

Improving Efficiency While Ensuring Safety

Sustainability Report 2012



For Invensys, sustainability is:

- Delivering products, services and solutions that help our customers operate safely and efficiently
- 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
- Minimising business risk while enhancing our reputation as a business partner

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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2012 Performance Highlights

-8%

Reduction in energy use in our manufacturing locations

-9%

Reduction in CO₂ emissions in our manufacturing locations

-3%

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

+1%

Increase in non-hazardous waste generation in our manufacturing locations

+3%

Increase in hazardous waste generation in our manufacturing locations

-12%

Reduction in water use in our manufacturing locations

82,000

Hours of on-line training by our Learning and Development Centre of Expertise

-18%

Reduction in total recordable case incident rate across all locations over the past three years

25

Invensys locations achieving one 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. This approach will not only help minimise business risk, but will also enhance our reputation as a business partner of choice.”

I am pleased to present our fourth 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

Invensys remains committed to supporting the principles of economic success, environmental stewardship, diversity and social responsibility. We strongly believe that success in these areas will help us to minimise business risk, enhance our reputation and continue to grow profitably in our chosen markets.

Reducing the environmental footprint of our operations and providing a safe workplace remain high priorities for our businesses. We have identified key performance indicators (KPIs) 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 customers' sustainability performance. We believe that collaboration with our customers will further enhance our own performance and reputation.

Challenges

Strong sustainability performance will continue to underpin our business growth. But while we recognise that many of the industries and markets in which we operate face significant challenges, we are committed to helping our customers improve their energy use and operational costs as well as maintain the highest safety standards. In the energy sector, for instance, we expect to see demand grow strongly - particularly in rapidly developing economies - and we will continue to help our customers meet and exceed the increasingly-stringent regulatory requirements they face as safety

considerations remain paramount.

We believe that our businesses have a number of core attributes that position us well to meet our customers' demands for safe and efficient solutions. We address these challenges by creating the technical solutions to provide new products and to deliver smarter and faster solutions.

Within our own operations, the need to act responsibly and sustainably continues to be a priority and we remain focused on reducing our environmental impact.

Accomplishments

During the year, we exceeded our 2% environmental KPIs reduction targets at our manufacturing sites for energy use, carbon emissions and water use but missed our reduction targets for waste generation. In addition, we have maintained our leadership position in safety performance with injury/illness incident frequency rates that reflect our effective management systems.

In the UK, Invensys was again listed on the FTSE4Good Index Series, which identifies companies that meet recognised standards of corporate responsibility. For the third consecutive year, Invensys was listed on the Dow Jones Sustainability Indexes (DJSI) in recognition of our economic, environmental and social performance. Invensys renewed its participation in the United Nations Global Compact (UNGC) and we again reported our greenhouse gas emissions to the Carbon Disclosure Project (CDP). Lastly, Invensys has been recertified under the Carbon Trust Standard by achieving reductions in carbon emissions at our UK operations over the past two years.

The future

The key to sustainability at Invensys is our ability to help our customers operate safely and efficiently. Furthermore, our strategy is underpinned by our business

principles and Code of Conduct, which stress the importance of responsible, ethical and honest behaviour.

This report demonstrates how we have continued to implement our strategy of embedding sustainability into our operations. We have made progress in reducing our environmental footprint in a number of areas and in increasing efficiency even as our business has developed over the last year. Furthermore, we continue to challenge our suppliers to conduct business in an ethical and responsible manner.

In the year ahead, our priorities centre on working with our businesses to further accentuate the positive environmental benefits that many of our products and services help to deliver in the marketplace. We will seek to reduce further our environmental footprint and look for other ways to keep our employees safe and continually improve our safety record.

We will move faster to pursue appropriate business improvement and expansion opportunities. We will strive to ensure that all employees have the proper development, opportunities and guidance to support our sustainability goals.

Finally, we will seek to expand our level of interaction 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 operating with three business divisions.

From oil and gas plants to power stations, and from railways to refrigeration systems and appliances, we help our customers to operate efficiently and safely.



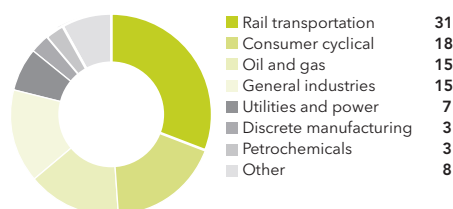
Invensys Operations Management

50% of Group revenue
£1,272m revenue
9,544 employees

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

Revenue by sector (%)



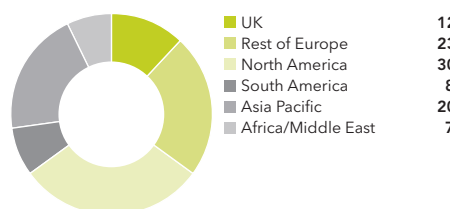
Invensys Rail

31% of Group revenue
£775m
3,960 employees

Invensys Rail is a multinational provider of 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

Revenue by geography (%)



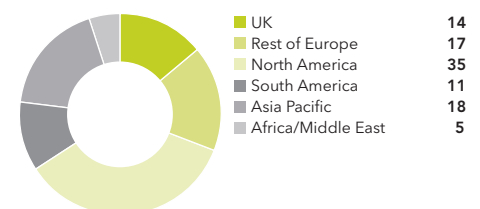
Invensys Controls

19% of Group revenue
£492m revenue
7,209 employees

Invensys Controls is a leading global engineering and technology provider that 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

Employees by geography (%)



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 and with facilities in 50 countries
- Comprised of three divisions with 20,959 Group-wide employees

Our values:

- Agility – We adapt, grow and swiftly change for a sustainable future
- Innovation – We apply inspiration, imagination and creativity for high performance
- Integrity – We meet our commitments, act ethically and respect other's perspectives.
- Performance – We develop and recognise high performance, contribution and achievement

Vision and values

This year we have refreshed our Invensys Values in order to ensure they remain relevant, understandable and reflect the aspirations of our people. We have retained Innovation, Agility and Integrity and have replaced Courage and Meritocracy with Performance. These changes resulted from an extensive series of surveys and focus groups involving employees across Invensys.

Alignment with the Invensys Values is considered integral to the performance of our employees and has been supported with personal messages from Group Leadership Team members, workshops that are designed to be built into team meetings and with new recognition arrangements.

The key messages of the Invensys brand and its values have been clarified and made relevant to current and potential Invensys employees through a refreshed 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 charts that follow. Further detailed information is available in our Annual Report and Accounts 2012.



Financial Performance¹

- Order intake was £2,750 million (2011: £2,452 million), up 12% (13% at CER²)
- Revenue was £2,539 million (2011: £2,486 million), up 2% (3% at CER)
- Operating profit³ was £209 million (2011: £262 million), down 20% (20% at CER), following £60 million of additional contract costs announced in January 2012
- Underlying earnings per share⁴ were 13.4p (2011: 19.8p), down 32%
- Operating cash flow was £159 million (2011: £213 million)
- Net cash for the Group at year end was £262 million (2011: £348 million)
- Recommended final dividend of 2.75p per share (2011: 2.5p per share); total dividends for the year of 4.4p per share (2011: 4.0p per share), an increase of 10%

Orders (£m)

£2,750_m

2012	2,750
2011	2,452
2010	2,473
2009	2,806

Order book (£m)

£2,360_m

2012	2,360
2011	2,204
2010	2,307
2009	2,083

Revenue (£m)

£2,539_m

2012	2,539
2011	2,486
2010	2,243
2009	2,284

Operating profit (£m)

£209_m

2012	209
2011	262
2010	248
2009	244

Dividend (£m)

4.4_p

2012	4.4
2011	4.0
2010	3.0
2009	1.5

Net cash (£m)

£262_m

2012	262
2011	348
2010	363
2009	286

¹ All 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.

² Unless otherwise stated, % change is measured as the change at CER as a percentage of the 2011 adjusted base and is calculated based on underlying amounts in £000s.

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

⁴ Calculated by reference to continuing operations before exceptional post-retirement benefits – past service credit, pension curtailment gain and pension settlement loss; and exceptional finance costs.

Our Approach to Sustainability

By acting as a responsible global citizen, we help our customers operate efficiently and safely while also enhancing our reputation as a business partner of choice.



We have continued to execute on our strategy of embedding sustainability into our operations. We have made progress in reducing our environmental footprint, including reducing energy use, CO₂ emissions and water use even as our revenue has grown. Further, our businesses divisions have leveraged the Group supplier assessment protocols to further communicate 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. Our sustainability strategy is focused on the following key elements:

Reducing environmental impacts across the value chain

We focus on reducing our footprint by continuing to monitor energy use, carbon emissions, hazardous and non-hazardous waste generation and water use. For the past year, we set a 2% absolute reduction in each of these KPIs for our manufacturing locations. For the coming year, we have again set reduction targets

of 2% versus last year's results. We also strive to mitigate the environmental impact of our past operations.

For our customers, we offer a portfolio of 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 operating costs, reduce energy and water use, decrease waste and emissions to the air, and increase productivity.

Beyond our own footprint, we have improved our interaction with our supply chain by implementing our on-line supplier assessment tool in the past year and deploying our Supplier Code of

Our Approach to Sustainability continued

Conduct. Our business divisions are taking these tools and customising their approach to supply chain management commensurate with the supply chain risks inherent in their own specific markets.

Further, we continue to evaluate the sustainability aspects of our offerings through life cycle assessment (LCA) and other tools where appropriate. To date, these efforts have been focused on material selection for new product introduction and existing product optimisation efforts.

Improving the well-being of our employees and communities

We are committed to improving workplace safety and being a good neighbour. This past year, we again demonstrated strong performance in our injury/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 the focus on

our Compliance Assurance Verification Programme.

We strive to attract and retain the best employees and 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.

Moreover, we are committed to investing in the communities in which we live and work and understand that interaction with the communities in which we operate is best 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.

Operating responsibly

Our Invensys Values, the Code of Conduct and our approach to governance ensures the highest standards of ethical and honest behaviour in everything we do.

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 Corporate Responsibility web site. We believe that we have presented our challenges and accomplishments, as well as risks and opportunities, accurately and transparently.

We were again listed on the FTSE4Good Index Series, which identifies UK companies that meet recognised standards of corporate responsibility and on the Dow Jones Sustainability Indexes (DJSI) in recognition of our economic, environmental and social performance. Invensys also renewed its commitment to the United Nations Global Compact (UNGC) and participated in the Carbon Disclosure Project (CDP). Lastly, Invensys has been recertified under the Carbon Trust Standard by achieving reductions in carbon emissions at our UK operations.



We continue to offer innovative products that help our customers operate safely and efficiently.

Innovation

Simply stated, Invensys provides innovative products and business solutions that help improve sustainability performance while increasing efficiency, productivity and profitability. We work closely with our 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 operating costs, reduce energy and water use, decrease waste and emissions to the air, and increase productivity.

Product stewardship

Beyond the benefits we deliver for our customers, 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.

Innovative energy management software application named "Product of the Year"

Invensys Operations Management's Wonderware® Corporate Energy Management (CEM) Application, which enables real-time energy monitoring and industrial-scale demand response across a wide variety of manufacturing and industrial operations, won the Bronze Award in the software category in Plant Engineering magazine's annual Product of the Year contest.



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. In the past year, we did not receive any notices of violations related to non-compliance with laws and regulations concerning the provision and use of our products and services.

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. To date, these efforts have been focused on material selection for new product introduction and existing product optimisation efforts.

Supply chain

We recognise that our influence on sustainability extends beyond our own operations and includes our supply chain.

Marketplace continued

To date, we have made two significant advances 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 Group has made these tools available to our business divisions to allow them to tailor their use to meet their unique supply chain risks and the demands of their markets. Further, the Invensys Supplier Code of Conduct is available on our web site.

The on-line self-assessment tool allows us to compile and rate compliance and performance of our suppliers in a more structured and easily-accessible format. 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 seek to have 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.

Condensate FreeFlo™ product innovation solves frozen pipe concerns

Invensys Controls' Condensate FreeFlo product was brought to market by Drayton within 13 months of concept to solve the problem of frozen boiler condensate pipes. FreeFlo continually monitors the air temperature, warms the pipe to ensure it remains free of ice in all weather and automatically adapts to outside temperatures. It maximises energy efficiency and requiring no intervention from householders.

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.

We work with

23

of the top 25 petroleum companies

48

of the top 50 chemical companies

18

of the top 20 pharmaceutical companies

35

of the top 50 nuclear power plants

20

All of the top 20 mining companies

9

of the world's 20 busiest metropolitan railway systems

7

All of the top seven appliance manufacturers

Invensys Operations Management named microsoft "Partner of the Year"

Invensys Operations Management has been named Microsoft Global Enterprise Partner of the Year in the manufacturing sector. "Invensys Operations Management's solutions improve productivity, asset performance, customer response times, inventory velocity, emissions management and many other aspects of their clients' operations. We are pleased to recognise them as a Microsoft Global Enterprise Partner of the Year." said Simon Witts, Corporate Vice President, Enterprise & Partner Group, Microsoft Corp.

We enable

20%

of the world's electricity generation

17%

of the world's crude oil refining

37%

of the world's nuclear energy generation

64%

of the world's liquefied natural gas production

24%

of the world's chemical production



Invensys Controls helps make famous Swiss hotel school more eco-friendly

The Ecole hôtelière de Lausanne, which has a worldwide reputation for training best-in-class chefs and hôtelière, worked with Ultrafroid, an Invensys Controls Eliwell system integrator, to install a new refrigeration system using CO₂ as the refrigerant.

The popular Eliwell® EWCM product controlled the compressor rack containing the CO₂ refrigerant. An additional inverter optimised energy consumption and an Eliwell TelevisNet™ remote monitoring system continually checked temperature settings and alarms to maintain food quality and equipment efficiency. Additionally, over 200 kW of heat waste was recycled for domestic hot water use.

The Ecole Hôtelière now has an innovative refrigeration system, which does not use hydrofluorocarbons associated with climate impact, improves food quality and reduces energy use and operating costs.



Invensys Operations Management improves renewable energy generation

9REN, which manages over 70 MW of solar photo voltaic (PV) power generating assets via their EOSystem operating system platform, is one of the leading solar PV firms in Europe. 9REN were looking to further optimise their system to deliver continued efficiency from the operation of the renewable energy assets.

To address this challenge, 9REN turned to the Wonderware® System Platform and InTouch® HMI software packages. The Wonderware solution has further optimised the EOSystem by reducing staffing needed to monitor power plants and time needed to identify changes in renewable energy production, all while improving solar power availability by 5%.

From a single control centre, 9REN can effectively monitor the operations infrastructure at each facility, ensuring the continued profitability of its strategic renewable assets.



Invensys Rail optimises rail crossing technology

Invensys Rail's innovative WESTeX® rail crossing predictor systems provide enhanced train detection and continuous calculation of the speed of the nearby trains as they approach crossings.

These systems provide constant crossing warning times, thereby minimising wait times and traffic disruptions for local highway drivers and significantly reducing the risk of crossing abuse. The new predictor systems deliver safe and enhanced signalling control from configurations that are smaller in size, use less energy and can be installed more quickly and at a significantly reduced cost compared to conventional technology.

The WESTeX rail crossing predictor systems was named a *2011 Innovation of the Year* by leading UK rail carrier Network Rail.



Invensys Controls helps improve indoor air quality at schools

Rosenberg Ventilatoren, a global manufacturer of heating, ventilation and cooling system air handling units, is using the Eliwell FREE™ Smart programmable controllers from Invensys Controls in their innovative air movement system called *SchoolBox*. This controller ensures classroom CO₂ levels are kept below 1,000 parts per million, allowing pupils to maintain concentration levels.

Following the success of *SchoolBox*, Rosenberg has now developed a larger-scale *SupraBox* solution built around Eliwell's FREE Evolution Controllers, which provide programmable capabilities that deliver on the energy efficient operation of larger, more complex air handling applications.

Both the *SchoolBox* and *SupraBox* are testament to Eliwell's commitment to deliver innovative, environmentally optimised solutions that improve building efficiency and occupant comfort levels.



Invensys Operations Management enhances power plant performance

Eskom SA operates a fleet of power plants that generates approximately 95% of the electricity used in South Africa and delivers its power to a diverse customer base across a geographically-dispersed grid system.

To meet the challenges of compliance requirements and optimising operational efficiency, Eskom leveraged their Invensys Wonderware infrastructure components, led by *System Platform* and *Archestra*® workflow software, to develop real-time dashboards, early warnings indicators, possible forced-load loss predictors and new production KPIs.

These advances minimise generating equipment downtime, ensure compliance with emissions limits, reduce emissions due to improved preventive maintenance and improve monitoring of plant performance.



Invensys Controls technology addresses stringent refrigerated food regulations

R-Cold, a leading installer of industrial, process cooling and commercial refrigeration systems in California was seeking a flexible solution to meet the complex demands of new food quality and refrigeration regulations in the California marketplace.

To address these challenges, R-Cold is incorporating the Eliwell Televis package from Invensys Controls into the design and installation of new refrigerated systems. R-Cold is now coupling the Eliwell EW Plus controller's ability to wirelessly transmit key equipment operating parameters with the data logging capabilities of the Televis Compact unit to meet the tough new California standards.

Today, the integrated R-Cold Eliwell solution reduces system installation times, improves maintenance, saves energy and delivers real-time access to food storage quality data.

We continue our commitment to reduce our environmental footprint and transparently communicate our performance.

Management approach overview

We take a life cycle 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 broadly-focused view of the environment is captured both internally through the development of goals, performance metrics, policies, responsibilities and training programmes, and externally through our supply chain initiatives, procurement decisions and the design and delivery 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 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 KPIs include 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 are 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. This past year, we opted to no longer collect and report data on volatile organic compound (VOC) emissions at our manufacturing facilities because VOCs are not used in significant quantities at our sites.

Environmental KPI targets are set for a three-year period in alignment with our overall Strategic Plan. For this past year, a 2% absolute reduction target was set for manufacturing sites and a 2% absolute reduction target has been set again for next year. We will re-evaluate our approach to future goals as part of our strategic planning efforts this coming year and we will continue to pursue continuous improvement in our environmental performance to grow our business in an environmentally-sustainable manner.

Our Continuous Improvement (CI) teams have continued to apply our Kaizen programme to identify and implement projects to reduce energy consumption, CO₂ 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 KPI reductions as well as on generating a plan

for executing longer-term projects that will result in additional KPI savings.

This year, we conducted 18 KPI reduction-focused Kaizen events. In the coming year, we plan to use the lessons learned from our Kaizen programme to further our efforts to meet our KPI reduction goals and drive environmental performance. In addition, we will work to further integrate KPI savings concepts into our Kaizen CI programmes at the site level.

Despite the fact that revenue was up across the Group, we were able to meet our reduction targets for energy use, CO₂ emissions and water use. However, our growth challenged our ability to reduce non-hazardous and hazardous waste. Therefore, we missed our targets. While we are not completely satisfied with our absolute results this year, our waste reduction efforts resulted in waste increases that were less than the rate of revenue growth. This year, we have challenged our CI team to identify additional waste-focused KPI reduction projects to help us meet our goals.

The Board continues to be briefed on Group environmental performance and receives monthly reports on KPI reduction progress and any violations or environmental releases that occur. In the past year, there were no environmental releases or fines related to environmental regulations. In the United States, one minor notice of violation was received for failing to update a groundwater monitoring plan at a surplus property. All deficiencies were corrected. Invensys also completed all requirements under a Civil Sanctions enforcement agreement entered into with the UK Environment Agency related to a self-reported non-compliance finding in the prior year under the UK's Producer Responsibility (Packaging Waste) regulations.

Invensys Environmental KPIs include:

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

Environment continued

Environmental KPIs						
Year ended 31 March	Unit	2012	2011	2010	% change 2012/2011	% target
Energy use¹						
manufacturing ²	MWh	148,804	162,426	152,135	(8%)	(2%)
non-manufacturing ³	MWh	54,340	43,658	48,741	24%	nm ⁶
CO₂ emissions						
manufacturing ²	tonnes	60,186	66,003	64,587	(9%)	(2%)
non-manufacturing ³	tonnes	26,654	21,569	24,658	24%	nm
global fleet	tonnes	12,640	12,502	12,835	1%	nm
business airline travel	tonnes	23,937	24,530	21,310	(2%)	nm
Carbon intensity ⁴	tonnes/£ (mil)	49	50	55	(3%)	nm
Water consumed ²	m ³	323,820	366,602	390,372	(12%)	(2%)
Waste generated (non-hazardous) ^{2,5}	tonnes	6,805	6,738	6,002	1%	(2%)
Waste recycled (non-hazardous) ^{2,5}	tonnes	5,149	4,993	4,215	3%	nm
Waste generated (hazardous) ^{2,5}	tonnes	1,234	1,196	1,191	3%	(2%)
Waste recycled (hazardous) ^{2,5}	tonnes	803	784	712	2%	nm
Total waste generated	tonnes	8,039	7,934	7,194	1%	nm

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

² Based on 34 sites in 2012, 39 sites in 2011, and 41 sites in 2010

³ Based on 116 sites in 2012, 98 sites in 2011, and 107 sites in 2010

⁴ Carbon intensity represents total carbon emissions from manufacturing, non-manufacturing, global fleet and business airline travel per total Invensys revenue

⁵ 2010, 2011 and 2012 data restated following the enhancement of our data collection and validation processes

⁶ nm = not measured

Energy

We consumed 148,804 MWh of energy at our 34 manufacturing locations and 54,340 MWh of energy at our 116 non-manufacturing locations. In terms of direct energy, we consumed 5,743 MWh in heating oil and 41,595 MWh in natural gas. For indirect energy, we consumed 155,806 MWh in purchased electricity.

For the past year, energy use within our manufacturing locations decreased by 8% primarily as a result of the execution of KPI efficiency projects across all divisions as well as the closure/consolidation of manufacturing operations in Italy, US (California), Australia and Spain. The efficiency projects focused on the 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 and reducing heating/cooling). Longer term, energy use at our manufacturing sites has decreased 2% over the past three years.

Further, with regard to our non-manufacturing sites where we collect

data, we experienced an 18% increase in the number of sites reporting and a 20% increase in the square footage at reporting sites. Our non-manufacturing site energy use increased by 24% primarily due to increase in sites and expanded project activity at several larger sites. To further mitigate the impact of energy use at these sites, we have added several of the larger non-manufacturing sites to our KPI reduction planning programme for next year.

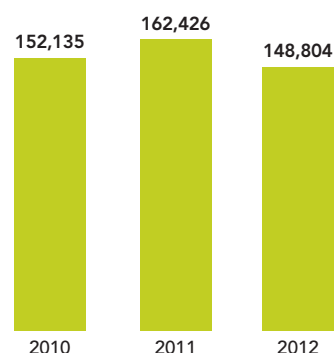
Our combined manufacturing and non-manufacturing site energy use decreased by 1% this past year. Longer term, energy use across these operations has increased 1% over the past three years, while Group revenue has grown by 13%.

With regard to renewable energy, 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, this past year at our Invensys Controls Eliwell facility in Belluno, Italy and our Invensys Rail operations in Spain, 100% of the electricity purchased was supplied by certified renewable energy electricity purchasing programmes.

Energy use (manufacturing)

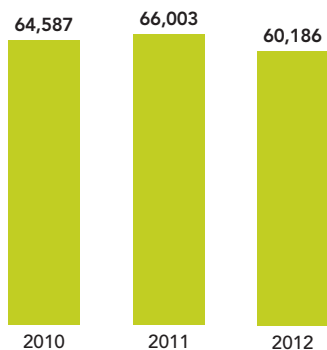
MWh



Environment continued

CO₂ emissions (manufacturing)

Tonnes



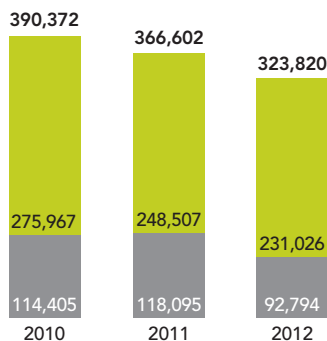
2012 CO₂ emissions by source



Manufacturing	49%
Non-manufacturing	22%
Business airline travel	19%
Global fleet	10%

Water consumed (manufacturing)

m³



Public source	
Self-supplied	

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 60,186 tonnes of CO₂ at our manufacturing locations, a decrease of 9% over the past year, as compared to a 2% KPI reduction target. Since our CO₂ emissions are driven by energy consumption, our CO₂ decreases within our manufacturing locations are in line with the energy reductions outlined above. Longer term, CO₂ emissions at our manufacturing sites have decreased 7% over the last three years.

With regard to our non-manufacturing sites where we collect data, we generated 26,654 tonnes of CO₂, an increase of 24% over last year. Our combined manufacturing and non-manufacturing CO₂ emissions have decreased by 3% over the last three years.

For the fourth year in a row, we measured CO₂ emissions associated with business airline travel and global fleet vehicles. Using a distance-based methodology, business airline travel contributed 23,937 tonnes of CO₂, which represents 19% of our total CO₂ emissions and a decrease

of 2% over last year, despite our revenue growth. We continue to encourage the use of video conferencing where appropriate to limit the cost and emissions associated with air travel.

Contributions from our global fleet vehicles yielded 12,640 tonnes of CO₂, which represents 10% of our total CO₂ emissions. We experienced a 1% increase in global fleet emissions, despite a 4% increase in the number of fleet vehicles. On an ongoing basis, we continue to replace 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 323,820 cubic meters of water at our manufacturing locations this past year. We obtained 92,794 cubic meters from self-supplied groundwater extraction, and obtained 231,026 cubic meters from the public water supply. Our water use this year represents a reduction of 12% over the prior year and exceeds our 2% reduction target.

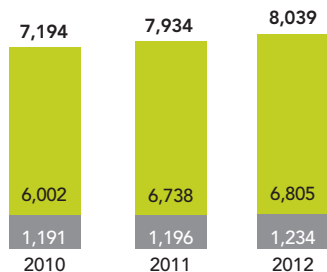
These reductions were driven by water efficiency projects, being vigilant in identifying and repairing leaks and through decreased production at one of our larger water using facilities.



Environment continued

Total waste generated (manufacturing)

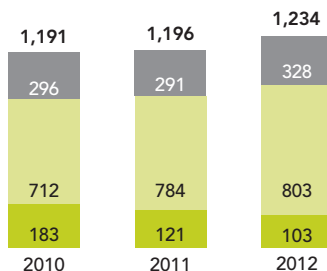
Tonnes



■ Non-hazardous
■ Hazardous

Hazardous waste (manufacturing)

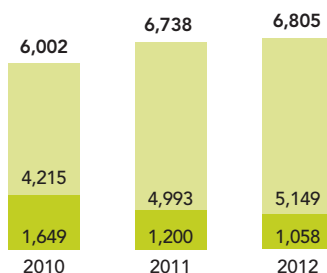
Tonnes



■ Landfilled
■ Recycled
■ Treated or incinerated

Non-hazardous waste (manufacturing)¹

Tonnes



■ Landfilled
■ Recycled

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. We also focus on non-hazardous waste, which 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 6,805 tonnes of non-hazardous waste at our manufacturing locations this past year, which represents an increase of 1% over the prior year, missing our 2% reduction target. We generated 1,234 tonnes of hazardous waste at these locations this year, which represents an increase of 3% over the prior year. In total, 8,039 tonnes of waste were generated, representing an overall waste generation increase of 1%. Longer term, combined non-hazardous and hazardous waste generation has increased by 12% over the past three years. Please note that waste data from the past two years have been restated this year to address errors uncovered by our

Recycling and Landfill Diversion at Invensys

At Invensys, we strive to select waste disposal options that reduce environmental impact.

Over the past three years, we have:

- Reduced total waste sent to landfills by 37%
- Increased our recycling rate to 74%, up by 5%

enhanced data collection and validation processes, which included validation site visits this year.

Despite the increase in waste generation, our Kaizen programme delivered several key waste reduction projects, with the most significant reduction projects occurring at West Plains, US; Trnava, Slovak Republic and Neponset, US.

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 sent to landfills by 12% and 15%, respectively. Our overall waste recycling rate last year was 74%, up from 69% in 2010.



Environment continued

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, which 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 49 tonnes CO₂ per £ million revenue. This metric considers carbon contributions from manufacturing, non-manufacturing, global fleet vehicles and business airline travel, representing a 3% 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 Invensys Operations Management and Invensys Rail over the last three years. For Invensys Controls, three year trends are higher for all KPIs except water.

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. The increase at Invensys Controls is due in part to decreased revenue.



Environment continued

Normalised Environmental KPIs - Invensys Operations Management					
Year ended 31 March		Units	2012	2011	2010
ABSOLUTE					
Energy use ¹		MWh	89,263	86,866	82,965
CO ₂ emissions ^{1,2}		tonnes	35,930	34,388	37,795
Water consumed ³		m ³	75,999	74,717	75,801
Waste generated (non-hazardous) ³		kg	1,051,787	854,537	1,071,380
Waste generated (hazardous) ³		kg	136,566	112,449	107,225
Revenue		£m	1,272	1,147	1,000
NORMALISED					
Energy use	MWh per £m revenue		70	76	83
CO ₂ emissions	tonnes per £m revenue		28	30	38
Water consumed	m ³ per £m revenue		60	65	76
Waste generated (non-hazardous)	kg per £m revenue		827	745	1,071
Waste generated (hazardous)	kg per £m revenue		107	98	107

Normalised Environmental KPIs - Invensys Rail					
Year ended 31 March		Units	2012	2011	2010
ABSOLUTE					
Energy use ¹		MWh	17,957	20,007	19,274
CO ₂ emissions ^{1,2}		tonnes	9,710	9,720	9,531
Water consumed ³		m ³	19,223	32,421	37,063
Waste generated (non-hazardous) ³		kg	750,854	861,941	950,754
Waste generated (hazardous) ³		kg	3,554	8,473	17,903
Revenue		£m	775	772	700
NORMALISED					
Energy use	MWh per £m revenue		23	26	28
CO ₂ emissions	tonnes per £m revenue		13	13	14
Water consumed	m ³ per £m revenue		25	42	53
Waste generated (non-hazardous)	kg per £m revenue		969	1,117	1,358
Waste generated (hazardous)	kg per £m revenue		5	11	26

Normalised Environmental KPIs - Invensys Controls					
Year ended 31 March		Units	2012	2011	2010
ABSOLUTE					
Energy use ¹		MWh	95,822	99,012	98,306
CO ₂ emissions ^{1,2}		tonnes	41,147	43,363	41,753
Water consumed ³		m ³	228,598	259,464	277,507
Waste generated (non-hazardous) ³		kg	5,002,303	5,021,475	3,980,248
Waste generated (hazardous) ³		kg	1,093,666	1,075,091	1,066,254
Revenue		£m	492	567	543
NORMALISED					
Energy use	MWh per £m revenue		195	175	181
CO ₂ emissions	tonnes per £m revenue		84	76	77
Water consumed	m ³ per £m revenue		465	458	511
Waste generated (non-hazardous)	kg per £m revenue		10,167	8,856	7,330
Waste generated (hazardous)	kg per £m revenue		2,223	1,896	1,964

¹Energy as defined here includes electricity, natural gas, oil

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

³Water consumed and waste generated include manufacturing locations only

Environment continued



Invensys Controls implements innovative lighting retrofit project

The Invensys Controls Matamoros, Mexico facility leveraged the outcome of a comprehensive lighting survey to implement a facility-wide upgrade of the lighting fixtures and bulbs.

The lighting project has improved the appearance of the plant, improved lighting levels in the production area and is now delivering appropriate levels of lighting in warehouse areas. The project will reduce energy use at the facility by approximately 3%.

The team partnered with the Rotary Club of Matamoros to donate existing lighting fixtures and bulbs to local schools in need of adequate lighting. "This project was not only a great way to improve our facility's lighting footprint, but also to improve the classroom conditions in more than 10 schools in our own neighbourhood," said Plant Manager Ivan Rodriguez.



Invensys Rail shines in Network Rail's STAR awards scheme

The Invensys Rail Northern Europe team for the Reading station resignalling project was one of the first winners in Network Rail's STAR award scheme. The STAR programme scores each project site related to local community considerations, environmental performance and effective site management criteria.

To date, Invensys Rail Northern Europe has received four STAR awards for excellent site management and individual performance and was recently nominated for a *Platinum Badger* award for achieving the highest STAR scoring for three months. These successes further build on Invensys Rail's recognition as *2011 Supplier of the Year* by Network Rail.

"What's important about this award scheme is that it sets a standard for best practice performance across all projects, and we were the first work site to have scored 100% in every category," said Invensys Rail Northern Europe Senior Project Manager, David Attmere.



Invensys Operations Management improves ventilation system efficiency

The Invensys Operations Management Shanghai, China manufacturing facility identified an energy reduction opportunity as part of a Kaizen effort which focused on optimising their building ventilation systems.

The Shanghai facility had typically operated their air emission exhaust and ventilation systems 24 hours per day. The facility synchronised the operation of these two systems with ongoing production schedules without loss of building occupant comfort or workplace safety. The project reduced energy use at the facility by approximately 3%.

Keith Birch, Invensys Operations Management Vice President, Environmental, Health, Safety & Sustainability, said, "Our attention to detail has resulted in a successful project that was easy to implement, and also saves energy and costs while maintaining building occupant safety."



Invensys Controls optimises air compressor system

Energy use associated with compressed air systems presents one of our best opportunities for savings. To address this challenge, the Invensys Controls manufacturing facility in Sternberk, Czech Republic recently implemented an innovative air compressor upgrade project.

In addition to their ongoing leak detection protocols, the facility now sends waste heat from the compressor to a heat exchanger that provides comfort heating and domestic hot water. The estimated combined efficiencies of the new system will reduce energy use at the facility by approximately 1%.

Other Invensys Controls European sites are now evaluating their compressed air operations to determine if similar waste heat opportunities may exist as part of their air compressor improvement efforts.



Invensys Operations Management avoids non-hazardous waste

The Invensys Operations Management facility in Foxboro, US, which has experienced an increase in on-site building construction activity related to business growth, was looking for ways to reduce the amount of non-hazardous waste they generate.

Specifically, these construction activities generate a significant amount of building waste and old furniture and equipment that must be removed. In the past, metal scrap and old furniture were recycled. This past year, however, nearly 100 pieces of useful furniture were donated to the Foxboro Regional Charter School for re-use instead of being scrapped.

This donation helped reduce the facility's non-hazardous waste by 9,000 kg, allowing them to exceed their local reduction goal by 34%. "It was really great to help one of our local schools while also reducing the waste we generate," said David McMillan, Invensys Operation Management Environmental Manager.



Invensys Rail raises awareness on sustainability efforts

At Invensys Rail Northern Europe, integrating sustainable practices into everyday operations is pursued and reinforced through:

- A web-based "Energy Dashboard" which shows current and historical energy data measured against reduction targets
- A Car Share scheme with an on-line tool for identifying fellow car-sharers and "car share only" parking spaces
- Ongoing participation in a scheme called PACT which promotes sustainable living and allows the tracking of employee carbon emissions from home and personal activities
- Our first *Climate Week Challenge* in 2011, where staff were invited to submit ideas for making their office a greener workplace.

Inga Doak, Head of Environment, Invensys Rail Northern Europe, stated, "There is no silver bullet for embedding sustainability within the business, but initiatives like these help create awareness and foster ownership amongst staff at all levels."

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

A talented and engaged workforce 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.

Invensys Values

This year we have refreshed our Invensys Values in order to ensure they remain relevant, understandable and reflect the aspirations of our people. We have retained: Innovation, Agility and Integrity and have replaced Courage and Meritocracy with Performance.

Alignment with the Values is considered integral to the performance of our employees and has been supported with personal messages from Group Leadership Team members, workshops that are designed to be built into team meetings and with new recognition arrangements.

Diversity and inclusion in the workforce

As a global company with facilities in more than 50 countries, Invensys seeks to recruit the best individual for every position regardless of gender, ethnic or national origin, religion, sexual orientation or any personal characteristic including disability, 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 United Nations Global Compact 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.

We recognise the importance of diversity and have launched a renewed diversity

strategy with Board-level sponsorship and a broader range of diversity initiatives being launched over the coming year.

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.

We developed and implemented action plans across the Group to build on the feedback. An additional survey during 2012 will assess whether we have been successful in achieving improved levels of engagement. We continue to strive to make Invensys a place where high-performing people choose to be, where

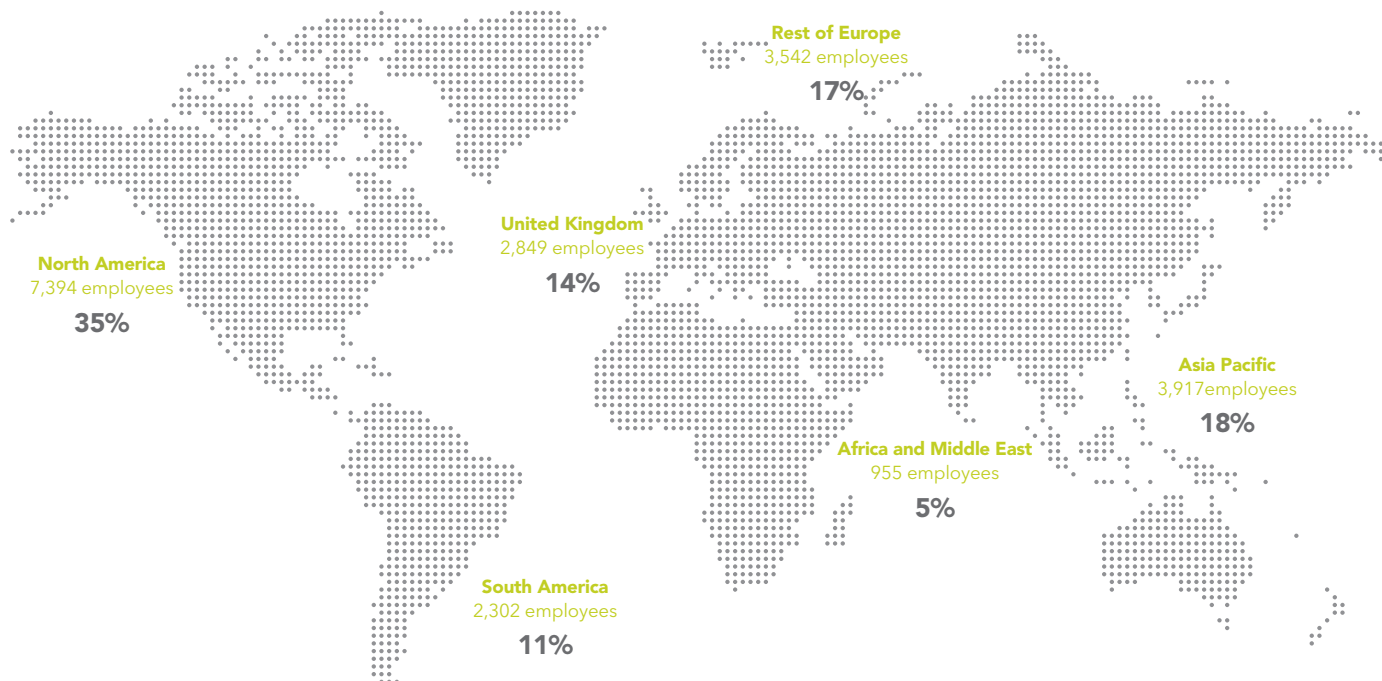
The Womens' Exchange (WE)

The Womens' Exchange (WE) is an established resource group within Invensys Operations Management that provides support, education and networking opportunities within Invensys and with our customers.



Karen Hamilton, SVP Operations & Global Support, and WE sponsor, stated, "The Women's Exchange is a great opportunity for employees to collaborate within Invensys, to understand our diversity and leverage talents to work on projects that focus on mentoring, development, business growth and community involvement. WE members are able to demonstrate leadership in a unique and rewarding way and this programme is evolving to provide career development for employees and business value for Invensys."





they can enhance their lives and careers and are motivated to perform at their best.

Remuneration and benefits

Invensys strives 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 Invensys operations or Tier 1 suppliers related to freedom of association and collective bargaining over the past year.

Developing our leadership and our talent

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 57 leadership roles. Through this process we have also identified 37 "High Potential" and "High Professional" employees in our leadership population and 35 considered to be "Rising Talent" employees across the Group. Each of

these employees has an individual development plan, the completion of which is tracked, communicated and actively supported to achieve their potential through quarterly talent reviews with our Group Leadership Team.

Last year we launched a new set of Invensys competencies following extensive external benchmarking and internal research drawing on inputs from over 200 of our own high-performing leaders. These new competencies have been embedded in our performance management system and form the basis for the assessment of our leadership and our top talent.

During the year, we used our enhanced 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.

Employees (numbers)

2012	20,959
2011	20,664
2010	20,044
2009	20,529

Approximately 11,000 employees are participating in our on-line performance management processes this year with goals established 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, utilising seven languages, has delivered over 82,000 hours of on-line training. The CoE has focused increasingly on core Invensys capabilities with the delivery of our new Project Management Development Curriculum containing over 60 learning modules.



This year, over 500 employees have completed over 7,000 hours of on-line and instructor-led project management training. We continue to focus on the development of our talent through assessing the capability of our project management, sales and engineering professionals. To date, we have assessed the competence and development needs of over 4,000 employees.

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. Key L&D programmes for the coming year include:

- Our Invensys Leadership Essentials programme enhances the ability of leaders to get results by equipping them with the fundamentals of management, core leadership principles and practices. This year, 12 sessions will be delivered to 240 managers and supervisors globally across Invensys.
- The Invensys Leading Leaders programme is designed to stretch leaders' thinking both operationally and strategically, and enhance their ability to lead effectively across geographic, functional and cultural boundaries. This programme will be delivered to 75 leaders globally this year.
- The Leading Execution programme was launched in January 2012 and will equip leaders with the knowledge, skills and

business management tools to master the disciplines of execution. The training will be delivered to all top management globally across Invensys.

- 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.
- The Functional Expert to Business Partner programme equips our finance and legal functions with the business management tools to support the execution of our business strategies.

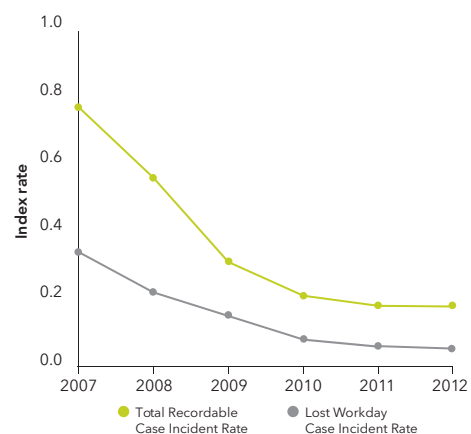
Our Invensys iGrow intranet site contains a self-driven, on-line toolkit, available in multiple languages, to help employees develop their full career potential. Invensys's iGrow tools allow our employees to:

- 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 that we have maintained our world-class health and safety performance, as reflected in our injury/illness incident frequency rates. From April 2011 to the end of March 2012, our Total Recordable Case Incident Rate (TRCIR) remained constant at 0.18, while our Lost Workday Case Incident Rate (LWCIR) fell slightly from 0.06 to 0.05. Over the past five years, our TRCIR has fallen 68% and our LWCIR has fallen 77%. We continue to look for ways to improve our safety performance and record.

Our Chief Executive reviews health and safety performance data, including any violations or major incidents, on a monthly basis and presents this to the Board. In addition, site leaders and management



Workplace/Employees continued

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 a safety-related citation at a location in Brazil related to the lack of ergonomic equipment and an order to control noise levels affecting neighbouring properties. We also received safety-related citations at locations in China related to lack of personal protective equipment use, required risk assessments and required emergency planning and fire protection protocols. Corrective actions are being taken and no further notices or fines have been received.

Safety and Sustainability Awareness Metric

Our Safety and Sustainability Awareness Metric (SSAM) is the model we use to drive and measure several leading indicators 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
- Implementation of quarterly EHS&S priority programmes

For the past year, the annual SSAM target was 95 out of 100. We are pleased to report that our consolidated performance on the SSAM for 2012 was 99.6. For the coming year, we have again established a SSAM target of 95 out of 100.

Invensys safety recognition programme

Invensys has an internal recognition programme for safety excellence at our operating locations. Awards are granted for intervals of one million hours worked without a recordable incident.

As of 31 March 2012, 25 locations had reached the safety milestone of one million hours or more worked without a recordable incident. Of these locations:

- Three locations received two million-hour awards
- Four locations received three million-hour awards
- One location, Matamoros, Mexico, has worked over six million hours without a recordable incident

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, the Global

Security function continued its efforts by conducting security assessments at key sites to:

- Mitigate against threats to Invensys employees, assets and reputation
- Assist in responding to crisis events should they occur
- Enable our business to understand the wider political and security context within which they operate

Using external advice, the Global Security and EHS&S functions annually refresh the risk rankings assigned to various countries. Travelers to these high-risk countries are required to follow a specific set of programmes to minimise risk, including receiving pre-travel safety training 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 extreme or 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. This



Workplace/Employees continued

coming year we will conduct additional training focused on frequent travellers as well as those who may be required to travel to extreme-risk or high-risk countries.

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, these standards were again updated and now address a total of 19 key risks and activities. 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. A total of four operations are certified to the Occupational Health and Safety Assessment Series (OHSAS) 18001 safety management system standard and eight operations are certified to the ISO 14001

environmental management system standard.

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:

- 17 EHS&S Compliance Audits (including eight at project locations) to evaluate legal and regulatory compliance
- 21 Loss Prevention Audits to identify gaps and improvement opportunities against national, local and Invensys requirements on construction and occupancy hazards, fire protection systems, evacuation and emergency response plans
- 21 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 Controls Matamoros implements Diversity & Inclusion programme

Invensys Controls Matamoros, Mexico's Diversity & Inclusion programme has resulted in the hiring and training of five hearing disabled assembly workers.

To accommodate the new hires, facility EHS&S staff refreshed training and employee awareness to ensure that safe work practices met the needs of the new employees. Additional training related to sign language communications was also undertaken.

The presence of the workers has created a new sense of camaraderie at the site, a greater appreciation of individual differences and a renewed sense of teamwork and cooperation. "The Matamoros team is happy to have provided an opportunity for the hearing disabled hires to become productive members of our workforce," said Matamoros Human Resources Director Luz Lozano.



Invensys reaches safety milestones

Invensys grants recognition awards to those locations and business operations that demonstrate consistently-strong safety performance.

As of 31 March 2012, 25 locations had reached the safety milestone of one million hours or more worked without a recordable incident.

Of further note, the Invensys Controls Matamoros, Mexico site is the first Invensys site ever to work six million hours without a recordable safety incident.

"These results are the outcome of every employee's effort to work safely and to making safety an integral part of everyday planning and execution at Invensys," said Steve Sacco, Invensys Senior Vice President of Environmental, Health, Safety & Sustainability. "I want to thank the employees at Invensys Controls, Invensys Rail and Invensys Operations Management on reaching these milestones."



Invensys Rail implements environmental, health and safety award scheme

Invensys Rail Northern Europe has launched their *involve* environmental, health and safety award scheme designed to formally recognise employees, contractors and agency workers who excel in their normal duties from an environmental, health and safety standpoint. Aimed at raising awareness and sharing best practices, the scheme is targeted specifically at safety or environmental champions, whether they work at Invensys offices or customer project sites.

The *involve* scheme allows for multi-directional peer nominations, with all successful nominations receiving gift vouchers and the opportunity for quarterly best-in-class recognition. "Our *involve* programme recognises and rewards those who go beyond the norm in support of our environment, health and safety agenda, whether through a single outstanding action or by continuous dedication," said Inga Doak, Head of Environment, Invensys Rail Northern Europe.

Workplace/Employees continued

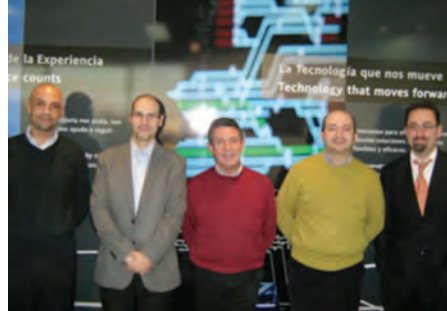


Invensys Rail project delivery team steps up on safety

The Invensys Rail Northern Europe team recently led a week-long contractor safety council workshop called “*Safety First by Design*” on the Network Rail Thameslink UK project to further reinforce a programme-wide discussion on the design impacts on safety. Designers, construction teams, station staff and engineers participated in the workshop and several project site visits were conducted.

Workshops held throughout the week focused on proper safety design concepts and included daily events and project site stand-down reviews. The desired outcome of the workshops was to facilitate two-way discussions on the ground floor impact of effective safety design within each project.

“The engagement from Network Rail and its contractors was impressive. All the workshops were lively and there was engagement at all levels,” said Vince McLellan, Invensys Rail Northern Europe Senior Project Manager.



Invensys names recipients of inaugural CEO Awards

The Invensys CEO Award programme recognises excellence in project execution, breakthrough product or process innovations, outstanding efforts that positively impact financial results and project successes that enhance our reputation.

This year, the recipients of the awards include Invensys Rail Southern Europe’s Saudi Railways Organization (SRO) project team, who secured the Haramain High Speed Line work, and the Invensys Rail Northern Europe Network Rail Framework Tender Team, whose recent bids were recognised as exceptional and whose wins have allowed Invensys to grow its potential market share in the consolidating and highly competitive UK market.

“I would like to give my personal thanks to the Invensys recipients and the broader teams supporting both projects for their tremendous achievements. I look forward to celebrating our successes through our CEO Awards in the future,” said Invensys plc Chief Executive Wayne Edmunds.



Invensys Operations Management expands Spirit Week celebrations

This year, Invensys Operations Management’s Spirit Week was expanded globally to include a week-long series of activities with key themes focused on developing a *Culture of PRIDE*, enhancing the *Spirit of Innovation*, recognising Invensys’s *Dedication to Excellence and Execution*, and *Local Culture Days*, which allowed employees to highlight and celebrate the rich cultural diversity of our global work force.

Dozens of Invensys Operations Management local site leaders developed and sponsored activities, such as games, local contests, potluck dinners, charitable volunteer activities, town hall meetings and other locally designed events as part of the week’s festivities. Tony Good, Invensys Operations Management Vice President of Global Communications, stated, “Spirit Week was a great way for our local teams to develop and lead activities they believe in and that foster the workplace camaraderie we know will make us a better place to work.”

Communities

We continue to seek out opportunities to bring the talents and energy of our employees and business to bear on local community challenges.

Invensys conducts community involvement at a local level where employees work, 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 and no donations were made to political parties or organisations or independent election candidates.

In 2011, we developed *Invensys Involved*, our community involvement programme that combines employee volunteerism and strategically-aligned and deployed

company resources to address essential needs in the communities where we live and work. The *Invensys Involved* programme serves as the “umbrella” under which all Invensys community relations activities can be performed.

Under *Invensys Involved*, our employees are encouraged to participate in four distinct areas of community service: Education, Health & Safety, Civic Enrichment and the Environment. Based on a combination of employee input and a review of our business focus and global societal needs, these four focus areas were determined to be most aligned with Invensys’ broader business objectives and offer the potential for the greatest positive impact.

Within these four areas, the *Invensys Involved* programme focuses on volunteerism, partnerships and/or sponsorships and financial contributions to non-profit organisations that allow us to leverage our competencies and demonstrate our commitment to being a responsible corporate citizen.

Because one size does not fit all situations, the *Invensys Involved* programme has consistent yet adaptable guidelines so that each location and its employees can address the unique needs of their community in a way that is most meaningful within the *Invensys Involved* framework.



Invensys Involved



Caring for the environment

We support and encourage responsible, sustainable and efficient use of natural resources and maintenance of a healthy environment

Supporting important community institutions

We support and encourage those institutions that have a track record of providing critical, necessary services to our local communities

Promoting education

We support and encourage responsible education and learning to further the success of individuals and society as a whole

Fostering health and safety

We support and encourage health and safety for all

Communities continued



Caring for the community

As part of the Invensys Operations Management "Community Day of Caring Programme," a team of 80 employees in Foxboro, US engaged in projects to help clean up and repair properties and open spaces damaged by a devastating snow storm. Employees painted recreational buildings, repaired historic landmarks, cleared parks of storm debris and assisted in the maintenance of playground structures.



Global volunteer projects

Invensys Operations Management extended the scope of its "Spirit Week" activities to a global level. As part of this effort, dozens of volunteer project teams were formed across the world to participate in local activities, including recycling, food and clothing donations, volunteering, mentoring and educational workshops in addition to safety awareness programmes.



Donating toys for children in need

Employees at Invensys Controls in Nuevo Laredo, Mexico participated in a programme entitled "A Toy = A Smile." Thanks to their support and charitable contributions, 450 toys were collected and donated to various children's homes, bringing a smile to over 150 children.



Raising money for Cancer Research UK

A team from Invensys Controls in the UK pedalled their way to raising over £2,000 for Cancer Research UK, after successfully completing the Dartmoor Cycle Challenge in 2011. The team, which participated in the event for the eighth consecutive year, was made up of all ages and abilities, many of whom were cycling for the first time.



Collecting food donations

Invensys Rail Southern Europe partnered with the Red Cross to collect and distribute non-perishable food items to impoverished families living near the Invensys Rail operations in Madrid, Spain. The team successfully collected over 600 kg of food items which were distributed to help local residents.



Helping students to explore engineering

Graduate engineers at Invensys Rail Northern Europe helped local students to explore the world of engineering. The Engineering Education Scheme, which was devised by the Engineering Development Trust, gave students the experience of what they would encounter in an engineering career, whilst our graduates acquired new skills and responsibilities.

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.

Communication and engagement with employees

Regular and open communication is vital to maintaining engaged teams and Invensys utilises many media including regular updates from the Chief Executive, an Invensys-wide intranet, global "All Hands" calls and local communications networks, including site-level briefings, smaller face-to-face meetings and employee newsletters.

Invensys has established the use of blogging through initiatives, such as "iShare" and is increasingly using 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.

We also recognise our obligation and the benefits arising from consulting through more formal channels, such as the Invensys European Employees Forum (IEEF), which promotes dialogue between elected employee representatives and senior management. The annual meeting between IEEF representatives and senior management has been running for 13 years.

This year, with detailed input from our employees, we have refreshed our Invensys Values in order to ensure they remain relevant, understandable and reflect the aspirations of our people. A discussion of Invensys Values can be found in the Company Profile section of this report.

Our business and functional teams are implementing action plans created in response to the results of our Employee Engagement Survey in 2010, 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. A further survey during 2012 will assess whether we have been successful in achieving improved results in levels of engagement.

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 year, the Chairman spoke with a number of major shareholders regarding general business topics. In addition, the Chairman of the Remuneration Committee held discussions with major shareholders on relevant matters during the course of the financial year.

Shareholders are kept informed of the progress of the Group during the course of the year through half-year and full-year results, presentations, interim management statements, capital markets days and other announcements of material developments that are released through the London Stock Exchange and other news services.

Stakeholders continued

The results of presentations made to the investment community are webcast and copies of this information and other shareholder information are made available on our web site. The Chief Executive and Chief Financial Officer 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 web site.

Additional details of our shareholder communications are in our Annual Report and Accounts 2012 and on our web site.

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. The Group have made these tools available to our business divisions to allow them to tailor their use to meet their unique supply chain risks and the demands of their markets. Further, the Invensys Supplier Code of Conduct is available on our web site. Details are contained in the Marketplace section of this report.

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. Invensys believes that community involvement is best focused 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.

In 2011, we developed *Invensys Involved*, our community involvement programme that combines employee volunteerism and strategically-aligned and deployed company resources to address essential needs in the communities where we live and work. The *Invensys Involved* programme serves as the "umbrella" under which all Invensys community relations activities are performed. As such, Invensys employees are encouraged to participate in four distinct areas of community service: Education, Health & Safety, Civic Enrichment and the Environment.

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.

In the UK, Invensys was again listed on the FTSE4Good Index Series, which identifies companies that meet recognised standards of corporate responsibility. For the third consecutive year, Invensys was listed on the Dow Jones Sustainability Indexes (DJSI) in recognition of our economic, environmental and social performance, achieving a DJSI Gold Class ranking for our sector based on the scoring of our response. Invensys again reported our greenhouse gas emissions to the Carbon Disclosure Project (CDP), which we have done since 2007. Lastly, Invensys has been recertified under the Carbon Trust Standard by achieving reductions in carbon emissions at our UK operations over the past two years.

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

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 and 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 and Company Secretary. The Board structure consists of one non-executive Chairman, three executive directors (including the Chief Executive) and seven non-executive directors.

There is a clear division of responsibilities between the Chairman and the Chief Executive that is outlined in our Annual Report and Accounts 2012.

The Chief Executive is the Board member with overall responsibility for the Company's sustainability policies and performance. Our Chief Executive reviews, on a monthly basis, and presents to the Board on a regular basis, our business performance in the areas of environment, health, safety and sustainability. The Board reviews sustainability matters as part of the formal review of the Company's performance and strategy. The Chief Executive is responsible for executing the strategy approved by the Board for leadership of the Group and management of the business; he is supported by the Group Leadership Team (GLT), which consists of the Chief Financial

Officer, the Chief Legal Officer and Company Secretary, the Group Human Resources Director, and the CEOs of the Invensys Operations Management, Invensys Rail and Invensys Controls divisions.

The Senior Vice President of EHS&S reports to the Chief Executive and is responsible for establishing the sustainability strategy. The Code of Conduct, which defines how employees should act in their business life, is approved by the Board, and the Vice President Compliance is responsible for implementing and ensuring a culture of compliance throughout the entire Company. The Chief Legal Officer and Company Secretary provides regular updates on compliance issues at Board meetings.

The Group Operating Council (GOC), which is comprised of the Chief Executive, Chief Financial Officer, Group Human Resources Director and Chief Legal Officer and Company Secretary, is chaired by the Chief Executive and is responsible for consideration of key operational matters delegated to it by the Board, which includes certain sustainability issues.

Additional details of our corporate governance arrangements are provided in our Annual Report and Accounts 2012, 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

The 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 laws 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.

The Board is given regular updates on compliance issues by the Chief Legal Officer and Company Secretary. The Chief Executive and Group Human Resources Director receive regular briefings from the Chief Legal Officer and Company Secretary where any concerns can be raised. Legal and ethical compliance is recognised as a priority for Invensys.

The Code of Conduct is available on the Invensys web site and can be read by any customer, shareholder or member of the public. Invensys has adopted a Supplier Code of Conduct based on our Code of Conduct and we expect major suppliers to agree to the same (or have in place a similar code of conduct of their own) as a condition for doing business with us.

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 Invensys facilities and are available in multiple languages on the Invensys intranet.

The Code of Conduct, together with supporting policies and associated training are the core elements in the latest iteration of the Compliance Programme. During the year, we launched further training on specific areas of compliance and offered

Governance continued

refresher courses in our Learning Management System on critical areas of the Code of Conduct, such as Anti-Bribery, Gifts and Entertainment and Conflicts of Interest.

Further, 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 seek to have all suppliers comply with the Supplier Code.

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.

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. Such 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 key functional department 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 2012.

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 the impact of austerity measures and 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 2012:

- 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 financial loss and/or damage to its reputation 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 risks

include failing to reduce our operational environmental footprint, and customer risks associated with their expectations or requirements of us 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.

Given our technologies and market focus, there are business opportunities presented to Invensys associated with climate change and sustainability that result in increased demand for our sustainability-related product and service offerings. We strive to effectively communicate our ability to help our customers reduce their operational costs and operate more safely and efficiently both internally and externally. By coupling our customer focus with our commitment to work safely and reduce our footprint at our own operations, we can improve Invensys' ability to recruit and retain the best employees, minimise business risk and enhance our reputation as a business partner of choice.

Our risk management approach is subject to continuous review and updating to take into account new and developing issues which might impact our business objectives. The following actions have been undertaken during the year to address significant developments:

- The Group has improved its processes and procedures to manage major contracts
- We have managed the financial pressures on our home markets, particularly with regards to our Invensys Rail business in Spain, by continuing to grow our presence in emerging markets
- The diverse range of economic, geopolitical and accidental external global events has prompted a review and updating of the crisis management and business continuity planning across the Group
- We have conducted an independent external review of risk management practices and have adopted an enhanced governance process to reflect the findings of the review

Basis of Reporting

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



Basis of reporting

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 2011 to 31 March 2012 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 – 34 manufacturing facilities (in operation as of 1 April 2011)
 - Non-manufacturing energy/CO₂ – 116 office locations with 10 or more

employees with operations during the reporting period.

- Business travel CO₂ – Group airline travel and fleet vehicles
- Health and safety, social, economic – 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 greater than 95% of owned and leased (active and occupied) floor space and 98% of total employees.

Organisational changes

No acquisitions or disposals of operations took place during the reporting period.

The decrease in manufacturing reporting locations between years resulted from the closure of one facility in LaMorra, Italy and the reclassification of four other facilities

(Rancho Cucamonga, US; Irvine, US; Port Melbourne, Australia and Madrid, Spain), as non-manufacturing sites.

For our non-manufacturing operations, there was a net increase of 18 new reporting sites, which represents an 18% increase in sites and a 20% increase in square footage reported.

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 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

Basis of Reporting continued



For the years ending 31 March 2011 and 31 March 2010, we have restated the amount of hazardous and non-hazardous waste generated due to waste classification and data reporting errors at 14 facilities. The enhancement of our data collection and validation processes identified these gaps and we have provided restated waste values for the past two years in this report.

Safety performance

TRCIR and LWCIR are calculated according to United States Occupational Safety and Health Administration (OSHA) regulations, using the formula $TRCIR \text{ or } LWCIR = (N/EH) \times 200,000$ 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 12-month moving averages in order to reflect long-term trends rather than monthly fluctuations.

Standards and guidelines

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

- Sustainability Reporting Guidelines – Version 3.1, Global Reporting Initiative (GRI), 2011
- 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

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.

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.

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 regular Risk Committee meetings. 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 and Accounts.

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 Group-level EHS&S personnel, and included a representative selection of site-level and desktop audits to ensure data accuracy. This past year, we added a step to our internal verification



programme by conducting selected site visits to further review the site-level approach to the collection and reporting of environmental data.

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. The verification process undertaken by Sage involved verifying that the data entered was accurate, and that it was a fair reflection of Invensys' environmental performance in relation to the data topics covered by the data collection questionnaire and the business travel data gathering and calculation process. Sage's work did not include site verification visits. Each of the participating sites' data sets were subject to a separate internal verification effort as outlined herein.

Assurance

This year, Invensys presents our fourth 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 2012 environmental, health and safety performance data for the period of 1 April 2011 to 31 March 2012. The types of environmental performance data reviewed consisted of energy use, water use, hazardous and non-hazardous waste generation 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.

GRI Index

This report has been developed consistent with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and other relevant standards and guidelines. We declare that this report meets Application Level B of the GRI G3 guidelines. This GRI Index provides a navigational tool for those seeking specific information in relation to the GRI's G3 guidelines. (www.globalreporting.org).

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* Annual Report and Accounts 2012

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