petroleum companies

49

of the top 50 chemical companies

20

All of the top 20 pharmaceutical companies

10

of the world's 20 busiest metropolitan railway systems

7

All of the top seven appliance manufacturers

We enable

20%

of the world's electricity generation

36%

of the world's nuclear energy generation

64%

of the world's liquefied natural gas production

24%

of the world's chemical production

17%

of the world's crude oil refining

The Supplier Self-Assessment Tool considers:

- Quality systems
- Business systems
- Design and production technology
- Process management
- Training and human resources
- Materials management
- Business continuity
- Corporate citizenship
- Eco-Efficiency
- Supplier Code of Conduct



Wonderware powers innovative electricity demand response program

Providing an ample and affordable supply of electricity during peak usage is a key challenge for any utility provider. Portland General Electric (PGE) in Oregon, US has implemented an innovative demand-response programme using Invensys Operations Management's Wonderware® industrial automation and information software.

PGE's demand-response programme provides peak electrical grid capacity by linking 21 customer-owned generation sources as part of a "virtual power plant" for its Dispatchable Standby Generation (DSG) programme using the Wonderware system platform.

The Wonderware solution provided a system that communicated effectively with customer generators, solar inverters, substations, relays, and small wind and hydro generators, avoiding the need to construct new peak demand power generating assets. "Wonderware was the ideal solution to meet our needs. To my knowledge there are no other utilities in the world that have the ability to start 40 megawatts of power generation located at numerous customer sites with a single mouse click," said Mark Osborn, PGE Distributed Resources Manager.



Invensys Controls' Eliwell provides retail customers with energy savings

Belgium-based Fieuw, a commercial refrigeration systems integrator for super-market customers, provides solutions that reduce the overall energy consumption associated with in-store refrigeration systems.

Using a comprehensive package of Eliwell® integrated controls through the TelevisNet™ system, Fieuw ensures optimal refrigerated temperature regulation, thereby minimising peaks and troughs of electricity surges. Further, combined with the Eliwell Radio Adapter wireless system, refrigeration equipment can be monitored in real time.

Based on the success of Eliwell controls, Fieuw is now able to offer entry-level control and monitoring systems to smaller retail outlets, providing benefits currently enjoyed only by the larger supermarkets. Stefaan Bostyn, owner/director of Fieuw, comments, "My customers are delighted with the Eliwell Controls package. Now they can all benefit with over 20% energy savings on their commercial refrigeration operation."



Connoisseur enables Codelco Norte to reduce sulphur dioxide emissions

Invensys Operations Management executed a project with Codelco Norte to implement Advanced Process Control (APC) technology using Connoisseur™ controllers at three sulphuric acid plants at the Chuquicamata smelter in Calama, Chile.

The Connoisseur controllers reduce the variability of the reactor bed temperatures in the sulphuric acid, which increases production while also improving SO₂ recovery. In the first year of the project, the improvements resulting from the implementation of the Connoisseur controllers increased the potential feed capacity of the sulphuric acid lines by 5% whilst reducing the amount of SO₂ released to the atmosphere via the stack by 8%.

The reduced SO₂ emissions rate corresponds to roughly 4,700 metric tonnes of SO₂ per year that can be recovered.

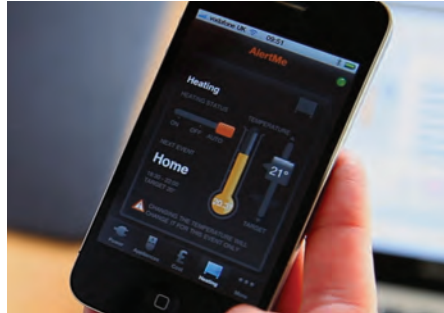


Wonderware solution provides efficiency gains at New Belgium Brewing

Continuing its long-term commitment to sustainability and innovative technologies, New Belgium Brewing in Colorado, US implemented a Wonderware® solution that improved productivity, reporting and its approach to energy management. Steam, water, lighting and electricity consumption are now monitored continuously.

Additionally, the Wonderware solution allows the facility to monitor the production process in real time. Operators now have the ability to detect and respond quickly to product deviations, resulting in a more consistent product as well as reduced waste, energy, and water use associated with defects in the production process.

According to Igor Valuyev, Chief Automation and Electrical Engineer at New Belgium Brewing, "We are striving for quality and part of the quality is being able to make intelligent decisions. I would say that quality has increased."



Invensys Controls and AlertMe partner to improve residential heating efficiency

Invensys Controls in Europe has partnered with AlertMe, provider of smart home energy management services, to provide a simple and effective in-home and on-line heating control system. The system is part of a pioneering "green" community project in the UK.

The Invensys Controls Drayton® Digistat +3RF wireless heating programmable thermostat seamlessly connects to AlertMe's on-line programming allowing remote monitoring and adjustment of heating in the house. Invensys engineers have successfully integrated the AlertMe technology into the standard Digistat +3RF design and developed the software to support the link to AlertMe's system.

The project has been funded as part of the UK Department of Energy and Climate Change (DECC) "Low Carbon Communities Challenge" and aims to reduce household energy consumption by 20% over a 12-month period.



Invensys Rail improves safety with Tilting Signal Mast

The Invensys Rail Asia Pacific Electrical Manufacturing Department led by Richard Flinders has developed an alternative to traditional fixed-rail crossing signal masts. The Tilting Mast has the potential to revolutionise signal infrastructure in railways across the world by making access to the signal head simpler and safer.

Historically, accessing the signal head involved working at heights entailing risk and transporting ladders or mobile cranes to the site to access the signal head. With the tilted mast, the signal head is simply lowered to a comfortable working height by a single worker using a counterbalance weight.

The benefits of the tilting mast have now been broadly recognised by the railway industry and are an example of the benefits of applying sustainability to drive product innovation. The newly designed mast reduces safety risks, environmental impacts and costs associated with signal mast maintenance activities over the product lifecycle.

Environment

We are committed to reducing our environmental footprint and to transparently communicating our performance.

Management approach overview

We take a holistic approach to environmental sustainability by considering the environmental impacts associated with our business operations and then incorporating those considerations into our sustainability strategy and decision-making processes. This holistic view of the environment is captured both internally through the development of organisational goals and performance metrics, policies, organisational responsibilities, and training and awareness programmes, and externally through initiatives to monitor our supply chain and takes into consideration the environmental impacts of our products and services.

Our approach allows us to evaluate, monitor and continually improve the environmental aspects of our direct operations. For our inputs, this means reducing resource use and pushing efficiencies into our supply chain. For our outputs, this means developing products and services that enable our customers to become more sustainable by improving safety, minimising energy and water consumption, and reducing waste generation.

Environmental KPIs

- Energy use
- CO₂ emissions
- Water consumed
- Non-hazardous waste generated
- Hazardous waste generated

Environmental performance

We selected our environmental KPIs and reduction goals based on external guidance, benchmarking and careful consideration of our own business-specific objectives. For our manufacturing facilities, environmental KPI data consist of energy use, CO₂ emissions, water consumed, non-hazardous waste generated and hazardous waste generated. Energy use and CO₂ emissions data are also collected from non-manufacturing facilities and CO₂ emissions data is calculated for our global fleet and business air travel. While we believe it is important to understand and manage all sources that potentially impact our environmental KPIs, reduction targets are currently only set for our manufacturing locations, since these locations are responsible for the majority of the influence on KPI data and provide the greatest opportunity for meaningful reductions.

Environmental KPI targets are set for a three-year period in alignment with our overall strategic business plan. For this past year, a 3% absolute reduction target was set for manufacturing sites versus the prior year, and a 2% absolute reduction target has been set for the next two years. Longer term, we have not set specific goals, but we strive to achieve continuous improvement in our environmental performance and grow our business in an environmentally-sustainable manner.

This year, we surpassed the absolute KPI reduction target of 3% for water use and hazardous waste generation, while non-hazardous waste generation decreased 2%. Energy use and CO₂ emissions, however, increased 7% and 2% respectively. As indicated earlier, our manufacturing locations have the most influence on the KPI data which are closely correlated with production levels. While

we were pleased that production levels were up across the Group, this resulted in a challenging environment for meeting our reduction targets for energy, CO₂ and non-hazardous waste. While we are not completely satisfied with our absolute results this year, we are encouraged that actions taken by our Continuous Improvement (CI) team resulted in energy and CO₂ increases that were less than the rate of revenue growth.

Our CI team have continued to apply our Kaizen programme to identify and implement projects to reduce energy consumption, carbon emissions, water use and waste generation at our major manufacturing facilities. The Kaizen events typically involve a group of six to 10 interdisciplinary team members who spend up to a week analysing process flows, identifying opportunities and implementing improvements. These Kaizen events are focused on identifying and implementing changes that result in immediate savings as well as generate a plan for executing longer-term projects that will result in additional savings.

Now that the economic environment appears to be improving, we will reinforce our efforts to improve awareness of environmental issues at the facility level and provide the organisational responsibility to drive environmental performance. In addition to other actions, we will expand the Kaizen programme for next year in an effort to drive KPI improvements.

The Board continues to be briefed on the environmental performance of the Group and receives monthly reports on any violations or relevant developments. In the past year, there were no reportable environmental releases.

Environment continued

Environmental KPIs						
Year ended 31 March	Unit	2011	2010	2009	% change 2011/2010	% target
Energy use¹						
manufacturing ²	MWh	162,426	152,135	175,353	7%	-3%
non-manufacturing ³	MWh	43,658	48,741	53,611	-10%	nm
CO₂ emissions						
manufacturing ²	tonnes	66,003	64,587	71,512	2%	-3%
non-manufacturing ³	tonnes	21,569	24,658	26,786	-13%	nm
global fleet	tonnes	12,502	12,835	13,865	-3%	nm
business airline travel	tonnes	24,530	21,310	22,511	15%	nm
Carbon intensity ⁵	tonnes/£ (mil)	50	55	59	-9%	nm
Water consumed	m ³	366,602	390,372	436,076	-6%	-3%
Waste generated (non-hazardous) ⁶	tonnes	5,594	5,705	7,731	-2%	-3%
Waste recycled (non-hazardous) ⁶	tonnes	3,849	3,920	4,687	-2%	nm
Waste generated (hazardous) ⁷	tonnes	521	603	658	-14%	-3%
Waste recycled (hazardous) ⁷	tonnes	109	124	191	-12%	nm
Total waste	tonnes	6,115	6,308	8,389	-3%	nm
VOCs emitted ⁴	tonnes	81	88	155	-8%	nm

¹ Energy as defined here includes all sources (e.g. electricity, natural gas, oil).

² Based on 42 sites in 2009, 41 sites in 2010 and 39 sites in 2011.

³ Based on 113 sites in 2009, 107 sites in 2010 and 98 sites in 2011.

⁴ VOCs emitted data are based on calendar-year data in 2009, and fiscal year data in 2010 and 2011.

⁵ Carbon intensity represents total carbon emissions from manufacturing, non-manufacturing, global fleet and business airline travel per total Invensys revenue.

⁶ 2009 and 2010 data restated due to calculation error at one facility.

⁷ 2010 data restated due to omission of data at one facility.

⁸ nm = not measured.

Energy

We consumed 162,426 MWh of energy at our 39 manufacturing locations and 43,658 MWh of energy at our 98 non-manufacturing locations. In terms of direct energy, we consumed 2,680 MWh in heating oil and 44,648 MWh in natural gas. For indirect energy, we consumed 158,757 MWh in purchased electricity. Energy consumption increased at our manufacturing sites by 7% over the past year, however at a rate slower than our 9% revenue growth rate (at constant exchange rates).

Further, with regard to our non-manufacturing sites where we collect data, our energy use decreased 10%, resulting in a net increase in energy use across our global operations of only 2%. Longer term, energy use has decreased 7% over the past three years.

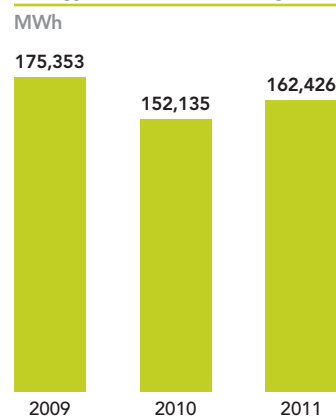
Over the past year, energy reductions associated with the closure/consolidation of manufacturing operations in China,

Mexico and the US were more than offset by increases in energy use at existing and expanded facilities, due to increased production across the Group. We were able to keep our energy use growth rate below our revenue growth rate by continuing to focus on reduction opportunities such as installation of efficient heating and lighting systems, improvement of compressed air systems, installation of equipment power controls and behavioural changes (i.e. turning off unused lights and computers, reducing heating/cooling).

At most locations, Invensys does not have the ability to choose the source of purchased electricity, as it is regulated by the local utility companies. We believe the CO₂ emission factors associated with our electricity purchases best reflect the renewable energy composition of the power provided by the local grid. Where we do have more control, in particular at new facilities or where utility companies

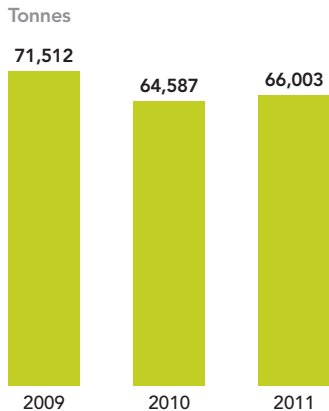
provide an option, we are striving to increase our purchase of renewable energy. For example, since November 2010, 100% of the electricity purchased by Invensys Rail's operations in Spain is supplied by Iberdrola's certified renewable energy electricity purchasing programme.

Energy use (manufacturing)

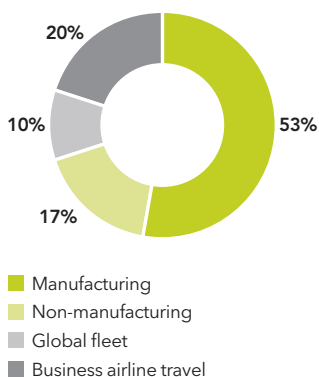


Environment continued

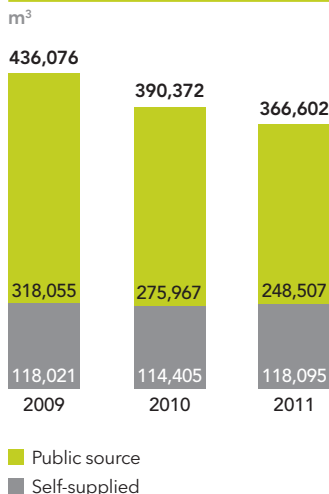
CO₂ emissions (manufacturing)



CO₂ emissions by source



Water consumption (manufacturing)



Greenhouse gases

Greenhouse gases (GhGs) arising from energy use at our manufacturing facilities are generated directly on site, through the combustion of fossil fuels for space, hot water and process heating/cooling, and also indirectly from our use of purchased electricity generated elsewhere.

We generated 66,003 tonnes of CO₂ at our manufacturing locations and 21,569 tonnes of CO₂ at our non-manufacturing locations. Our CO₂ emissions increased by 2% at our manufacturing locations over the past year, as compared to a 3% KPI reduction target. Since our CO₂ emissions are driven by energy consumption, our CO₂ increases within our manufacturing locations are the consequence of increased production levels. Longer term, CO₂ emissions have decreased 8% over the past three years.

For the third year in a row, we measured CO₂ contributions associated with business airline travel and global fleet vehicles. Using a distance-based methodology, business airline travel contributed 24,530 tonnes of CO₂ which represents 20% of our total CO₂ emissions. We saw CO₂ emissions associated with our business travel increase 15% this past year. The increase is due to the need for business-critical engineers to travel to meet customer and project requirements, an expansion of our business in Asia and an increased number of employees. We continue to encourage the use of video

and teleconferencing, where appropriate, to limit the cost and emissions associated with air travel.

Contributions from our global fleet vehicles yielded 12,502 tonnes of CO₂, which represents 10% of our total CO₂ emissions. We experienced a 3% decrease in global fleet emissions, which is attributed to a progressive replacement of larger vehicles with smaller, fuel-efficient four-cylinder vehicles. Going forward, we will continue to look at ways to reduce the impact of our global fleet operations.

Water

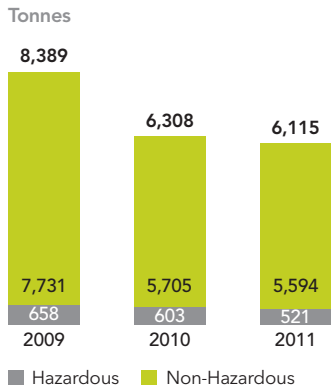
Water is used primarily for production (non-contact and contact cooling) and sanitary purposes. We consumed 366,602 cubic meters of water at our manufacturing locations this past year, which represents a reduction of 6% over the prior year. We obtained 118,095 cubic meters from self-supplied groundwater extraction, and obtained 248,507 cubic meters from the public water supply.

Despite increased production levels, we were able to exceed the 3% water use reduction target by being vigilant on identifying and repairing leaks, and through implementation of water reduction programmes. Longer term, water usage has decreased 16% over the last three years. For the past year, reductions of 17% to 30% were achieved at Matamoros, Mexico; Caxias, Brazil; Hanover, US; and Sternberk, Czech Republic.

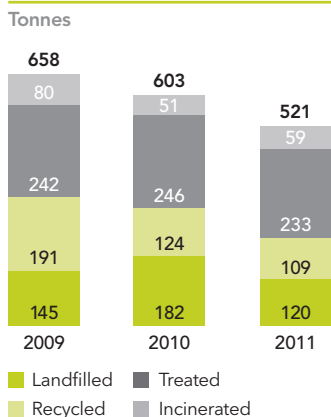


Environment continued

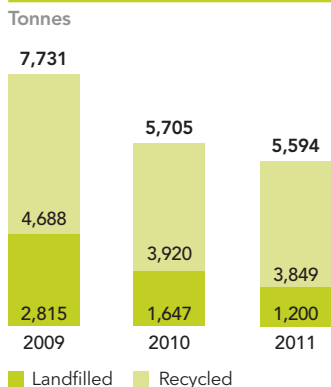
Total waste (manufacturing)



Hazardous waste (manufacturing)



Non-hazardous waste (manufacturing)¹



¹ Incineration and other treatment practices comprise <10% of our non-hazardous waste disposal options and are not shown. Therefore, landfilled and recycled amounts are not additive.

Waste

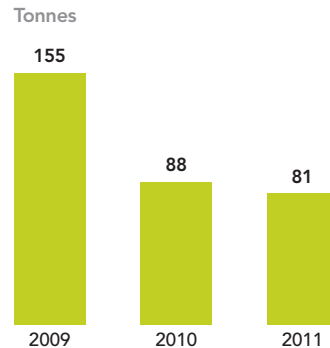
Our long-term strategy is to continually reduce waste arising from our operations, with a particular focus on hazardous waste, which is generally more difficult to recycle and requires more-expensive disposal. Non-hazardous waste typically includes uncontaminated scrap metals, plastic, wood, cardboard, glass, paper, food and non-hazardous solid and liquid wastes. Hazardous waste typically includes spent solvents, metal-contaminated materials, hazardous sludges, laboratory chemicals and hazardous solid and liquid wastes that are regulated by government agencies.

We generated 5,594 tonnes of non-hazardous waste at our manufacturing locations this past year, which represents a reduction of 2% over the prior year, short of our 3% reduction target. We generated 521 tonnes of hazardous waste at these locations this year, which represents a reduction of 14% over the prior year. In total, 6,115 tonnes of waste were generated, representing an overall waste reduction of 3%. Longer term, combined non-hazardous and hazardous waste generation has been reduced by 27% over the past three years.

Reductions in waste generated this year were associated with facility consolidation activities and waste reduction programmes that have been implemented in a number of active facilities. For the past year, the most significant reduction in non-hazardous waste (38%) was seen in Louisville, US. Reductions in hazardous waste (46% to 91%) were seen in Louisville, US; Mexicali, Mexico and West Plains, US. Specific reductions in waste generation at these and other facilities resulted from decommissioning of product lines, redesign of supplier packaging materials and reduction of used rag waste.

Where possible, we look to recycle, treat or incinerate instead of landfilling waste. This past year, we reduced the amount of non-hazardous waste and hazardous waste that was sent to landfills by 34% and 27%, respectively. Further, our overall waste recycling rate last year was 65%, up from 58% two years ago.

VOCs emitted



Volatile organic compounds (VOCs)

Invensys generates emissions of volatile organic compounds (VOCs) primarily during cleaning metal parts prior to plating or assembly. We are striving to reduce our VOC emissions and substitute more environmentally-friendly materials wherever possible.

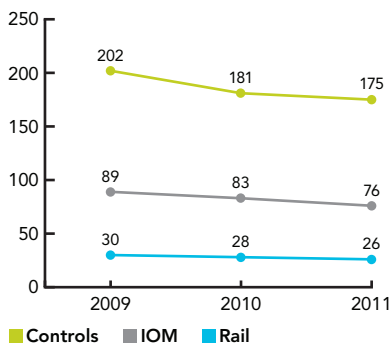
We emitted 81 tonnes of VOCs at our manufacturing locations this past year, which is a reduction of 8% over the prior year. Longer term, VOC emissions have been reduced by 48% over the past three years. Reductions have been driven by emission-reduction programmes in a number of facilities. For the past year, the most significant reductions (46% to 73%) were seen in Matamoros, Mexico and Pune, India. Specific VOC emissions reductions have resulted from a switch from solvent-based to aqueous-based degreasers and process changes that eliminated use of VOC-containing substances.



Environment continued

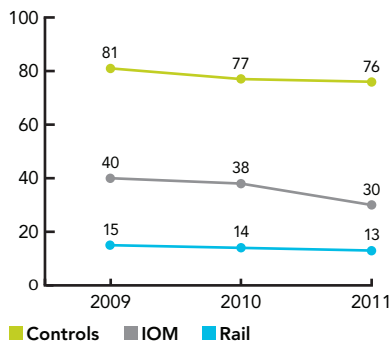
Energy use (all locations)

MWh per million £



CO₂ emissions (all locations)

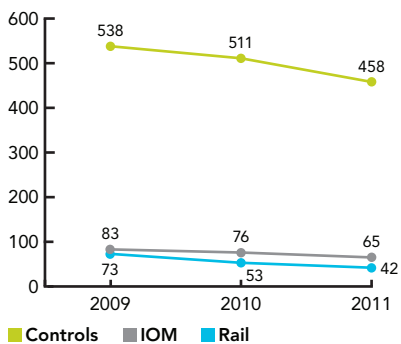
Tonnes per million £



Over the past year, when normalised to revenue, the energy use at our manufacturing and non-manufacturing sites within each division decreased 3% to 8% while CO₂ emissions decreased 1% to 21%.

Water consumption (manufacturing)

m³ per million £



Water use at our manufacturing sites decreased 10% to 21% within each division this past year when normalised against revenue.

Normalised environmental KPI data

There is benefit in presenting environmental KPI data in different ways. Normalisation of data against a common factor can remove some of the volatility associated with absolute data as a result of business growth and decline and is considered to be a better measure of KPI efficiency gains (i.e., producing more with less).

Due to the diverse operational nature of our divisions, typical normalisation factors such as number of employees, building space occupied or number of products produced, do not easily translate across the Group and may not accurately reflect the growth of the business. To overcome this limitation, we have chosen to display KPI data by division, where available, so that efficiency improvements can be tracked according to the type of operations associated with each business segment.

Our overall carbon intensity (the sum of carbon output normalised to revenue) was 50 tonnes CO₂ per £ million revenue. This metric considers carbon contributions from manufacturing, non-manufacturing, global fleet vehicles and business airline travel, representing a 9% decrease from last year.

Given that one of our goals is to accommodate business growth while remaining focused on reducing our KPIs, we have normalised our environmental KPI data to revenue by division for energy and CO₂ at manufacturing and non-manufacturing sites, and water and waste at manufacturing sites. We do not track global fleet and business air travel emissions by division.

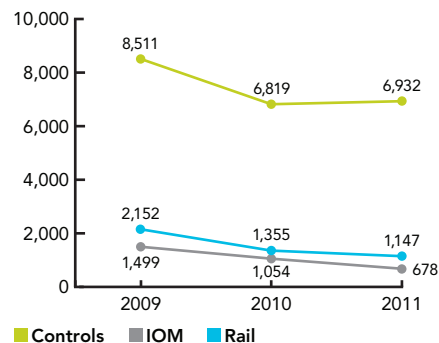
Consistent with our Basis of Reporting, we do not collect all five KPI data parameters for every location, but we are confident that a representative evaluation of our natural resource usage footprint associated with operation of our manufacturing sites and office buildings is captured through the current data collection programme, and the normalisation comparisons are relevant.

Normalised data as outlined herein indicates a decreasing trend for all environmental KPIs for all divisions between 2009 and 2011, with the

exception of hazardous waste at Invensys Operations Management. We attribute these normalised KPI decreases to our increased attention on measuring and managing environmental KPI data, including improved awareness at the facility level and implementation of reduction actions resulting from our Kaizen programme.

Non-hazardous waste (manufacturing)

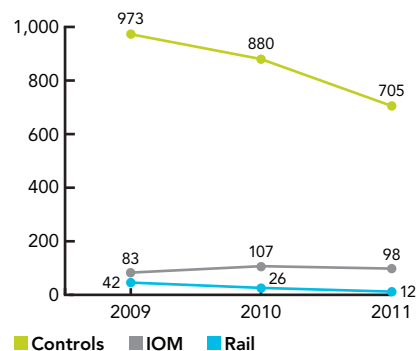
Kg per million £



Non-hazardous waste generation at our manufacturing sites increased at Invensys Controls (2%) and decreased for Invensys Operations Management (36%) and Invensys Rail (15%) this past year when normalised against revenue.

Hazardous waste (manufacturing)

Kg per million £



Hazardous waste decreased 20% for Invensys Controls, 8% at Invensys Operations Management and 54% at Invensys Rail this past year when normalised against revenue.

Environment continued

Normalised Environmental KPIs - Invensys Controls

For the year ended 31 March		Units	2011	2010	2009
ABSOLUTE					
Energy use		MWh	99,012	98,306	112,138
CO ₂ emissions		tonnes	43,363	41,753	45,213
Water consumed		m ³	259,464	277,507	298,711
Waste generated (non-hazardous)		kg	3,930,652	3,702,822	4,723,570
Waste generated (hazardous)		kg	399,723	477,847	540,210
Revenue		million £	567	543	555
NORMALISED					
Energy use	MWh per million £ revenue		175	181	202
CO ₂ emissions	tonnes per million £ revenue		76	77	81
Water consumed	m ³ per million £ revenue		458	511	538
Waste generated (non-hazardous)	kg per million £ revenue		6,932	6,819	8,511
Waste generated (hazardous)	kg per million £ revenue		705	880	973

¹ Energy as defined here includes all sources (e.g., electricity, natural gas, oil).

² Energy use and CO₂ emissions include manufacturing and non-manufacturing locations.

³ Water consumed and waste generated include manufacturing locations only.

Normalised Environmental KPIs - Invensys Operations Management

For the year ended 31 March		Units	2011	2010	2009
ABSOLUTE					
Energy use		MWh	86,866	82,965	97,400
CO ₂ emissions		tonnes	34,388	37,795	43,386
Water consumed		m ³	74,717	75,801	90,866
Waste generated (non-hazardous)		kg	777,749	1,053,829	1,638,798
Waste generated (hazardous)		kg	112,449	107,163	91,004
Revenue		million £	1,147	1,000	1,093
NORMALISED					
Energy use	MWh per million £ revenue		76	83	89
CO ₂ emissions	tonnes per million £ revenue		30	38	40
Water consumed	m ³ per million £ revenue		65	76	83
Waste generated (non-hazardous)	kg per million £ revenue		678	1,054	1,499
Waste generated (hazardous)	kg per million £ revenue		98	107	83

¹ Energy as defined here includes all sources (e.g., electricity, natural gas, oil).

² Energy use and CO₂ emissions include manufacturing and non-manufacturing locations.

³ Water consumed and waste generated include manufacturing locations only.

Normalised Environmental KPIs - Invensys Rail

For the year ended 31 March		Units	2011	2010	2009
ABSOLUTE					
Energy use		MWh	20,007	19,274	19,036
CO ₂ emissions		tonnes	9,720	9,531	9,515
Water consumed		m ³	32,421	37,063	46,499
Waste generated (non-hazardous)		kg	885,269	948,728	1,368,849
Waste generated (hazardous)		kg	9,007	17,903	26,403
Revenue		million £	772	700	636
NORMALISED					
Energy use	MWh per million £ revenue		26	28	30
CO ₂ emissions	tonnes per million £ revenue		13	14	15
Water consumed	m ³ per million £ revenue		42	53	73
Waste generated (non-hazardous)	kg per million £ revenue		1,147	1,355	2,152
Waste generated (hazardous)	kg per million £ revenue		12	26	42

¹ Energy as defined here includes all sources (e.g., electricity, natural gas, oil).

² Energy use and CO₂ emissions include manufacturing and non-manufacturing locations.

³ Water consumed and waste generated include manufacturing locations only.

Environment continued



Shirley-Stratford signaling project eliminates landfilled waste

Invensys Rail's Shirley-Stratford UK project team implemented new practices that improved waste management and recycling on the project for Network Rail.

"Network Rail are very clear as to their expectations for the percentage of waste recycled on their projects with an 80% target recycle rate now one of several key performance indicators we are currently judged against," said Invensys Rail Environmental Advisor Steve Blackburn. "We have enhanced our waste segregation practices and now have access to a wider range of recycling opportunities than were available to us."

The project recorded a 100% recycle/re-use/recovery rate with 140 tonnes of waste diverted from the landfill, and has raised the profile of environmental sustainability and our clients' expectations in this area. Invensys Rail is looking to apply these practices to future UK projects.



Kaizen process zeros in on environmental waste

The Invensys Controls team in Plymouth, UK set out to reduce solid waste generated at its manufacturing sites. Last year the facility sent over 48 tonnes of waste to the landfill and spent £12,000 on hazardous waste disposal.

A focused team conducted a Kaizen event, which included a site walk and interviews. The team collected and prioritised ideas gathered during the Kaizen based on ease of implementation and potential impact on waste reduction. One project targeted reducing the use of aerosol cans by encouraging squeeze pump dispensers instead, reducing hazardous waste.

"We identified new recycling streams for materials that we were sending to the landfill," notes Al Briggs, Continuous Improvement Director for Invensys Controls. "We now have dedicated recycling streams for vending machine cups, expanded polystyrene, polyethylene bags and plastic bottles."

The Kaizen reduced landfilled waste by 36% and increased recycling by 106%.



Invensys Operations Management uses environmentally-friendly packaging

Invensys Operations Management in Foxboro US set out to evaluate options for replacing the molded expanded polystyrene (EPS) packaging inserts used to ship pressure transmitters.

The EPS inserts were subject to cost fluctuations, required significant warehouse storage space and were not easy to recycle. This contributed to additional waste challenges for customers, conflicting with their own sustainability programmes.

The Supply Chain group formed a cross-functional team and partnered with their supplier to research a new approach. The team identified a molded-pulp packaging insert technology made from un-issued newsprint that is 100% recyclable and is European Green Dot-compliant. The new molded-pulp inserts resulted in a \$62,000 US annual cost savings, a 70% reduction in storage space requirements and enhanced recycling options for our customers.

Environment continued



Invensys Rail chooses green building for relocation of its headquarters

In choosing a new Australian headquarters, Invensys Rail searched for a building with strong sustainability credentials. The team finally decided on a building designed and built to Australia's 5 Star Greenstar rating and a 4.5 Star rating under the National Australian Built Environment Rating System (NABERS). Key features of the new headquarters building include:

- Use of recycled building materials during the original construction;
- Low volatile organic compounds used in painted surfaces, adhesives, sealants;
- Refrigerants with zero ozone-depleting potential;
- Natural lighting design concepts;
- High-efficiency windows;
- On-site capture and reuse of potable water and efficient landscaping irrigation systems;
- Conveniently located to public transport and conducive to pedestrian and bicyclist access.



Invensys Controls reduces rag waste generation

When the Invensys Controls Mexicali, Mexico facility set out to reduce their hazardous waste, rags containing oils and chemicals represented an area for potential improvement. A 20% reduction target was initially set for the effort.

The team identified specific process areas that were responsible for the majority of the waste generation and focused on key opportunities. Solutions included replacing rags with reusable items, extending the useful life of used rags, proper segregation of rags and, for certain operations, replacement of rag use with vacuum systems.

Results from the rag waste reduction project far exceeded the initial 20% reduction objective. The rate of hazardous waste generation associated with rags was decreased by 48%, resulting in an annual reduction of 3,500 kg of hazardous waste.



Invensys Rail focuses on energy efficiency

Recent efforts at our Hornsey, UK depot have demonstrated the value of keeping close watch on energy and water consumption with lessons that could be applied across all sites.

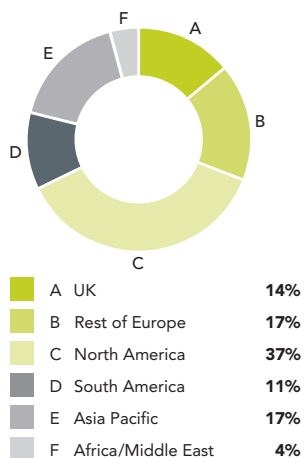
As part of their maintenance programme, the facility targeted electricity consumption. Programmable thermostats and lighting controls were used to operate electric radiators and outside lights, including correcting a fault that left exterior floodlights on all day.

"When we compared year-on-year records, we'd reduced our electricity consumption by 50%. We're not just saving money, we're also safeguarding and improving Invensys Rail's green performance. It's certainly proved to us that it's a practice well worth continuing," commented Safety, Quality and Environmental Advisor Colin Buck.

Workplace/Employees

Our employees are our greatest asset, and providing a safe and supportive work environment is a priority.

Employees by geography



Employees (numbers)

2008	22,928
2009	20,529
2010	20,044
2011	20,664

Talent is the lifeblood of any organisation, and Invensys views its employees as its highest priority resource. Maintaining the right work environment and providing the right development tools for employees is essential to keeping employee engagement at high levels.

Diversity in the workforce

As a global company with employees across the world, Invensys seeks to recruit the best individual for every position regardless of gender, ethnic or national origin, religion, sexual orientation or any personal characteristic not relevant to their work.

Invensys fosters an inclusive culture where anyone with the skills and abilities to perform is treated fairly. We embrace the diversity of our employees and the greater effectiveness a diverse workforce allows us to offer our customers.

We continue to respect and support the principles of the European Convention on Human Rights and the UNGC by ensuring we comply with the labour laws of the

countries in which we operate and by creating an inclusive and respectful culture for our diverse workforce.

The Group seeks to ensure that fair consideration is given to applications for employment received from people with disabilities and we offer continued employment, training and advancement where possible to employees who are or become temporarily or permanently disabled.

Employee engagement

We conducted an Invensys-wide Employee Engagement Survey in November 2010 which achieved a response rate of 83%, up from 78% in 2008. The results enable us to track improvements from prior years and to compare with external norms. We are pleased to see our employee engagement levels compare positively with our global external benchmarks.

Our business and functional teams are now implementing action plans created in response to survey feedback. We continue to strive to make Invensys a place where high-performing people choose to be, where they can enhance their lives and careers and are motivated to perform at their best.

Remuneration and benefits

One of the Invensys Values is meritocracy and we strive to offer competitive remuneration and benefits in each of our markets through a system of differentiated base pay, cash and equity bonuses based solely on the individual's contributions to Invensys' success and not subject to any pay discrimination. Collective bargaining is allowed and we identified no at-risk locations related to freedom of association and collective bargaining over the past year.



Workplace/Employees continued



Talent planning and review

We continue to focus on growing internal capability and enabling internal career moves through our Organisational Capability Review (OCR) process. This process takes place across Invensys and over the past year at a corporate level has led to the creation of robust succession plans for over 60 leadership roles. OCR has also enabled the identification of nearly 40 "High Potential" and "High Professionals" in our leadership population and over 80 considered to be "Rising Talent" across the Group. Each of these employees has an individual development plan and is actively supported to achieve their potential.

We are building plans for managing our workforce more strategically and effectively. This involves identifying skill requirements in our markets and gaps in our employees, and proactively cross training, developing, or if required, hiring the right people based on these gaps.

During the year, we used our goal deployment and performance management tools and processes to help our employees to understand the organisational goals and

objectives of Invensys and align them with their own. Line managers are required to hold annual performance reviews with all employees who report to them, where they can discuss their performance, set personal objectives for the coming year and create personal development plans.

Approximately 11,000 employees are participating in our on-line performance management processes with goals for 2011/12 on our integrated system. Other employees, such as those in manufacturing, are participating in local performance management processes.

Learning and development

Our Learning and Development Centre of Expertise (L&D CoE) has become well-established and, utilizing seven languages, has delivered over 55,000 hours of on-line training across 4,000 learning modules this year. Whilst nearly 300 leaders have participated in advanced management and leadership training, the CoE has focused increasingly on core Invensys capabilities with the launch of a new project management curriculum containing over 60 learning programmes and with

400 participants to date. The development of success profiles for engineers and sales professionals has enabled us to assess the competence and development needs of over 3,000 of our people.

Our efforts around the CoE have simplified and streamlined the way employees access learning and assess and develop the knowledge and skills they bring to their work at Invensys. Examples of key L&D programmes include:

- **Our Invensys Senior Leadership Seminar (SLS) programme:** Develops executives' capabilities to succeed in a rapidly changing business environment. In the past year, 38 executives globally have participated in the SLS.
- **The Impacting Business Performance (IBP) programme:** Supports leaders with the means to effectively target and deliver objectives. Approximately 92 leaders have participated in the IBP in the past year.

Workplace/Employees continued



- **The Programme for Action Learning and Mentoring (PALM):** Provides employees of Invensys Operations Management with opportunities to build global networks, be mentored by leaders and to collaborate with others on projects of significance to the business.

To help employees develop their career potential, we introduced a new, self-driven online toolkit, available in multiple languages, to assist employees to:

- Establish career objectives
- Assess strengths and opportunities for development
- Identify development strategies that align with personal learning preferences
- Create effective action plans to meet personal goals
- Gain awareness of career development resources
- Enrol others to support their career plan

Health and safety performance

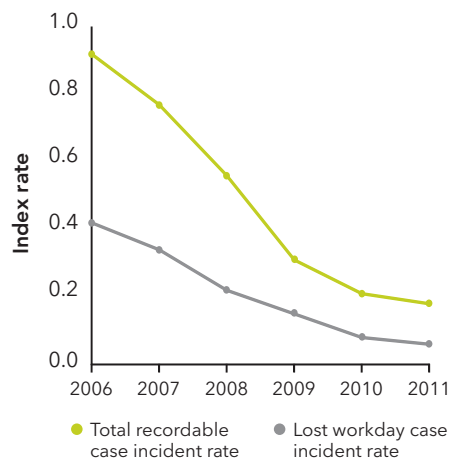
Health and safety are intrinsic to our operations and our value proposition. We are pleased to report continued improvements in our health and safety performance, as reflected in decreased injury/illness incident rates. From April 2010 to the end of March 2011, our Total Recordable Case Incident Rate (TRCIR) fell 14% from 0.21 to 0.18 and our Lost Workday Case Incident Rate (LWCIR) fell 25% from 0.08 to 0.06.

This continues a five-year trend in which our TRCIR has fallen 76% and our LWCIR has

fallen 86%. We continue to look for ways to improve our safety performance and record. Further details regarding health and safety performance can be found on our website and in the Basis of Reporting section of this report.

Our Chief Executive reviews the health and safety performance data, including any major incidents, on a monthly basis with the Board. In addition, site leaders and management teams review each recordable incident to fully understand the root causes of accidents and ensure adequate corrective actions are implemented.

We are pleased to report that there were no major incidents or work-related fatalities during the year. During inspections by government officials, we received two safety compliance-related citations at locations in the Americas. Our location in Marion, US received a citation from the US Occupational Safety and Health Administration (OSHA) and a fine of \$4,175 concerning a lack of stop controls/guarding on a piece of equipment. The other issue was related to fire-fighting systems and procedures at a location in Brazil. In both cases, corrective actions were instituted and no further notices or fines have been issued. We are continuing our compliance and assurance efforts across the organisation and look forward to reporting on improved progress in this area next year.



Invensys safety recognition programme

Invensys has an internal recognition programme for safety excellence at our operating locations. Awards are granted for million hours worked without a recordable incident. During the past year:

- 16 locations received one million hour awards
- Seven locations received two million hour awards
- Three locations received three million hour awards
- One location, Nuevo Laredo, Mexico, received a four million hour award

Safety and Sustainability Awareness Metric

Our Safety and Sustainability Awareness Metric (SSAM) is the model we use to drive and measure several leading activities at an operational level.

All major Invensys sites with more than 50 employees (manufacturing, distribution, staging, engineering and office) are required to participate in the SSAM. Some divisions also have key sites with less than 50 employees participate. The performance targets for each element are set annually based on the number of hours worked at the site and the site's risk profile.

The SSAM, which is measured and reported monthly, includes:

- On-time closure of corrective actions
- Near misses
- Completion of safety training
- Completion of safety tours/inspections
- Improvement in environmental KPIs
- Implementation of the EHS&S management system standards across the business and operations

Workplace/Employees continued

For the past year, the annual SSAM target was 90 out of 100. We are pleased to report that our consolidated performance on the SSAM was 93. For the coming year, we have established a SSAM target of 95 out of 100.

Travel safety and security

Invensys recognises that employees travelling on business may experience increased personal risks, and we are committed to protecting the safety and security of our employees as they travel worldwide. This past year, we established the Office of Global Security at a Group level to:

- Mitigate against threats to Invensys employees, assets and reputation
- Assist in restoring business operations in a timely manner by coordinating crisis management when threats materialise
- Enable the business to understand the wider political and security context in order to achieve systematic, long-term and secure pursuit of business

Using external advice, the Global Security and EHS&S functions assign risk rankings to various countries. Travellers to high-risk countries are required to follow a specific set of programmes to minimise risk, including receiving pre-travel safety training

Sustainability beyond the workplace

As reported last year, Invensys Rail has been experimenting with a Personal Allowance Carbon Tracking (PACT) scheme. PACT is a web-based platform where employees can measure, monitor and focus on their personal carbon footprint. PACT focuses on participant's domestic electricity and gas use, their travel-related carbon emissions, and those stemming from holidays taken. Emissions are tracked against an agreed annual allowance. Twenty-four employees are participating in this innovative pilot project, which is in its early stages.



and advice, registering their itinerary and contact information, obtaining executive management approvals for such travel and receiving local security escorts, as necessary. Additionally, during their trip, all travellers to high-risk locations are subject to a daily check-in process via telephone and email to confirm their safety. Failure to do so triggers contingency planning activities.

All of our business travellers worldwide, when travelling outside their home country, can access emergency medical assistance, international healthcare and security services through a third-party service provider.

Management systems

The Invensys EHS&S management system consists of defined goals and objectives, programmes, standards and assessments as well as management support. The Invensys EHS&S standards define and establish expectations and provide a common base for implementation and planning at all of our global locations and operations. Continuous improvement in the EHS&S management system enables us to anticipate and respond to constantly changing regulations, social, financial, economic and competitive pressures as well as EHS&S risks. This year, the standards were updated and expanded to 17 key areas. Each manager is responsible for compliance with the standards within his or her area of responsibility.

Some of our businesses have pursued third-party certifications for their EHS&S management systems. This decision is based on local market drivers. Invensys Rail, including Dimetronic, has ISO 14001 certifications covering eight locations plus related project sites in the UK, Spain and Portugal, and is pursuing certification in

Australia and New Zealand. Invensys Operations Management, including Eurotherm and IMServ, have two ISO 14001-certified locations in France and the UK. Invensys Controls, including Eliwell, has two ISO 14001-certified locations in the UK and Italy. Our facilities in Mexico have pursued certifications through local regulatory agencies including the Clean Industry certification (Reynosa, Matamoros, Nuevo Laredo and Mexicali) and Safe Industry certification (Matamoros, Nuevo Laredo and Mexicali).

Compliance

Our Compliance Assurance Verification Programme measures compliance with relevant national, regional and local regulations, laws and other government requirements as well as internal Invensys standards. External independent consulting companies are contracted to perform our audits.

Audits are performed at manufacturing facilities, logistics hubs, project locations and service sites. Over the past year, we completed:

- 19 EHS&S Compliance Audits (including eight at project locations) to evaluate legal and regulatory compliance
- 23 Loss Prevention Audits to identify gaps and improvement opportunities against national, local and Invensys requirements on construction and occupancy hazards, fire protection systems, emergency egress and emergency response plans
- 26 Thermographic Safety Audits to identify potential heat/fire sources from electrical and/or mechanical systems

Senior managers at the locations provide a commitment letter that outlines the corrective actions and timeframes for closing out any audit findings. All compliance findings and corrective actions are tracked until closure is achieved, and the results are integrated into operational business reviews. These management reviews provide information and top-level support for planning, implementation, and recalibration that supports continuous improvement of EHS&S performance.

Workplace/Employees continued



Invensys Operations Management earns EHS performance award

The Invensys team in Jamnagar, India maintains a work-force of around 160 employees and contractors at the Reliance Refinery. On-site safety of personnel is of utmost importance for both Invensys and Reliance.

Invensys has appointed two safety supervisors who implement and oversee work activities. Environmental, Health and Safety (EHS) are key components during contractor selection, and Invensys personnel and contractors are provided with EHS training. Safe actions are monitored through audit programmes conducted by Invensys and Reliance.

Reliance recently recognised the Invensys team for their approach to safety talks and near-miss reporting, and issued Invensys the top prize in the Personal Protective Equipment category amongst all site contractors.



Invensys Rail recognizes EHS&S achievements

Invensys Rails' EHS&S Reward and Recognition Programme in Louisville, US began in August 2010 to recognise employees who go above and beyond their EHS&S responsibilities. Any full-time employee can nominate or be nominated for correcting unsafe behavior, implementing ideas to improve workplace ergonomics, volunteering, or implementing ideas to improve Key Performance Indicators (KPIs)

According to Christine Higdon, Director of EHS&S for Invensys Rail North America, "The great thing about this programme is the peer involvement. The goal is to not only encourage nominations, but to also highlight the positive behaviour that employees are embracing around EHS&S.

Due to its success at the Rail manufacturing locations, the programme will be extended to all major site locations by January 2012." To date, the programme has led to 26 awards.



Invensys Operations Management converts abandoned lot into a park

Invensys Operations Management's new office in the New Maadi district of Cairo, Egypt was opened in December 2010, establishing a consolidated office base for close to 400 Invensys employees.

Directly opposite the new office was a small abandoned parcel of land that had become filled with construction debris. Further, the surface roads around the immediate vicinity of the parcel were in disrepair, presenting difficulties for vehicles and pedestrians in navigating the nearby streets and sidewalks.

Invensys invested approximately \$20,000 US to adopt the parcel and to beautify the surrounding area. Invensys employees also participated in the planning and design, negotiations with the landlord and coordination of the cleanup and improvement efforts with the city.

Invensys' efforts helped clean up debris and turn the parcel into a blooming garden of flowers for Invensys employees and the surrounding community to enjoy.

Workplace/Employees continued



Invensys announces scholarship programme

Invensys announced sponsorship of a scholarship programme for the children of full- and part-time employees. The purpose of this programme is to provide a merit-based opportunity for the children of Invensys employees to pursue studies leading to a first university degree. Candidates will be selected from students working on undergraduate studies during the 2012 school year.

Selection criteria will consist of academic ability and achievement, including class rank, grade point average, extra-curricular activities, community service and demonstrated leadership. Students will be able to use the \$1,000 US scholarship for study in any field up to a four-year maximum.

"Invensys believes in the cultivation of higher learning", says Lori Tumilty, Invensys Programme Manager. "Therefore, we were more than pleased to introduce a world-wide programme which would identify scholastically talented youth and provide the selected winners with an educational scholarship."



Invensys Rail wins ROSPA Gold Award for safety

Invensys Rail in the UK was awarded the Royal Society for the Prevention of Accidents (ROSPA) Gold Award for maintaining a significantly better accident performance rate than the sector average. Invensys Rail continually pursues safety improvements by tackling unsafe behaviours, predominantly through its culture-based safety behaviours programme titled *Stop & Talk*.

Stop & Talk relies on all employees exercising personal responsibility to observe and discuss safety conditions and actions. Invensys Rail have found a strong correlation between the number of *Stop & Talk* conversations conducted and a reduction in workplace accidents.



Invensys Spirit Week drives employee engagement, enhances culture

In October 2010, Invensys Operations Management implemented Invensys Spirit Week, designed to engage all global Invensys Operations Management locations to generate enthusiasm about our business, develop a sense of camaraderie and encourage our Invensys Values.

Values and Recognition Day included the rollout of a new, on-line peer recognition tool and encouraged sites to organise challenges and skills tests around the Invensys Values of Meritocracy, Agility, Integrity, Innovation and Courage.

During *Culture and Fun Day*, employees were encouraged to celebrate their local culture through traditional attire, food and dancing.

The centrepiece of the *Future of Invensys Operations Management Day* was a light-hearted, futuristic video during a Town Hall Meeting featuring a vision for where the growth of the business will take Invensys.

Invensys Operations Management President Sudipta Bhattacharya referred to Spirit Week as his "proudest week at Invensys," saying, "The Spirit Week photos I've seen from around the world tell our story of connecting people, recognising each other, having fun and building on the promise of a bright future."

Communities

We continue to encourage our divisions and employees to build relationships in the community and enhance workplace morale and cohesiveness.

Invensys conducts community involvement at a local level where employees work and live and best understand local needs. Our divisions provide a variety of programmes, such as matching gifts, sponsorships of activities and paid volunteer time to allow

our employees to participate actively in community events. During the past year, Group donations to charities and community causes worldwide were £0.2 million. During the year, political expenditures of £8,000 were incurred in respect of paid

leave for a Parliamentary election candidate who was employed by the Group. No other donations were made to political parties or organisations or independent election candidates.



Invensys Rail Northern Europe receives award for blood donation

Invensys Rail Northern Europe received a Loyalty Supporter Award from the British National Health Blood and Transplant Service for supporting the Blood Transfusion Service over the past 30 years. Collectively, it is estimated that Invensys personnel have provided 10,000 blood donations, potentially saving tens of thousands of lives.

Derek Boulton, Manager EHS&S representing Invensys Rail, received the award in April from Sophie, a 13-year old who recently required blood transfusions while undergoing brain tumour surgery. Derek said, "It was a very humbling experience to think this child has undergone such trauma yet remains extremely cheerful. Our Company and others have been able to make a contribution to help change people's lives, such as Sophie's."

Invensys Rail is recognised as one of the top ten supporters of the Blood Transfusion Service in the South West of the UK.



Invensys Controls sponsors Happy Day event for foster children

The Casa Hogar Douglas foster home in Nuevo Laredo, Mexico was established to provide essential services to children living in extreme poverty. While basic needs of the children are provided by the foster home, many of the children don't get the opportunity to experience the happiness and joy of being a child.

For the past three years, Invensys Controls Nuevo Laredo employees have dedicated time and money to sponsor a *Happy Day* event for children at the foster home. Forty-two children from the home were provided with food and entertainment at the annual event.

Activities included inflatable moonwalks, piñatas and meeting costumed movie characters. In addition to the *Happy Day* memories that the children took with them, each child was provided with gifts consisting of a T-shirt, a pair of shoes, pants, a blouse, a toy and candy.



Invensys Operations Management provides bicycles to impoverished children

Invensys Operations Management in Houston US bought tickets to their annual employee appreciation party with 100% of proceeds going to *Elves & More*, a non-profit organisation that provides new bicycles to at-risk and impoverished children.

With the donation, *Elves & More* supplied 100 bicycles and 100 helmets to students at Fondren Middle school. The team's commitment did not stop there: volunteers from Invensys Operations Management took part in building and delivering the bicycles.

"Thank you for your support. Through your partnership, students signed contracts to improve academically in after-school programmes and also achieved goals which they set with their teachers. Together we are changing lives—one bike at a time!" says Rebecca Roberts, Executive Director of *Elves & More*.



Invensys Rail assists victims of historic flooding

In November 2010, Queensland, Australia suffered its worst flooding in history. Two of the worst-hit areas were Brisbane and Rockhampton, both of which have Invensys Rail offices.

Invensys Rail donated \$10,000 AU to the Queensland Flood Appeal and sponsored internal fundraisers to generate additional individual donations for the recovery. Employees were encouraged to reach out to impacted individuals and to donate time to the massive clean-up effort. Management supported this through our Community Service Leave Policy that provides all employees up to one day full-paid leave when volunteering.

Employees utilised their project management, construction and electrical expertise to assist in the clean-up, the re-establishment of essential services and general assistance in the rebuilding effort. The response came from far and wide, with colleagues from Melbourne volunteering as well.



Invensys Controls provides firefighter training to local municipality

Jose Arellano, EHS&S Coordinator at Invensys Controls in Matamoros, Mexico, a certified firefighter instructor and firefighter for 8 years, assembled a team of four Invensys employees and provided instruction for a three-day training programme to 12 local firefighters.

The firefighters were provided training in basic first aid for first responders, use of personal protective equipment, methods involved in search and rescue operations, and reactive drills associated with fire-fighting techniques.

By helping the local firefighters gain knowledge and skills regarding performance of their jobs, the firefighters are better able to respond to emergencies and make the community a safer place to work and live.

Invensys Controls in Matamoros plan on continuing their relationship with the municipality and community by offering this training programme on an annual basis.



Invensys Operations Management provides student mentoring programme

Career Pathways, a programme being piloted by a local high school in Foxboro, US is designed to provide students an opportunity to work in fields of interest before entering the workforce or university. Students receive course credit along with performance reviews by their student mentor.

Invensys Operations Management has supported this initiative by providing positions in process engineering, precision machining and occupational health and safety. Students in the engineering track participated in design and process reviews, engineering support tasks and use of advanced applications. Students in the precision machining track worked with experienced machinists and operate state-of-the-art machining equipment. The occupational health and safety track provided students with exposure to work place safety, medical monitoring and wellness strategies.

Based on positive feedback, Invensys Operations Management plans on expanding this programme to include software development and hardware engineering in future years.

Stakeholders

Success requires working with stakeholders to understand their material issues and expectations.



Stakeholder engagement

Invensys' priorities are informed by broad and ongoing engagement with stakeholders across our businesses and their communities. During our annual strategic planning process, our business leaders identify stakeholders with potential material impacts on the success and growth of our business. They then identify the resources required to respond to material requests, impacts or opportunities.

Employees

Senior business leaders communicate regularly with employees both globally and locally by way of:

- Site-level "town hall" briefings
- Smaller, face-to-face meetings
- Employee newsletters
- Emails, webchats and blogs
- Surveys

Invensys has established the use of blogging and social networking technologies to facilitate fast and open communication between employees and to realise the performance advantages of sharing knowledge and best practices across our divisions.

Some regions have more formalised structures than others. For example, the Invensys European Employees Forum (IEEF) continues to promote a dialogue between elected employee representatives and management. The annual meeting between IEEF representatives and senior management has been running for 12 years.

Our business and functional teams are now implementing action plans created in response to the results of our Employee Engagement Survey, and we continue to strive to make Invensys a place where high-performing people choose to be, where they can enhance their lives and careers and are motivated to perform at their best.

Customers

We have active Customer Councils/Advisory Groups in place for each of our key product offerings to obtain regular feedback. We conduct periodic customer satisfaction surveys for our customer support and delivery organisations. User conferences are hosted annually in each region to allow customers and business partners to collaborate, share ideas, receive training and provide feedback on our products and services. We have conducted numerous surveys to gain perspective from the overall market on key trends in the industry. Additionally, our business leaders regularly meet with customers to understand our performance as well as relevant business trends and issues.

Shareholders

Communication with shareholders is at all times given a high priority, and a number of means are used to promote greater understanding and dialogue with the investment community. The Board receives regular reports from the Chief Executive and the Group's Investor Relations team. The Chairman and the Senior Independent Director are available to meet with major shareholders on request. During the past year, the Chairman spoke with a number of major shareholders regarding corporate governance and remuneration matters. In addition, the Chairman of the Remuneration Committee met with major shareholders to discuss matters relating to the Company's remuneration policy.

Shareholders are kept informed of the progress of the Group during the course of the year through half-year and full-year results, statements and presentations, interim management statements, capital

Stakeholders continued

markets days and other announcements of material developments that are released through the London Stock Exchange and other news services.

The results presentations made to the investment community are webcast, and copies of supporting material are made available on the Group's website. The executive director(s) maintain regular dialogue with the major institutional shareholders and participate in sector conferences. Shareholders can also raise questions directly with the Company at any time by contacting the Investor Relations team, whose contact details are listed on the Group's website.

Additional details of our shareholder communications are in our Annual Report and Accounts 2011 and on our website.

Suppliers

We invite key suppliers to collaborate on new ideas and solutions for our customers. We communicate with suppliers regarding continuous improvement and other expectations. Over the past year, we deployed our Supplier Code of Conduct that communicates our expectations of suppliers to act with the highest standards of integrity and in an ethically, socially and environmentally responsible manner. We also deployed the supplier profile and self-assessment tool that enables our suppliers to communicate their performance to us. Further details are contained in the Marketplace chapter.

Communities

We continue to encourage our divisions and employees to engage with good causes to build relationships in the community and enhance workplace morale and cohesiveness.

External engagements

Several external organisations have recognised our sustainability performance. We continue our commitment to the United Nations Global Compact (UNGC) to advance 10 universal principles in the areas of human rights, labour, environment and anti-corruption.

We again participated in the Carbon Disclosure Project (CDP) report on greenhouse gas (GhG) emissions and the risks and opportunities presented by climate change. Our CDP response resulted in recognition as one of 13 companies on the 2010 FTSE350 Carbon Performance Leadership Index. We also continue to be listed on the UK FTSE4Good Index Series, which lists companies that meet recognised standards of corporate responsibility.

We were also again listed on the Dow Jones Sustainability Indexes (DJSI) in recognition of our economic, environmental and social performance, achieving a Silver Class ranking for our sector based on the scoring of our response.

Finally, as a result of demonstrating reductions in our carbon emissions, our UK operations were awarded the Carbon Trust Standard Certification.

Precautionary Approach

Invensys fully subscribes to the Precautionary Approach advanced in Article 15 of the Rio Principles, which states, "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." Invensys does not knowingly operate in a manner, or advance a product or service, that poses a threat of serious or irreversible damage to the environment.



CARBON DISCLOSURE PROJECT

Governance

The Company is committed to high standards of corporate governance and believes that effective practices are essential to business integrity, performance and accountability to shareholders.



Governance structure and responsibilities

The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs to create shareholder value. The Board oversees sustainability and corporate responsibility. The Board reviews sustainability matters as part of the formal review of the Company's performance and strategy. The Board is given regular updates on compliance issues by the Chief Legal Officer. The Board structure consists of one non-executive Chairman, one executive director (including the Chief Executive) and seven independent non-executive directors.

There is a clear division of responsibilities between the Chairman and the Chief Executive that is further outlined in our Annual Report and Accounts 2011. The Chief Executive is the Board member with overall responsibility for the Company's sustainability policies and performance. The Chief Executive and Chief Human Resources Officer receive regular briefings from the Chief Legal Officer where any

concerns can be raised. Our Chief Executive performs monthly reviews and presents to the Board our business performance and compliance in the areas of environment, health, safety and sustainability.

The Group Operating Council (GOC), which comprises the Chief Executive, Chief Financial Officer, Group Human Resources Director and Group General Counsel, is responsible for key operational matters delegated to it by the Board, which include environmental, health, safety and sustainability issues. The Senior Vice President EHS&S reports to the Chief Executive and is responsible for establishing and executing the sustainability strategy. The Vice President Global Compliance, with business and functional support, is responsible for implementing and ensuring a culture of compliance throughout the entire Company.

Further details of our corporate governance arrangements are provided in our Annual Report and Accounts 2011, including:

- Board composition and qualifications
- Board vetting procedures to avoid conflicts of interest
- Committee structure
- Internal control and procedures
- Board performance evaluation
- Details of non-executive and independent directors and their compensation arrangements
- International charters, principles and guidance to which we subscribe

Invensys Code of Conduct

The Invensys Code of Conduct both describes and represents our commitment to responsible business and is the foundation of our broader Compliance Programme. Under the terms of the Code of Conduct, our employees undertake to work with integrity as representatives of Invensys and in accordance with both local law and our own standards of ethical behaviour: where the Code of Conduct is more exacting than local laws or standards, the Code of Conduct must be followed.

Governance continued

The Code of Conduct is available on the Invensys website and can be read by any customer, shareholder or member of the public. This year, Invensys has developed a Supplier Code of Conduct. The Invensys Supplier Code of Conduct integrates many relevant aspects of the Invensys Code of Conduct, leaving out provisions that are not necessarily relevant to suppliers but more relevant to Invensys employees. We require that all suppliers comply with the Supplier Code.

The Code of Conduct is supported by periodic training for all employees and the Board. All new employees must complete Code of Conduct training within the first month of employment. As part of our effort to promote the Code of Conduct and our Helpline, Invensys has produced a range of supporting materials, including Helpline posters, abridged versions of the Code of Conduct and other presentation materials, which are displayed at each Invensys facility and are available on the Invensys Intranet.

The Code of Conduct, supporting policies and associated training are the core elements in the latest iteration of the Compliance Programme. During the year, we released further training on specific areas of compliance targeted to relevant audiences, and also offered refresher courses in our Learning Management System training in critical areas of the Code of Conduct, such as Anti-Bribery and Competition Law.

The Audit Committee reviews arrangements under which employees can, on a confidential basis, raise concerns about potential irregularities and the arrangements for follow-up actions. The Helpline is operated by Global Compliance Services Inc, an independent company, and is publicised to employees through the Invensys Code of Conduct. There has been increased communication of the Helpline during the year to ensure employees are aware of the facility. Any investigations are undertaken by the Vice President Global Compliance and any material investigations are brought to the immediate attention of the Audit Committee, which determines

appropriate follow-up actions. Statistics on the volume and general nature of calls are reported annually to the Audit Committee and the Board. In addition, employees can raise concerns through other means, such as electronic or postal mail sent to the Board or management, which correspondence is investigated in the same manner as concerns raised through the Helpline. No material issues were reported through these processes during the year.

Risks and opportunities

Each division and corporate function is required to undertake a formal review of risks which could impact its area of business. Risk registers are produced and reviewed formally on a quarterly basis by each division and these are consolidated on a Group basis.

The Risk Committee has accountability for overseeing the risk management processes and procedures, and reports to the Board through the Audit Committee on the key risks facing the Group. It also monitors the mitigating actions put in place by the relevant operational managers to address the identified risks. The risk management process is outlined in our Annual Report and Accounts 2011.

Invensys operates globally in varied markets and is affected by a number of risks inherent in its activities, not all of which are within its control. Some of these risks and uncertainties are common to other businesses, for example: changes in economic conditions including currency and interest rate fluctuations; changes in taxation legislation; the cost of materials; the recruitment and retention of skilled personnel; the impact of competition; political stability in the countries where we operate or undertake contracts; and climate change. Some of these common risks and uncertainties are subject to significant change, the impact of which may be difficult to predict. This is particularly relevant to Invensys with the economic and political uncertainty which exists in many countries.

The principal risks which are specific to and may impact our business are outlined below. These should be read in conjunction

with the full description of the risk as provided in the Annual Report and Accounts 2011:

- Failure to maintain a competitive and technologically advanced product range could reduce margins and revenue growth
- The timing and frequency of substantial contract awards are uneven
- Undertaking large, long-term projects exposes the Group to risk of loss
- The Group may be subject to liability as a result of product liability claims
- The Group may be exposed to liability through the actions of consortium partners, cosource partners or its supply chain
- The Group may be exposed to additional liabilities with respect to its UK and US pension plans
- The Group is subject to ongoing litigation and environmental liabilities

In addition, there are other sustainability-related risks associated with our business which are not considered to be as significant as these key risks. These include compliance risks associated with failing to reduce our operational environmental footprint, and customer risks associated with their expectations or requirements to maintain strong environmental and safety performance. Also there may be other risks and uncertainties which are unknown to the Group or which could become material in the future. We are committed to the acceptance and management of risks to continue to deliver high levels of performance.

Opportunities associated with climate change and sustainability include increased demand for our sustainability-related product and service offerings, reduced operational costs associated with decreased resource consumption and waste generation, and improved recruitment and employee retention due to strong environmental performance and our commitment to sustainability.

Basis of Reporting

Invensys is committed to transparently communicating our full scope of material economic, environmental and social aspects.



The boundary and scope of this report addresses the economic, environmental and social impacts of Invensys where it exercises operational control. Operational control means that Invensys has the full authority to introduce and implement its operating policies. For leased facilities, Invensys assumes operational control for the portion of the space we occupy.

This report provides data and information for the reporting period 1 April 2010 to 31 March 2011 across the Group as follows, unless explicitly stated elsewhere:

- Environmental: all Group companies and operations over which we had operational control as follows:
 - Environmental KPIs: 39 manufacturing facilities (in operation as of 1 April 2010)
 - Non-manufacturing energy/CO₂: 98 office locations with 10 or more employees (in operation as of 1 April 2010)
 - Business travel CO₂: all Group airline travel and fleet vehicles

- Health and safety, social, economic: all Group companies and facilities over which we had operational control

Non-manufacturing facilities with less than 10 employees were excluded from the reporting. We estimate that the number of facilities within the reporting boundaries represents approximately 95% of owned and leased (active and occupied) floor space and 89% of total employees.

Organisational changes

In May 2010, we announced the acquisition of Skelta Software, a privately held software company headquartered in Bangalore, India. Skelta provides business process management and advanced workflow software solutions. This acquisition does not materially affect the results presented in this report. No other acquisitions or disposals of operations took place during the year that would materially affect these results.

The decrease in reporting manufacturing locations between years resulted from the

closure of three facilities (Chihuahua, Mexico, Holland, US and Weihai, China), the opening of two facilities (Caxias EL, Brazil and Reynosa 2, Mexico) and consolidation of reporting sites at two locations (Matamoros, Mexico and Melbourne, Australia). During the year 1 April 2010 to 31 March 2011, we closed the La Morra, Italy manufacturing facility. Additionally, there was a net decrease of nine non-manufacturing locations resulting from new reporting sites, closures and consolidation; however, none of these changes were material.

This report includes data from those facilities with partial-year operations if they were operational as of 1 April 2010.

Greenhouse gas emissions data

Data on greenhouse gas (GhG) emissions are calculated using published emissions factors and reported as carbon dioxide equivalents (CO₂e) where available. Our GhG inventory for our manufacturing and

Basis of Reporting continued



non-manufacturing facilities includes Scope 1 (direct) and Scope 2 (indirect) emissions of CO₂, CH₄ and N₂O specified in terms of CO₂e. Emissions of hydrofluorocarbons (HFCs) are excluded since they are estimated to be less than 0.25% of CO₂e, while perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆) are excluded since no Invensys facilities use these chemicals. For direct CO₂ emissions from the onsite combustion of heating oil and natural gas, Invensys used emissions factors from the World Resources Institute/World Business Council for Sustainable Development's (WRI/WBCSD) calculation tool titled *Compilation of Emissions Factors used in Cross Sector Tools, Version 1.0, July 2009*. For indirect emissions from purchased electricity, Invensys used regional or country-based emissions factors from WRI/WBCSD's *Compilation of Emissions Factors used in Cross Sector Tools (Version 1.0 July 2009)*.

GhG emissions associated with airline travel were also calculated using the referenced WRI/WBCSD *Compilation of Emissions* tool, with data on actual travel segments provided by American Express Business Travel. GhG emissions associated with fleet vehicles were calculated using manufacturer or governmental vehicle-

specific emissions factors along with total mileage, number and make/model of vehicles. Where data were unavailable for passenger and light-duty vehicles, average data or estimates were used. Data were excluded for commercial and heavy-duty trucks (approximately 9% of the fleet) because neither manufacturer emissions factors nor activity data were available for these vehicles.

Safety performance

TRCIR and LWCIR are calculated according to United States Occupational Safety and Health Administration (OSHA) regulations, using the formula TRCIR or LWCIR = (N/EH) x 200,000 where:

- N = Sum of the number of recordable non-fatal injuries and illnesses in a year (for TRCIR) or the number of cases that result in a lost work day (for LWCIR)
- EH = total number of hours worked by all employees in one year
- 200,000 = equivalent of 100 full-time workers working 40-hour weeks, 50 weeks per year.

The reported injury/illness figures for TRCIR and LWCIR are reported as twelve month moving averages in order to reflect long term trends rather than monthly fluctuations.

Data comparability and reliability

We are confident in the overall reliability of the data reported and have well-established reporting procedures and controls in place, including independent verification of environmental data. However, we recognise that some of these data may be subject to a degree of uncertainty that relates to potentially different interpretation of reporting guidelines at the operational level. There may also be inherent limitations in methods and measurement techniques used to determine environmental and health and safety data.

The comparability of data from year to year may be affected by changes in the number and attributes of operating facilities, changes in the methodology for determining certain data and continual improvements in our performance measurement systems. Invensys uses a materiality threshold (defined as 5% change in total corporate-wide KPI values) to determine when historical data should be restated to ensure comparability of data.

For the year ended 31 March 2010, we have restated the amount of hazardous and non-hazardous waste generated due to reporting errors at two facilities.

Standards and guidelines

We have used the following standards and guidelines in preparing this report:

- Sustainability Reporting Guidelines—Version 3.0, Global Reporting Initiative (GRI), 2006
- UK Companies Act 2006
- Environmental Key Performance Indicators—Reporting Guidelines for UK Business, Department for Environment, Food & Rural Affairs (DEFRA) 2006
- The Greenhouse Gas Protocol—A Corporate Accounting and Reporting Standard (Revised Edition), World Resources Institute (WRI) and World Business Council for Sustainable Development, 2004

Verification and Assurance

We believe that the measures taken to verify the data in this report provide a suitable level of confidence.

Verification

Our Chief Executive reviews environmental, health, safety and sustainability performance data on a monthly basis as part of our operations review processes. Additionally, material EHS&S risks are reviewed during our quarterly Risk Committee meeting. We believe that the measures taken to review the EHS&S information provide a suitable level of confidence.

EHS&S data are reviewed on an ongoing basis by Group experts and, as part of the Group Compliance Assurance Verification Process, they also provide independent review of EHS&S issues at our major manufacturing locations. Employee data are reviewed and verified by internal senior human resources professionals. Information on financial performance forms part of the external audit of Invensys' financial accounts, which is completed by Ernst & Young LLP. Other information presented in this report is reviewed by the relevant functional experts and subjected to the same internal sign-off procedures as our Annual Report.

For manufacturing and non-manufacturing locations, environmental data collection and reporting was performed at the facility level and then reviewed internally at the Group level. Designated personnel at each location collect and enter environmental data routinely into a web-based database. Data were collected directly from metered or measured usage, where available, or alternatively from vendor-invoiced amounts. Average or estimated data were used where direct meter or measured amounts were not available. Internal data verification activities were performed quarterly by Corporate-level EHS&S personnel, and included a representative selection of site-level and desktop audits to ensure data accuracy.

External data verification was performed by an independent consultant (Sage

Environmental, L.P.) to verify that the data entered were accurate and a fair reflection of Invensys' environmental performance in relation to the data topics covered.


Assurance

This year, Invensys presents our third Sustainability Report. The report outlines our progress against our sustainability strategy and the steps taken to embed sustainability into our business processes and management systems. We engaged Sage Environmental, L.P. to verify the Company's 2011 environmental, health and safety performance data for the period of 1 April 2010 to 31 March 2011. The types of environmental performance data reviewed consisted of energy use, water use, hazardous and non-hazardous waste generation, volatile organic compound (VOC) emissions, and other data. The scope included data from manufacturing locations, non-manufacturing locations, business airline travel and fleet vehicles. The types of health and safety performance data reviewed consisted of number of recordable incidents, number of lost workday cases and number of hours worked across all operational locations.

The verification process undertaken by Sage Environmental, L.P. involved verifying that the data entered were accurate and a fair reflection of our environmental performance in relation to the data topics covered by the data collection questionnaire and the business travel data-gathering and calculation processes. Sage Environmental, L.P. also verified that the health and safety data entered was accurate and properly calculated. Sage Environmental, L.P.'s work did not include site verification visits. Each of the participating site data sets were subject to a separate verification, which included a review of the data, discussions with site personnel as appropriate (i.e. those responsible for completion of data entry) and the identification and correction of any discrepancies.

As indicated in Sage Environmental, L.P.'s verification statement, based upon the information reviewed, the performance data are accurate and represent a balanced representation of the Group's environmental, health and safety performance.





For further information on Invensys, please visit our website at: www.invensys.com. For questions, comments or other inquiries related to this report, please contact:

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