



Invensys Pension Scheme

Trustee's Annual Report & Financial Statements 2015

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Trustee Charter

The Trustee will:

- Act in accordance with the Scheme's governing documents and the law.
- Act in the best interests of the members at all times, taking into account the position of each class of member.
- Act prudently, honestly, with integrity and in good faith having taken appropriate professional advice.
- Seek to safeguard members' benefits by managing Scheme funds effectively.
- Communicate to all members regularly and in a clear and concise way.
- Deliver a high level of service to all members.

Chairman's review

There are four parts to this review:

1. Executive summary
2. The year in summary
3. Our investment summary
4. The outlook

1. Executive summary

The year 2014/15 has seen a number of significant developments for the Scheme. This page summarises the main points.

The financial security of the Scheme remains good

The Scheme continues to be fully funded. It received its share of the Reservoir Trust's assets in April 2014, which improved the funding position of the Scheme.

This improved funding position prompted the Trustee to reduce the exposure of the Scheme to interest rates. This took place in advance of a significant fall in government bond yields, and helped the Scheme to reduce the resulting impact on the funding level.

Together with the security provided by the Invensys Covenant and the £1.75bn Guarantee from Schneider Electric SE, the Trustee continues to believe that the Scheme's security is good.

The Company closed the Scheme to future accrual on 31 March 2015

When Schneider Electric acquired Invensys (the Company), it said it would review the pension arrangements for active members, and promised it wouldn't make any changes without consulting members.

A consultation process with the Scheme's active members took place between October 2014 and January 2015. Following this, the Company decided to close the Scheme to future accrual.

Under the rules of the Scheme, the Company has the unilateral power to remove any group of members from active membership of the Scheme. As the Trustee, our power to intervene was therefore limited. However, the Company kept us updated throughout the process and agreed some improvements in benefits for members, as a result of the consultation process.

The outcome of the process was that on 31 March 2015 all active members of the Scheme became deferred members.

New options are available for members

During the year, a new retirement option was introduced for members at the point when they retire. From 1 January 2015, members have been given the option to exchange future pension increases for a higher initial

pension, which will then not increase by as much in the future. This is known as a Pension Increase Exchange (PIE).

The Company is planning to make a Bulk PIE offer to pensioner and dependant members in the future. This will require consultation with the Trustee before any offer is made.

As a result of changes announced in the 2014 Budget, the Scheme increased limits for paying out lump sums in respect of small pension entitlements. This mainly affects people with pension entitlements valued at £10,000 or less in total (not per annum).

Investments performed well

The Scheme's assets performed well, delivering a return of 15.9% over the year. This was in line with the Investment Manager Target of 16.0%. Movements in gilt yields overall led to a decline in the surplus of the fund. However, the Scheme remains fully funded on a Technical Provisions basis (the normal valuation method used for pension schemes).

The outlook is positive

The Trustee is confident that the Scheme is well positioned to pay the pensions promised to its members. Over the coming months, the Trustee will complete the Scheme's triennial valuation, with an effective date of 31 March 2015. The triennial valuation is expected to be finalised this year and we will report on this in the winter newsletter.

2. The year in summary

This section summarises the year to 31 March 2015, and provides additional detail regarding the points raised in the executive summary.

Scheme security under Schneider Electric

The Company became a wholly owned subsidiary of Schneider Electric SE on 17 January 2014. Shortly after this, the Trustee reached an agreement with Schneider Electric where it provided additional financial security to the Scheme. The main elements of the agreement were as follows:

- Schneider Electric SE provided a £1.75bn Guarantee
- The Reservoir Trust (created during the sale of Invensys' Rail division) was split equally between the Scheme and the Company

Chairman's review

continued

- Various other arrangements between the Trustee and the Company came to an end, giving Schneider Electric greater flexibility to reorganise the Invensys group of companies.

The security provided by the Guarantee is ongoing and ensures that the Scheme has formal recourse to the wider Schneider Electric group.

Approximately £105m of assets were transferred from the Reservoir Trust to the Scheme in April 2014. A similar value of assets was transferred to the Company, increasing the assets of the Company, which remains the Scheme Sponsor.

During the year, Schneider Electric made a number of changes to the Invensys group of companies. The most significant change was to transfer Invensys' US business to Schneider Electric Holding Inc in return for an inter-company loan. The Trustee reviewed the implications of the transaction for the Scheme's Covenant and concluded that there was no change to the overall Covenant rating as a result.

Schneider Electric also sold Invensys' appliances business for £150m in June 2014.

The Trustee will continue to review the strength of the Covenant that the Company provides. In light of the £1.75bn Schneider Electric Guarantee, the Trustee will also assess the additional security afforded to the Scheme through the strength of the wider Schneider Electric group.

Schneider Electric results for 2014

The Schneider Electric 2014 full year results ending 31 December 2014 were the first to consolidate Invensys. Schneider Electric reported adjusted earnings before interest, taxes and amortisation (EBITA) of €3.5bn (2013: €3.4bn). Free cash flow was €1.7bn (2013: €2.2bn). Schneider Electric has reported that integration of Invensys is on track. Total market capitalisation of Schneider Electric at 31 March 2015 was €41bn (circa £30bn)

Scheme funding level

In addition to the strength of the Covenant provided by the Company and the Guarantee, the security of the Scheme and its ability to deliver the pensions promised to its members are also a function of its funding level. As at 31 March 2015, the Scheme was 100% funded,

with a surplus, based on assumptions agreed for the October 2012 valuation, of £4m.

The combination of the security provided by the Company and the 100% funding level gives the Trustee confidence that it can deliver the Scheme's pension promises.

The assumptions to be used for the latest triennial valuation, with an effective date of 31 March 2015, are being discussed with the Company in accordance with normal practice. Finalisation is expected this year.

Closure of the Scheme to future accrual

When Schneider Electric acquired Invensys, it said it would review the pension arrangements for active members, and promised it wouldn't make any changes without consulting members.

A consultation process with the Scheme's active members took place between October 2014 and January 2015.

The proposal by the Company was to close the Scheme to future accrual and to offer active members the opportunity to join the Schneider Electric DC Trust as an alternative way of saving for retirement. The consultation ended on 9 January, and the Company then considered the representations it had received from members. The Trustee also received representations, and we made the Company aware of these and our own views. We then worked with the Company to make improvements to the proposal.

On 31 March 2015, the active members of the Scheme became deferred members. Under the rules of the Scheme, the Company has the unilateral power to remove any group of members from active accrual in the Scheme. As the Trustee, our power to intervene was therefore limited. However, the Company kept us updated throughout the process and, based on members' representations, the following improvements were agreed:

Scheme improvements

- A one-off increase of 2.3% to final pensionable salary for members who were active on 31 March 2015. This represented a total improvement of around £2m in value.
- A guarantee that, after this one-off increase, no member will receive a pension lower than they would have received had they retired over the last five years.

Chairman's review

continued

- A late retirement option for all members, which means those who are not yet receiving their pensions may put off taking their benefits beyond age 65.
- Additional flexibility to take early retirement for the members who were active on 31 March 2015.

New option for members at retirement - Pension Increase Exchange

During the year, the Company made a proposal to the Trustee to introduce a Pension Increase Exchange (PIE) option for members at the point when they retire. A PIE option allows members to exchange some of their future pension increases for a higher initial pension. Following discussions on the terms of this option, the Trustee and Company updated the Scheme's rules to make the option available for retirements on and after 1 January 2015, with the flexibility to make the offer available more widely in the future.

Increased flexibility for members with small pension entitlements

In the March 2014 Budget, the Government increased the limit for small pension entitlements to £10,000 (in total, not per annum) from the previous limit of £2,000. As a result, legislation now allows pension schemes to pay out larger one-off cash lump sums instead of regular pension benefits to members over 55 with small pension entitlements.

During the year, the Trustee and Company signed a deed of amendment to give the Trustee the power to make payments in accordance with the new legislation. Therefore, the option is now available to members.

Review of Defined Contribution (DC) fund choice and 'lifestyle' option

In November 2014, our Investment Committee undertook a performance review of the DC funds and the lifestyle option. As a result, we introduced a new lifestyle option for DC members who intend to take their DC savings as part of their tax-free cash when they retire, rather than buying an annuity.

At the same time, we made some changes to the choice of Additional Voluntary Contributions (AVCs) funds available to members. The changes were made where the Investment Committee was not satisfied with the performance of certain AVC fund managers.

3. Our investment summary

Our overall strategy

Now that the Scheme is in surplus, our overall strategy is:

- to reduce exposure to risk over time
- to increase security of members' benefits
- to maintain or improve the funding position of the Scheme in a way that controls risk.

The Scheme's assets performed well

The year to 31 March 2015 was eventful in both the overall macro-environment and financial markets. Oil prices and interest rates both moved sharply during the year.

Against this background, the Scheme's assets performed well, as they achieved a return of 15.9% over the year. This was in line with the Investment Manager Target of 16.0%, but 2.5ppts below the Strategic Target of 18.4% (see page 16 for further details and a graphical analysis). The main cause of the difference from the Strategic Target was a fall in gilt yields combined with the fact that the Scheme assets' value was in aggregate less sensitive to movements in gilt yields than the Technical Provisions.

During the year, the Investment Committee and the Executive Office (EO) focused on the following investment initiatives:

- Reviewing the Investment Strategy and assessing opportunities to enhance the risk return profile of the assets
- Winding up the Reservoir Trust (RT)
- Reducing the exposure to interest rates and enhancing the management of inflation risks
- Increasing matching between the assets and the liabilities.

You can find further details in the Investment report on page 16.

Chairman's review continued

4. The outlook

The Scheme is well positioned for the future

The agreement between the Trustee and Schneider Electric has enhanced the Scheme's financial security. The funding level, along with the greater security provided by the Schneider Electric Guarantee, gives the Trustee confidence that the Scheme is well positioned to pay the pensions promised to its members.

The Trustee will continue to assess the financial security of the Scheme

Looking to the future, the Trustee will continue to assess the quality of the Covenant provided by the Company, and the support provided by the Schneider Electric Guarantee.

The Trustee has started the triennial valuation and is in discussions with the Company. This involves looking at the experience of the Scheme and considering what assumptions are appropriate for mortality and asset performance. The valuation is being carried out under a new code of practice. This code takes account of the new statutory objective given to the Pensions Regulator (tPR), which requires tPR to minimise any adverse impact on the sustainable growth of a scheme's sponsoring employer.

The triennial valuation will determine whether any future contributions are required from the Company.

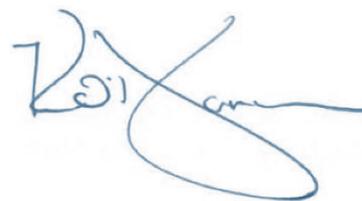
Throughout the period, the Trustee will continue to monitor the Scheme's investments closely, looking for ways to deliver the current investment target (and any revised target following the triennial valuation), while managing investment risk.

The Trustee will consider the implications of the increased pension flexibilities permitted by legislation

The 2014 Budget announced plans to increase the flexibility and choices available predominantly for DC members, and these will also have a number of impacts for Defined Benefit (DB) members. The Trustee will continue to consider ways to support members with the increased options open to them, and endeavour to provide effective communication to members on this and other relevant topics in the IPS newsletter, Pensions News.

Thank you to the Board

Once again, the Board has had an eventful year. On a personal note as Chairman, I would like to praise the Board members for their involvement, effort and enthusiasm. They had to tackle an increasing number of technical issues and significant projects, in order to meet the responsibility of providing a safe and secure Scheme for all members, now and in the future.



Kathleen O'Donovan
Chairman of the Trustee of the Invensys Pension Scheme

14 July 2015

Trustee's report: the year in summary

The accounts in brief

	£m
Fund value at 31 March 2014	4,591
Income	
Contributions paid by Invensys Ltd and Scheme members	109
Income and capital gains/(losses) from investments	725
Outgoings	
Benefits payable to members (pensions and lump sums)	(240)
Payments to leavers	(6)
Fees and expenses (administration, advisers, investment managers)	(18)
Fund value at 31 March 2015	5,161

Funding position

The Scheme Actuary provides the Trustee with an update of the Scheme's funding level each year. This is either a formal valuation, which is carried out at least every three years (the triennial valuation), or an annual estimate in the intervening years.

The last formal valuation was carried out at 31 October 2012, as a result of the sale of the Rail division. The amount required to cover the Scheme's liabilities is known as the Technical Provisions. In the 2012 valuation, the Technical Provisions amounted to £4,781m, giving a Scheme deficit of £478m and a funding level of 90%.

The Trustee has agreed with the Company to carry out a full valuation as at 31 March 2015. This will bring the triennial valuation date back into line with the Scheme's accounting year. The Trustee has begun the valuation process and is aiming to complete the process later this year. This will include agreeing new actuarial assumptions with the Company to determine the Technical Provisions.

The Trustee continues to monitor the funding position of the Scheme using the assumptions that were put in place for the 2012 valuation to ensure the funding arrangements remain appropriate. The Scheme Actuary has estimated the Scheme had a surplus of £4m at 31 March 2015 using the 2012 valuation assumptions. The movement in the funding position through the year is set out below. The final position for the 31 March 2015 valuation will depend on the updated assumptions agreed by the Trustee and Company and will therefore differ from this.

Estimated evolution of the Technical Provisions surplus:

	£m
Estimated surplus/(deficit) as at 31 March 2014	16
Reservoir Trust assets received by the Scheme	105
Income and capital gains/(losses) from investments	725
Effect of changes in economic conditions and other factors	(842)
Estimated surplus/(deficit) as at 31 March 2015	4

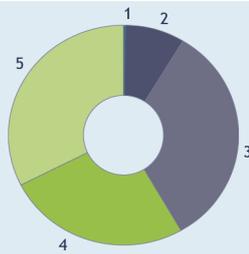
The year in summary: membership profile

Age profiles

at 31 March 2015

Actives

1. 16 - 30	1
2. 31 - 40	29
3. 41 - 50	113
4. 51 - 55	88
5. 56 and over	110
Total	341



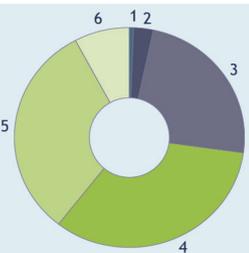
Deferreds

1. 21 - 30	23
2. 31 - 40	825
3. 41 - 50	6,366
4. 51 - 55	6,498
5. 56 and over	10,907
Total	24,619



Pensioners

1. 50 and under	299
2. 51 - 60	1,466
3. 61 - 70	11,861
4. 71 - 80	16,618
5. 81 - 90	15,732
6. 91 and over	3,863
Total	49,839

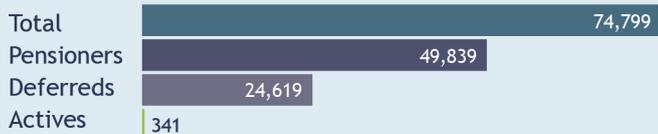


NB All active members became deferred members at the end of the year.

Number of members

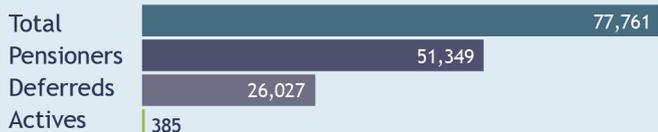
2015

74,799



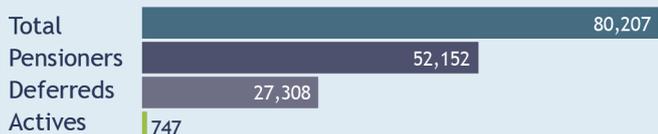
2014

77,761



2013

80,207

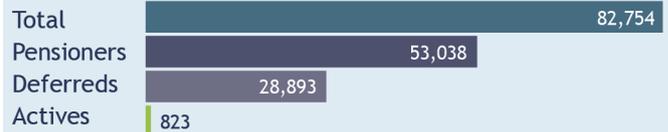


Number of members

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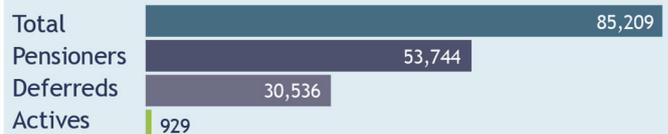
2012

82,754



2011

85,209



Changes in membership during year

	Actives	Deferreds	Pensioners	Total
At 31 March 2014	385	26,027	51,349	77,761
Retrospective adjustments*			(11)	(11)
New deferreds		17		17
Deaths		(31)	(3,264)	(3,295)
Retirements	(27)	(1,103)	1,130	0
Spouse/dependant pensions			635	635
Leavers**	(17)	(291)		(308)
At 31 March 2015	341	24,619	49,839	74,799
Of which, members of the Defined Contribution (DC) section total	72	128	—	200

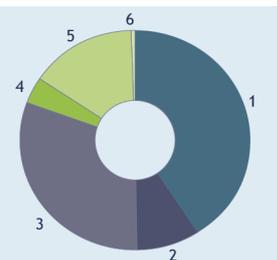
*Retrospective adjustments: membership movements recorded after 1 April 2014, which relate to the 2013/14 Scheme year.

** 291 leavers in the deferred column relate to transfers out (70 members) and members who retired but converted their pension to a lump sum (221 members).

Active members by Participating Employer

as at 31 March 2015

1. Eurotherm Ltd	140
2. IMServ (Europe) Ltd	30
3. Invensys Controls UK Ltd	105
4. Invensys Ltd	13
5. Invensys Systems (UK) Ltd	52
6. BTR Industries	1
Total	341

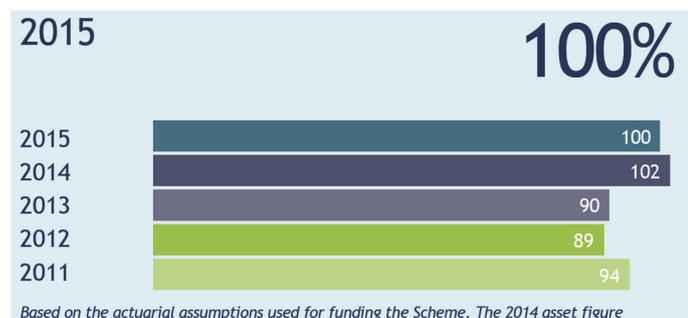


The year in summary: investment summary

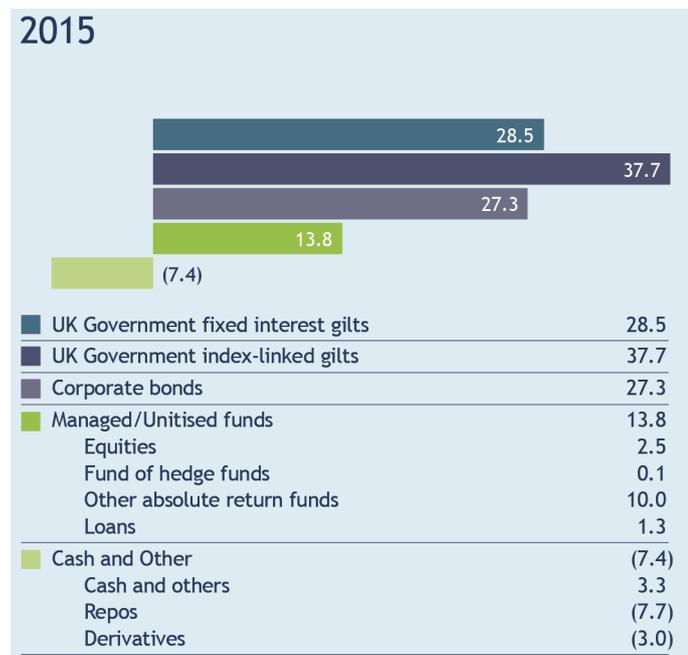
Value of pension fund (£m)



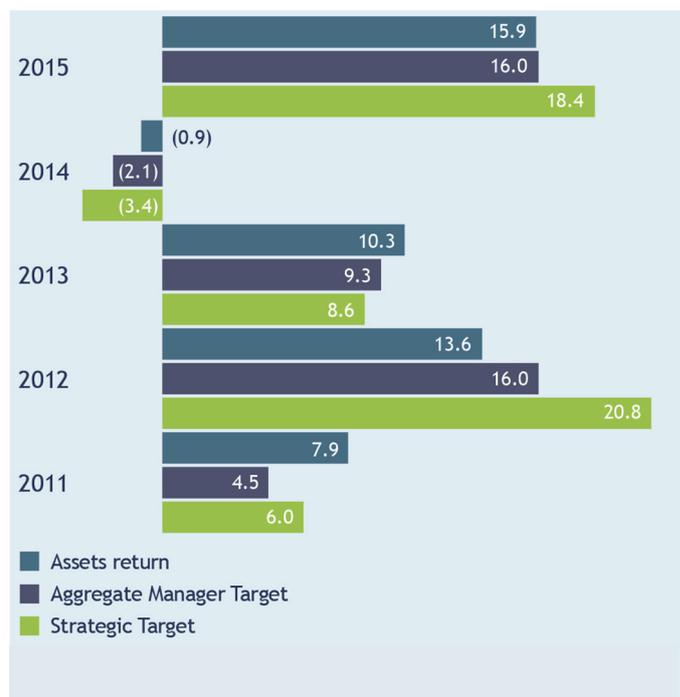
Scheme funding level (%)



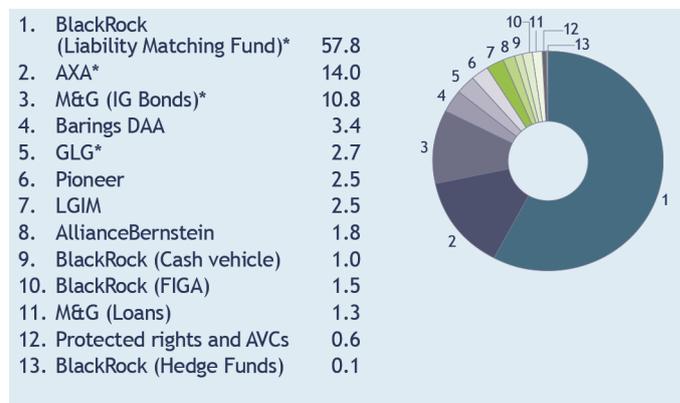
Distribution of investments by type (%)



Annual investment returns (%)



Distribution of investments by investment manager (%)



* These mandates are run on a segregated basis and the securities are held directly via the Scheme's custodian platform with BNY Mellon.

Trustees, the Board, its committees, advisers and investment managers

Appointed by Invensys Ltd

Kathleen O'Donovan (Chairman)

Kathleen has been a member of the Board since 1991 and was appointed Chairman in February 2003. As Chief Financial Officer of BTR and Invensys between 1991 and 2002, she has been deeply involved in the Scheme for many years. Previously a partner with Ernst & Young, Kathleen has held a number of non-executive directorships, including at ARM Holdings plc, Prudential plc, the Bank of England and O2 plc.

Geoff Campion

Geoff is a Chartered Management Accountant. He retired from his position as the Chief Financial Officer of Invensys Rail in March 2011, having worked with the Company for 22 years. Geoff previously served as a Trustee Director between 2003 and 2007 and has also been a member of the Pensions Committee for the Westinghouse Section of the Railway Pension Scheme since 2006. He was reappointed to the Board in February 2013.

Eleanor Lowe

Eleanor joined Invensys in 1999. She has held various positions at Invensys plc, including Business General Counsel for Invensys Rail and, more recently, Head of Legal Services. In 2013, Eleanor took up a role supporting commercial compliance in the Major Projects team. She qualified as a solicitor in 1989 and has since been involved in a variety of international corporate and commercial projects, both in private practice and with National Power plc. Eleanor was appointed to the Board in March 2007.

Steve McDonnell

Steve is Vice President Tax for Schneider Electric. He was appointed following the acquisition, after joining Invensys as Head of Group Tax in January 2005. Before this, he had similar roles with Tibbett & Britten Group plc, Thorn Lighting and Laporte plc. Steve is a Chartered Accountant and a member of the Chartered Institute of Taxation. He was appointed to the Board in March 2006.

General Membership Director

Nathan Blackwell

Nathan worked for 12 years at Invensys' London HQ, where he was ultimately appointed as Director of Corporate Finance. He later joined Thales as UK M&A and Commercial Director. Nathan now works as a director for PwC within its pensions consulting team. Nathan has worked on a number of pension initiatives and he brings that experience with him to the Board. He was appointed to the Board in December 2013.

Pensioner Directors

Ian Fyfe (Deputy Chairman)

Ian is a Chartered Accountant and a Chartered Management Accountant. He worked for 21 years in various financial and management roles in the Angus and Dunlop Groups. He then managed the Dunlop Group Pension Scheme from 1982 until its merger with other BTR schemes in 1988, when he became General Manager of the BTR Group Pension Scheme until his retirement in 1996. Since then, he has served as a Director of the Trustee Company.

Nigel Casson-Moss

Nigel has 30 years' experience as a Finance Director in the UK manufacturing industry. He became a Trustee Director of the T&N Retirement Benefits Plan in 1999. He subsequently became Pension and Benefits Manager for the T&N Group in 2001. He joined Invensys Pensions in January 2004 as General Manager, working for the Trustee Board, with executive responsibility for the Scheme, including the Administration Office in Newcastle. Nigel retired in September 2008 and was elected as a Pensioner Director of the Invensys Pension Scheme in February 2010.

Tony Ferris

Tony is a Chartered Accountant who retired in 1999. He was Finance Director of Westinghouse Brake & Signal Holdings. He also served as Finance Director of Hawker Siddeley's Rail division until 1991, and then as Group Controller of the BTR Rail Group. He was a Trustee of the Westinghouse pension schemes until they were merged with the BTR Group Pension Scheme in 1993, and was also Chairman of the South West Region's Pensions Consultative Committee.

Peter Vos

Peter is a Chartered Accountant. He retired in 2012 from Parker SSD Drives, a former subsidiary of Eurotherm, where he worked for 31 years, holding a variety of senior financial roles until moving into general management to head SSD Drives Europe. After Invensys bought Eurotherm, he also worked as Chief Financial Officer at Baan in the Netherlands. As a Member-Nominated Trustee since February 2013, Peter brings substantial pension experience, having been a Trustee of many of the schemes of his former employers.

Trustees, the Board, its committees, advisers and investment managers continued

Executive Office members

at 31 March 2015

Andy Smith, Chief Executive Officer

Appointed 3 December 2012

Andy joined IPS from Rothesay Life where he was Chief Financial Officer, having held that position since Rothesay Life acquired Paternoster, where he had been Chief Financial Officer since 2006. Before joining Paternoster, Andy worked in a number of roles in finance and marketing at Prudential plc.

Thomas Mercier, Chief Investment Officer

Appointed 1 November 2010

Thomas joined IPS from Goldman Sachs International, where he spent more than ten years advising corporations and their pension schemes, designing European credit market strategies, and advising telecom and utility companies on debt financing and financial risk management.

Lin Ju, Investment Associate

Appointed 1 March 2013

Lin joined IPS from Goldman Sachs International where she worked in the pension advisory group. Previously, Lin worked in the financial strategy group at Mercer Limited.

Committee membership

	Investment Committee	Governance and Audit Committee	Nomination and Remuneration Committee	Company Liaison Committee
K A O'Donovan	✓ (Chairman)		✓ (Chairman)	✓ (Chairman)
N B Casson-Moss		✓ (Chairman)	✓	✓
A G Ferris	✓			✓
I R Fyfe	✓		✓	✓
G C J Campion	✓			
P B Vos		✓		
E K Lowe		✓		
S C McDonnell		✓		

There is also an executive committee known as the Asset and Liability Management Committee. Andy Smith and Thomas Mercier are the members of this committee.

Changes to the Board

There were no changes to the Board during the year.

Scheme advisers and investment managers

The Trustee receives advice from a number of sources. The appointed Scheme advisers and investment managers are listed below.

Scheme Actuary

S M Leake FIA, Punter Southall Ltd

Scheme Administrator

Punter Southall Ltd

Scheme Auditor

Ernst & Young LLP

Legal Advisers

Norton Rose Fulbright LLP

Investment Adviser

P-Solve Investments Ltd

Employer Covenant Adviser

PricewaterhouseCoopers LLP

Investment Managers

BlackRock Investment Management LLC

BlackRock Advisors (UK) Ltd

BlackRock Life Limited

Baring Asset Management Ltd

AXA Investment Managers UK Ltd

M&G Investment Management Ltd

AllianceBernstein Ltd

Pioneer Asset Management SA

GLG Partners LP

P-Solve Investments Ltd

Legal & General Assurance (Pensions Management) Ltd

Baillie Gifford Co

Custodian and Collateral Manager

The Bank of New York Mellon SA/NV

Bankers

Lloyds Bank plc

Trustee's report

The Trustee's first responsibility is to members. The Trustee aims to provide a reliable investment performance, reassurance, and careful management of its resources.

About the Scheme

The Invensys Pension Scheme (the Scheme) is a registered occupational pension scheme. It was established by a Trust Deed on 31 March 1988, consolidating the main BTR, Dunlop and Tilling defined benefit schemes then in operation. At that time, the Scheme was named the BTR Group Pension Scheme.

On 6 April 2000, the Scheme merged with the Siebe Pension Scheme and was renamed the Invensys Pension Scheme. The Scheme was closed to new members on 1 November 2004, and to further accrual for existing members on 31 March 2015.

A Defined Contribution section of the Scheme was introduced from 1 April 2007. This also closed to further accrual for existing members on 31 March 2015. All active members at the time were offered the opportunity to join the Schneider Electric DC Trust as an alternative way of saving for their retirement.

The sponsoring employer of the Scheme is Invensys Ltd (the Company).

Trustee arrangements

The Trustee of the Scheme is Invensys Pension Trustee Limited. Invensys Pension Trustee Limited is a company limited by guarantee. This company is a corporate trustee whose Board Directors act together as Trustee of the Scheme.

The Trustee is responsible for the payment of benefits, safeguarding the assets of the Scheme, and monitoring whether those assets are sufficient to meet the Scheme's liabilities as they fall due. It ensures that proper accounting records and controls are maintained by the Scheme's administration offices, in accordance with applicable laws and regulations, and takes such steps as are reasonably open to it to prevent and detect fraud and other irregularities.

The Trustee is also responsible for preparing audited financial statements showing a true and fair view of the financial transactions of the Scheme during the Scheme year. These financial statements must also show the amount and disposition of the assets and liabilities at the end of the year, other than liabilities to pay future pensions and benefits after the end of the Scheme year.

The financial statements have been prepared and audited in accordance with Section 41 of the Pensions Act 1995. They contain information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain

Audited Accounts and a Statement from the Auditor) Regulations 1996.

The Trustee has met its responsibilities in ensuring that contributions are made to the Scheme at least in accordance with Scheme Rules and the Schedule of Contributions. During the year under review, the Board met 11 times, the Investment Committee met seven times and the Governance and Audit Committee met five times.

Board structure

In accordance with the Articles of Association of the Trustee Company, the Board consists of a maximum of nine Directors. Three of these Directors, in addition to the Chairman, are appointed by the Company. One is appointed from the entire Scheme membership. Four are appointed as Scheme pensioners. The appointing or nominating authority may also remove Directors from office. The Company also has the right to change the Trustee Company, as well as the right to change the Company-appointed Directors.

All decisions the Trustee has taken during the year under review arose from a consensus of opinion. Under the Articles of Association of the Trustee, decisions may be taken by a majority vote.

Committee structure

The Board has established five committees that meet regularly, or as required, in order to ensure the Scheme is managed efficiently.

The Investment Committee comprises Directors whose role is to review the development and implementation of appropriate strategies for the investment of the Scheme's assets and to obtain advice, make decisions and give recommendations to the Trustee in respect of its investment responsibilities.

The Governance and Audit Committee considers the systems and processes relevant to the (non-investment) management of the Scheme. It also monitors the effectiveness of the Scheme's systems of financial management and internal control.

In addition, the committee works with the Scheme's auditor and reviews the annual financial audit of the Scheme's accounts on behalf of the Board.

The Company Liaison Committee works directly with the Company on issues relating to Company policy and status. It also negotiates Scheme funding issues and can operate as a sub-committee of the Board for major transactions.

Trustee's report continued

The **Nomination and Remuneration Committee** evaluates the balance of skills, knowledge and experience at the Executive Office (EO). This includes:

- considering the role and capabilities required at any given time
- selecting and proposing to the Board suitable candidates for the EO
- considering, approving and applying the policy on the remuneration of members of the EO and the Board
- monitoring and recommending the level and structure of remuneration for the EO.

The **Asset and Liability Management Committee (ALCo)** has three main responsibilities, delegated under its Terms of Reference. These are:

1. implementing the Investment Committee's investment decisions
2. making investment decisions in areas specifically delegated to the ALCo by the Investment Committee
3. monitoring and reporting on the Scheme's
 - investment performance
 - investment managers
 - custodians
 - collateral manager
 - investment/actuarial and legal advisers.

These committees make regular reports and proposals to the Board. Where appropriate, the Board then authorises the actions taken.

Actuarial valuation

The Scheme Actuary is independent of the Scheme and the Company. He assesses the funding position of the Scheme, i.e. the balance between assets and liabilities. This valuation is normally performed formally and in detail every three years. Annual updates are presented to the Trustee in other years.

The latest full valuation was as at the effective date of 31 October 2012. It took place in preparation for the Company's sale of the Rail division. In accordance with the Pensions Act 2004, the Trustee set the assumptions for the Scheme Actuary to calculate the Technical Provisions (the amount required by the Scheme to provide for the Scheme's liabilities on an ongoing basis). These Technical Provisions were then agreed by the Company.

Key assumptions

The assumptions agreed with the Company for the October 2012 valuation were as follows:

- a discount rate set to be the yield available on the nominal fixed interest gilt yield curve plus 1.0% per annum
- an RPI inflation assumption derived from nominal and real gilt yield curves
- a CPI assumption, which has been derived by making a suitable adjustment to the RPI inflation assumption. A deduction of 0.75% per annum has been used for this valuation, which reflects a prudent adjustment given observed past levels and future expectations. The assumption could not be derived directly as there was no reliable market-based method for deriving an assumption for CPI price inflation
- pension increases assumptions based on the relevant inflation assumption and a model to allow for the pension increase collars (e.g. 3% and 5%) and future inflation volatility of 1.5% per annum
- the pre-retirement mortality table based on AC00 tables
- a post-retirement mortality assumption of the S1PA tables, with a loading of 103% for males and 113% for females, projected in line with the Continuous Mortality Investigation's Model (CMI_2011) for future improvements with a 1% per annum long-term rate of improvement.

The agreed assumptions gave rise to a funding deficit of £478m as at 31 October 2012. On 2 May 2013, the Company completed the sale of its Rail division to Siemens. As part of that transaction, the following arrangements, worth up to £625m, were made:

- An immediate cash payment of £400m was made to the Scheme
- £225m was paid in to a newly established trust (the Reservoir Trust), which would be available to fund the Scheme in the future, should it be required.

Trustee's report continued

In January 2014, the Company was acquired by Schneider Electric. As part of the takeover process, the Trustee negotiated with the Company and Schneider Electric on a number of measures. The Trustee believes that taken together these measures enhanced the security of the Scheme. The main elements of the agreement were:

- A parental guarantee of up to £1.75bn from Schneider Electric
- Division of the assets of the Reservoir Trust. The Reservoir Trust was wound down and split equally between the Scheme and Company, equating to circa £105m each (this amount was paid in to the Scheme on 9 April 2014)
- Removal of some of the pre-existing agreements between the Scheme and Company, such as the requirement for 8% of proceeds on the disposal of an Invensys business that is not participating in the Scheme
- An agreement in principle on a method to apportion future debts that arise on the cessation of participating employers.

The recovery plan was revised to reflect these changes on 10 April 2014. Allowing for the monies from the Reservoir Trust, the Scheme was fully funded at that time on the Technical Provisions basis. Therefore, no further deficit funding was required for the immediate future.

The next full valuation will have an effective date of 31 March 2015. The process for setting and agreeing the 2015 assumptions has started.

Nomination of Trustee Company Directors

When a vacancy arises for a Pensioner Director, any retired member of the Scheme who receives a pension from the Trustee may put himself/herself forward. His/her candidature must be supported by nominations from two other pensioner members who receive a Scheme pension. The Governance and Audit Committee then carries out a selection process, which is given final approval by the Board.

Similarly, when a vacancy arises for the position of General Membership Director, any member of the Scheme may put himself/herself forward. His/her candidature must be supported by nominations from two other members of the Scheme, and is subject to the Governance and Audit Committee's selection process and final approval by the Board.

Trustee training, knowledge and understanding

Our Trustee training programme takes account of the particular needs of each Board member and the committees on which he/she serves. Newly appointed Directors receive a comprehensive induction programme. The Board's training policy then requires each Director to undertake a number of days' training each year based on his/her experience and requirements.

The members of the Investment Committee receive detailed training on investment strategy and related matters. Some Board members receive additional development from their external board positions, covering:

- company sponsor covenants
- accounting requirements
- the annuity market
- asset management
- economic factors
- retirement/longevity trends.

A training session on a relevant topic usually takes place at each quarterly Board meeting. In addition, the Trustee undertook a Board Effectiveness review during the year.

The Board also uses external training courses and seminars. Directors are encouraged to undertake the Trustee Toolkit training provided by the Pensions Regulator.

Trustee Director	Total training days 01/04/14 - 31/03/15
K A O'Donovan	2.3 days
D N Blackwell	3.8 days
G C J Campion	3.6 days
N B Casson-Moss	4.0 days
A G Ferris	2.3 days
I R Fyfe	4.9 days
E K Lowe	2.3 days
S C McDonnell	5.0 days
P B Vos	4.2 days

Trustee's report continued

Trustee attendance

Trustee Directors: attendance for year to 31 March 2015

	Trustee Board	Investment Committee	Governance and Audit Committee
Number of meetings/calls held	11	7	5
K A O'Donovan	11	7	*
D N Blackwell	11	*	*
G C J Campion	11	7	*
N B Casson-Moss	10	*	5
A G Ferris	11	7	*
I R Fyfe	11	7	*
E K Lowe	9	*	5
S C McDonnell	11	*	4
P B Vos	11	*	5

* The Director is not a member of that committee and attends as an invitee only.

During the year ended 31 March 2015, the following payments were made:

Chairman - received an annual salary of £90,000.

Pensioner Directors - received a per diem rate.

General Member Director - received a per diem rate.

Company Nominated Directors - were remunerated by the Company, or received a per diem rate.

Communication

The Board ensures that we communicate with all members on a regular basis. During the year, the Scheme issued two newsletters, with the summer newsletter incorporating the Annual Review of the Scheme. The Scheme has a website: www.invensyspensions.co.uk. Members can also contact the Scheme by email, by phone or in writing.

Socially responsible investment

Since July 2000, all pension funds have to express a view in their Statement of Investment Principles on how - if at all - they consider social, environmental and ethical matters in their investment strategies.

This area is sometimes referred to as "ethical investing". It requires the Scheme to reveal how it assesses investments in, for example:

- tobacco or arms companies
- cosmetic and drug manufacturers that use animal testing
- companies that pollute the environment
- companies that have operations in countries with a poor human rights record.

In contemplating these issues, the Trustee has to consider that its primary objective and, indeed, legal obligation is to ensure that the Scheme's assets are invested so that benefits due to each member can be paid as they arise. By specifically excluding any of the potential investments mentioned above, the Scheme may miss out on some of the better performing assets in the economy, with obvious consequences for the value and growth of the fund.

Having given due consideration to these matters, the Trustee has concluded that responsibility for day-to-day selection must rest with the Scheme's investment managers. In turn, the investment managers do take social, ethical and environmental issues into account where they feel they will make a difference to fund performance. They must report their actions to the Trustee who will monitor the decisions taken on a regular basis. All managers report their actions to the Trustee on a quarterly basis and the Trustee ensures these decisions are monitored and reported upon.

Voting policy

Pension schemes are required to state their policy on the use of the voting rights that are available to them as significant holders of company shares.

Having considered this issue, the Trustee has again concluded that the day-to-day responsibility for this should be delegated to the Scheme's investment managers since they have contact with the companies concerned and can vote in order to get best performance from the shares held. All managers report their actions to the Trustee on a quarterly basis and the Trustee ensures these decisions are monitored and reported upon.

Trustee's report continued

Scheme governance

The Scheme's governance is defined as the structure, behaviour, policies and procedures adopted by the Trustee in pursuit of its objectives. It includes:

- holding the assets securely on trust, employing a custodian for their safeguard and investing them appropriately given the Scheme's specific circumstances
- monitoring the Company Covenant risk
- ensuring that the Scheme's liabilities are fully understood, and its data accurate and reliable
- monitoring the balance between assets and liabilities and, jointly with the Company, making provision to meet the future costs of the Scheme
- monitoring the other risks that would result in the assets not being sufficient to meet the liabilities
- ensuring that the correct levels of benefits are being paid on time to members
- ensuring that benefits are paid to the correct members
- ensuring the appropriate level of communication with its members and the Company is performed with an appropriate frequency
- ensuring the Scheme complies with the complex framework of law and regulations applicable to the UK pension scheme industry.

The Trustee is committed to ensuring the Scheme's governance objectives are met by managing risk effectively using effective decision-making processes and adopting pension industry best practice, where this is appropriate for the Scheme.

The management of risk

The Trustee has overall responsibility for internal control and risk management. It is committed to identifying, evaluating and managing risk and to implementing and maintaining control procedures to reduce significant risks to an acceptable level.

As part of its overall risk management responsibilities, the Trustee uses a Risk Register as a tool to oversee the key risks to the Scheme. This covers areas such as:

- operational risks including pension administration
- corporate sponsor
- external factors impacting the Scheme's investments
- internal factors affecting the Scheme's investments
- scheme funding and valuation.

The Trustee has delegated the oversight of managing investment risks to the Investment Committee - see the Investment report for more details.

The Trustee has also delegated non-investment governance-related matters to the Governance and Audit Committee (GAC). These matters include ascertaining that the Scheme complies with Scheme Rules and statutory regulations, and reviewing the existing process and procedures of the Scheme to ensure they are well documented, relevant and effective.

The GAC also oversees:

- the operational risk review
- the Scheme's annual budgeting process and the triennial business planning by the Executive Office
- the Annual Report process
- the review of the performance of the Trustee (and its committees), its advisers and the Executive Office
- the review of the performance of the Scheme's third party administrator.

Audit function and processes

The Scheme's auditor, Ernst & Young LLP, performs a financial audit each year. The GAC oversees the entire audit process.

Compliance statement

The Scheme is a registered pension scheme. The Trustee knows of no reason why such status should be prejudiced or withdrawn.

Trust Deed and Rules

On 28 March 2006, the Trustee and the Company signed the Third Definitive Trust Deed and Rules of the Scheme. The Trust Deed and Rules brought the Scheme up to date with current legislation and amalgamated a number of Deeds of Amendment that had occurred since the Second Definitive Deed and Rules were completed in 1995.

Members can request a copy of the Trust Deed and Rules from Invensys Pensions. Please note that an appropriate copy charge will be made.

To consolidate further legislative and Scheme developments, a Fourth Definitive Trust Deed and Rules is in progress.

Trustee's report continued

Contributions

The Trustee collected contributions from employers who participated in the Scheme. On 31 March 2015, the Scheme closed to future accrual and no contributions have been collected from that date.

During the year, no reports had to be made to the Pensions Regulator in respect of late payments of contributions.

The summary of contributions is on page 37 and shows contributions payable under the Schedules of Contributions that existed during the year. The current schedule of contributions became effective on 10 April 2014.

Pension increases and transfer values

Under the Scheme Rules, pensions in payment are increased annually by reference to the percentage change in inflation over a 12-month period measured to the end of December in each year. (This excludes the Guaranteed Minimum Pension (GMP) portion, which receives statutory increases in line with Pension Increase Orders published by the UK Government.)

For members who joined the Scheme before 6 April 2000, the increase will generally be a minimum of 3% and a maximum of 5%. The increase applying to the majority of pensions on 1 April 2014 was 3.0%.

On 1 January 2015, the Trustee introduced a Pension Increase Exchange option for members retiring after that date. This gives members the option to exchange future pension increases for a higher initial pension, which will not increase by as much in the future.

In the past, increases were augmented by a series of discretionary bonuses paid between 1988 and 2001. These bonuses were subject to Scheme and HM Revenue & Customs limits.

Over the period since 1988, pension increases and bonuses awarded have together exceeded inflation and the position of longer-retired pensioners has been additionally enhanced.

Statutory cash equivalent transfer values are calculated in accordance with the provisions of Part IV Chapter IV of the Pensions Scheme Act 1993, as amended by the Pensions Act 1995 and the Pensions Act 2004 with relevant regulations and guidance issued by the Pensions Regulator on a basis determined by the Trustee after having taken advice from the Scheme Actuary.

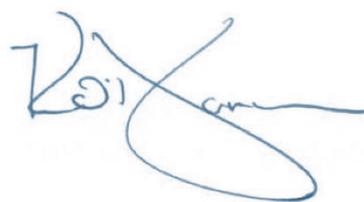
There were no discretionary increases or benefits allowed for in the calculation of transfer values for the year ending 31 March 2015.

Disputes and complaints procedure

Invensys Pensions operates an Internal Dispute Resolution Procedure (IDRP) in accordance with the provisions of the Pensions Act 1995. Before a formal complaint is considered, we advise members to contact Invensys Pensions to see if the matter can be resolved informally.

During the course of the year under review, two formal complaints were received by Invensys Pensions on behalf of the Trustee. Details of the Scheme's IDRP are available from Invensys Pensions.

For and on behalf of Invensys Pension Trustee Limited



Kathleen O'Donovan
Chairman

14 July 2015

Investment report

The Trustee aims to secure members' future benefits by reducing risk and delivering consistent, reliable investment performance.

The Invensys Pension Scheme is a mature scheme. It had only 341 active members out of a total membership of 74,799 at 31 March 2015. This means it is a substantial net payer of benefits: it pays more out in benefits than it receives in ongoing contributions. This therefore erodes its asset base naturally every year. We can measure the extent of its maturity in the net payments made each year: approximately £265m or approximately 5% of its asset base in 2015. On 31 March 2015, the Scheme closed to future accrual. All active members became deferred members, and the Scheme stopped receiving ongoing contributions from the active membership.

Scheme Investment Strategy

The Scheme's investment objectives are to achieve investment returns that, together with the contributions paid by the Company and by members, ensure that the assets of the Scheme are sufficient to meet the benefits to each member, and the expenses of the Scheme, as they fall due over time.

The Scheme's Technical Provisions imply a return on investments equivalent to UK Government gilt yields + 1.0% per annum. The Trustee's Strategic Target is a long-term strategic return that, over the life of the Scheme, is expected to be equivalent to the return implied by the Technical Provisions. The Trustee's investment policy for the Scheme's DB section is designed to achieve the Strategic Target.

This target is primarily driven by:

- the Scheme's profile:
 - the nature of the liabilities
 - the structure of the membership base
- the Trustee's overall risk tolerance
- the Trustee's evaluation and perception of the covenant provided to the Scheme.

From the Strategic Target, the Trustee derives a Strategic Asset Allocation (SAA). This is designed to deliver asset returns of gilts + 1.0% per annum over the long term, and therefore to perform in line with the liabilities measured on a Technical Provisions basis.

At the investment level, the Trustee sets specific performance targets for each underlying investment manager. These specific targets naturally have shorter horizons than the Strategic Target. The aggregation of these targets determines the Scheme's Investment Manager Target (IMT).

Year on year, the IMT might be above or below the Strategic Target. The Trustee is responsible for:

- long-term monitoring of the performance of the assets against the Strategic Target, equivalent to the Technical Provisions (see following chart)
- ongoing monitoring of the performance of the assets against the IMT (see Investment Managers Performance section).



The chart excludes contributions received, changes to the Technical Provisions' assumptions, and membership updates.

Investment report continued

The Strategic Target corresponded to a return of 18.4% in the year to 31 March 2015. Its magnitude reflects the impact of meaningfully lower gilt yields, which decreased in aggregate by 1.2ppts, on the value of the Technical Provisions. The IMT corresponded to a return of 16.0%. It was lower than the Strategic Target for the year because the IMT reflected a lower sensitivity to movement in gilt yields, and therefore increased less than the Strategic Target when gilt yields fell sharply.

The Trustee chose to increase the assets' sensitivity to movements in gilt yields during the year, in order to protect the funding level from potential future falls in gilt yields. This took place before a significant fall in gilt yields and helped the Scheme to reduce the impact of that fall on the funding level.

The Scheme's investment strategy and objectives, together with full details of the investment process, are set out in the Statement of Investment Principles. This document is updated regularly. A copy is available to members of IPS.

Strategic asset allocation

To a large extent, the Trustee has invested in assets that have a profile that closely matches the liabilities by using bonds or "bond-like" assets. This helps the assets to match the valuation movements in the liabilities, thereby reducing the volatility of the Scheme's funding position.

The Trustee is not able to match fully the liabilities of the Scheme with its assets. This is mainly because of the limit imposed by the Company. This limit requires the assets of the Scheme to target a performance return equal to the discount rate used for the valuation of the liabilities on a Technical Provisions basis, currently gilt yield + 1.00% per annum.

The Scheme's investments are classified in two categories:

1. A Liability Matching Fund (LMF). This is used to mitigate the Scheme's interest rate and inflation risks. The LMF is composed exclusively of assets perceived to have a relatively low risk:

- UK Government bonds
- Network Rail bonds
- cash
- cash equivalent instruments.

BlackRock, the asset manager managing this portfolio, is also permitted to use derivative instruments, such as interest and inflation swaps, and gilt repurchase agreements. The LMF currently represents 58% of the assets, which are held directly via the Scheme's custodian platform with BNY Mellon.

2. An Investment Portfolio (IP). This accesses the risk premium of a diversified portfolio of return-seeking assets. It also benefits from the additional performance available from active management, where considered appropriate. The total Investment Portfolio currently represents 40% of the assets.

Mandates using primarily investment grade bonds make up 27% of the assets, and were managed by:

- AXA
- M&G
- GLG.

The remaining 13% comprise:

- a Fund of Hedge Funds (FoHF)
- a Fixed Income Global Alpha (FIGA) Fund (Hedge Funds: BlackRock)
- a Dynamic Asset Allocation mandate (DAA: Barings)
- two broad bond portfolios (AllianceBernstein, Pioneer)
- a listed equity portfolio (LGIM)
- a loans mandate (M&G).

Around 2% of the Scheme's assets were allocated to DC and AVCs plans or left in cash to satisfy the Scheme's short-term payment obligations.

Investment report continued

Investment managers' performance

The assets are managed by independent investment managers under the guidance of the Trustee and its Investment Adviser. The Scheme's investment managers are continuously reviewed over 12-month to 36-month rolling periods. Medium to long periods of review are essential, as they enable managers to be judged over the business cycle.

The investment managers' performance in any given year is expected to be a function of the capital markets environment and their capacity to navigate the markets to deliver relative outperformance.

The year to 31 March 2015 was eventful in both the overall macro-environment and the financial markets.

Growth in the UK and the US remained relatively solid and their respective unemployment rates continued to fall. Growth in the Eurozone picked up but continued to be challenged. Fears of a Greek exit from the Eurozone, and of its broader implications, re-emerged following the election of a new government in Greece. Oil prices fell sharply, which contributed to a fall in both realised and expected future inflation in Europe and the US.

In this context, actions either taken by or anticipated from central banks continued to have a significant impact on financial markets. The markets' expectations of the path of interest rate rises by the US Federal Bank and the Bank of England moved to reflect a view of "lower for longer". The European Central Bank started to implement quantitative easing measures on a large scale. This caused Government bond yields and, importantly for the scheme UK gilts, to fall significantly. This also contributed to the strong performance of other asset classes with potentially higher return prospects, such as equities.

Against this background, the Scheme's assets performed well as they achieved a return of 15.9% over the year. This was in line with the Investment Manager Target of 16.0%, but 2.5ppts below the Strategic Target of 18.4% (see page 16 for graphical analysis). This difference from the Strategic Target was largely a result of the fall in gilt yields of circa 1.2ppts in aggregate for the Scheme, combined with the fact that the Scheme assets' value was in aggregate less sensitive to gilt yields movements than the Technical Provisions.

The LMF had a total return of 24.5% for the year as a result of the fall in gilt yields. The return was 0.6ppt below the LMF's target of 25.1%. This is largely because the LMF holds some gilts for the purpose of generating a return over swaps over the long term. This meant that, as swap rates fell more in value than gilt yields during the year, the LMF underperformed its target.

The Investment Portfolio had a strong performance in aggregate, with a total return of 5.4% for the year against a target of 5.0%. The best-performing mandates were the allocation to equities and a dynamic asset allocation fund, which both benefited from the run-up in equity prices. The performance of the investment grade bonds, broad bonds, and loans mandates was broadly in line with or slightly below their target. This largely reflects the lower credit spreads that prevailed at the beginning of the reporting period. Fixed Income Global Alpha had a below-target performance for the year, illustrating the challenges of generating strong returns in a market environment where relative value within asset classes has diminished. The Fund of Hedge Funds mandate, which is a small position and is in the last stages of liquidation, was the only mandate with a negative performance.

Investment report continued

Investment managers' historical performance

Investment Manager	Style	Holdings at 31 March 2015		Investment return % pa			
				12 months to 31 March 2015		3 years to 31 March 2015 ¹	
		£m	% of total	Actual %	Target %	Actual %	Target %
Liability Matching Fund (LMF)							
BlackRock ²		2,971	57.6	24.5	25.1	9.3	9.9
Investment Portfolio							
AXA	IG bonds	721	14.0	7.3	7.3	7.8	4.6
GLG	IG bonds	139	2.7	3.6	4.6	8.9	4.6
M&G	IG bonds	553	10.7	2.1	2.4	4.6	2.2
AllianceBernstein	Broad bonds	94	1.8	3.1	3.6	3.7	3.6
Pioneer	Broad bonds	130	2.5	3.1	3.6	5.8	3.6
Barings	DAA	176	3.4	8.8	4.6	6.7	4.5
LGIM ³	Equity	128	2.5	13.6	4.7	14.3	4.7
BlackRock (FoHF)	Hedge funds	6	0.1	(6.9)	5.0	0.4	5.1
Blackrock (FIGA)	Hedge funds	77	1.5	1.9	9.5	7.7	9.6
M&G	Loans	65	1.3	4.6	4.6	5.1	4.6
Investment Portfolio⁴		2,088	40.5	5.4	5.0	6.3	4.2
Cash		53	1.0	0.4			
Managed assets⁴		5,112	99.1	15.9	16.0	8.1	7.5
Protected rights/DCs/AVCs		30	0.6				
Net financial assets		5,142	99.6				
Net current assets ⁵		18	0.4				
Net assets of the Scheme		5,161	100.0				

The numbers in this table may not add up exactly because of rounding differences.

1 Or since inception if performance monitoring period is shorter (Barings: August 2013, M&G: June 2013).

2 BlackRock's performance includes the swaptions portfolio from its inception in July 2011 to closure over Q4 2013. The target calculation methodology changed from 30 June 2014. Target returns up to and after this date have been chain-linked.

3 The LGIM target shown above is the Scheme target of Libor + 4% for the investment, whereas the manager aims to track an equity index.

4 The target for the IP and the managed assets reflects the IMT. The actual performance of the IP includes the return of the BNPP DAA mandate of -5.1% from 31 March 2013 until it was terminated in Q3 2013.

5 Net current assets include cash in the Trustee Bank Account.

Key initiatives performed during the year

- **Review of Investment Strategy.** The Trustee reviewed the overall investment strategy, and the progress of the projects identified during the Investment Strategy days held in the previous year. Having considered the strength of the Scheme funding level and the perception of risks in the current investing environment, it was agreed to maintain a relatively low level of investment risk and continue to focus on risk control and on a tight management of the Scheme liquidity.
- **Wind-up of Reservoir Trust (RT).** The Scheme received its share of the RT in the form of gilts. The gilts were initially transferred to the LMF to facilitate the management of the interest rate risk. The gilts were then replaced by investment grade bonds, as part of a broader change in asset allocation, as further described below.
- **Reduction of exposure to interest rates and enhanced management of inflation risks.** The Trustee regularly reviews the Scheme's exposure to interest rates and inflation, which directly affect the funding level. The Trustee decided in spring 2014 to reduce the exposure to interest rates following the improvement in the Scheme's funding level and to reflect the prevailing level of gilt yields. This decision provided a meaningful shield against the fall in gilt yields, which took place later in the year. The approach to managing inflation was also amended during the year in order to better align the inflation-linked assets held by the Scheme with the promised pension increases, which mainly rise in line with inflation, subject to a minimum of 3% and a maximum of 5%.

Investment report continued

- **Increased matching between the assets and the liabilities.** Given the maturity of the Scheme, aligning the cash flow profile of the assets with the Scheme's payment obligations becomes of increasing importance. With this in mind, the Trustee increased the allocation to some of its investment grade bond mandates and the average bond maturity within those mandates. This was funded by a combination of cash already available for investment, the gilts received from the RT, and the divestment of some higher-risk mandates within the Investment Portfolio. In addition, the allocation to index-linked gilts, which pay a low cash coupon and are used to generate a return above swaps within the LMF, was reduced and replaced with nominal gilts. This increased the Scheme's ongoing cash flow generation and reduced the funding level sensitivity to the difference between gilt yields and swap rates.

Custody arrangements

Trust law and the Pensions Act 1995 impose specific duties on the Trustee to safeguard the assets of the Scheme. Since 2001, the Trustee has appointed a global custodian. The global custodian holds the Scheme's assets that make up the various portfolios managed by the investment managers. Since 1 September 2006, the Bank of New York Mellon SA/NV has been the Scheme's global custodian. A separate branch of the custodian, based in the US, safeguards the Fund of Hedge Funds.

The custodians are responsible for the safekeeping and administration of assets. They ensure that assets are only released with appropriate authorisation.

The administrative functions of the custodians include:

- settlement of transactions
- collection of income arising from the investments
- recovery of any tax paid that is due
- reporting and accounting for the Scheme's investments.

The Scheme uses some pooled and collective investment arrangements, where custody services are arranged through the fund provider.

The Trustee, together with its Investment Adviser, keeps the effectiveness of the custodial arrangements under review. The custodians are required to publish a report on their internal controls, which has been audited by a third party auditor in accordance with agreed standards.

Largest investments

No individual equity investment constituted more than 5% of the Scheme's assets. An analysis of investments is shown in the notes to the Scheme's financial statements on pages 31 to 34. The aggregate amounts of sales and purchases of investments during the year are also shown in those notes.

Additional Voluntary Contributions (AVCs) and Defined Contribution (DC)

The AVCs scheme was closed to new accounts from April 2006. Scheme members cannot make further AVCs payments under the Scheme from 31 March 2015.

AVCs are invested separately from other Scheme assets to ensure there are individual funds for each member that are clearly identifiable. Members currently have the choice of investing in a number of funds provided by Prudential.

Members either invest with The Prudential or, where they have joined the Scheme following amalgamation with other schemes, have been permitted to continue to invest with the AVCs provider of their original scheme.

For the DC section, given the new flexibilities that arose under the 2014 budget and the current practice of members using this part of their benefit to provide tax-free cash, the Trustee reviewed its DC section lifestyle option which phases to a portfolio of 25% cash/75% index-linked gilts. As a result, an additional lifestyle option was introduced which phases to a 100% cash investment. At the same time, the Trustee made some changes to the choice of AVCs funds available to members. The changes were made where the Investment Committee was not satisfied with the performance of certain AVC fund managers.

Statement of Trustee's responsibilities

The Scheme's Trustee is responsible for preparing audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustee is also responsible for making certain other information about the Scheme available in the form of an Annual Report.

The financial statements are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties audited financial statements for each Scheme year which:

- show a true and fair view of:
 - the financial transactions of the Scheme during the Scheme year
 - the amount and disposition of the assets and liabilities at the end of the Scheme year, other than liabilities to pay pensions and benefits after the end of that Scheme year
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. This includes a statement on whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised May 2007).

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

Under pensions legislation, the Trustee is responsible for ensuring that a Schedule of Contributions is prepared, maintained and, from time to time, revised. This Schedule of Contributions shows the rates of contributions payable to the Scheme by or on behalf of the employer and the active members of the Scheme. It also shows the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme, and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept, and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities. These steps include the maintenance of an appropriate system of internal control.

Governance statement for the Defined Contribution section of, and AVCs within, the Invensys Pension Scheme

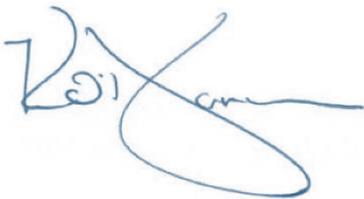
As Trustee of the Invensys Pension Scheme, we have reviewed and assessed that our systems, processes and controls across key governance functions are consistent with those set out in the Pensions Regulator's:

- Code of practice 13: Governance and administration of occupational defined contribution trust-based schemes
- Regulatory guidance for defined contribution schemes.

These are underpinned by the DC quality features.

Based on our assessment, we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. These help demonstrate the presence of DC quality features, which we believe will help deliver better outcomes for members at retirement.

For and on behalf of Invensys Pension Trustee Limited

A handwritten signature in blue ink, appearing to read 'K O'Donovan', with a large, stylized flourish at the end.

Kathleen O'Donovan
Chairman

14 July 2015

Actuary's certificate of the calculation of Technical Provisions

Name of Scheme: Invensys Pension Scheme

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 31 October 2012 is made in accordance with regulations under Section 222 of the Pensions Act 2004. The calculation uses the method and assumptions determined by the Trustee of the Scheme and set out in the statement of funding principles dated 2 May 2013.



Steve Leake

Fellow of the Institute and Faculty of Actuaries

Punter Southall Ltd

Tempus Court

Onslow Street

Guildford

Surrey GU1 4SS

2 May 2013

Independent auditor's report to the Trustee of the Invensys Pension Scheme

We have audited the financial statements of the Invensys Pension Scheme for the year ended 31 March 2015, which comprise the fund account, the net assets statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustee, as a body, in accordance with Regulation 3(c) of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's responsibilities set out on page 21, the Scheme's Trustee is responsible for the preparation of financial statements which show a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report & Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2015, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



Ernst & Young LLP
Statutory Auditor
London

14 July 2015

Fund account

For the year ended 31 March 2015

Contributions and benefits

	Note	2015 £m	2014 £m
Contributions receivable	3	109.3	410.5
		109.3	410.5
Benefits payable	4	(240.1)	(235.6)
Payments to and on account of leavers	5	(6.5)	(3.9)
Administrative expenses	6	(6.0)	(6.3)
		(252.6)	(245.8)
Net (withdrawals)/additions from dealings with members		(143.3)	164.7
Returns on investments			
Investment income	7	114.0	106.5
Change in market value of investments	9	611.2	(155.0)
Investment management expenses	8	(11.7)	(13.8)
Net returns on investments		713.5	(62.3)
Net increase in the fund during the year		570.2	102.4
Opening net assets of the Scheme at 1 April		4,590.5	4,488.1
Closing net assets of the Scheme at 31 March		5,160.7	4,590.5

Net assets statement

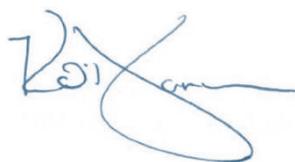
As at 31 March 2015

Investments	Note	2015 £m	2014 £m
Financial assets	10	6,155.9	5,064.3
Financial liabilities	10	(1,011.4)	(488.4)
Net financial assets	9	5,144.5	4,575.9
Current assets	12	25.7	30.8
Current liabilities	13	(9.5)	(16.2)
Net assets of the scheme at 31 March		5,160.7	4,590.5

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits that fall due after the end of the Scheme year.

The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statement by the Scheme Actuary on page 23 of the Annual Report. These statements should be read in conjunction with the Scheme Actuary's statement.

Signed on behalf of Invensys Pension Trustee Limited



K A O'Donovan



I R Fyfe

14 July 2015

Directors

Notes to the financial statements

1 Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. They have also been prepared in accordance with the guidelines set out in the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised May 2007), published by the Pensions Research Accountants Group.

2 Accounting policies

a Contributions

SMART (see note 3), employers' and members' contributions are accounted for on an accruals basis at rates agreed between the Trustee and the employer based on the Schedule of Contributions. Members' additional voluntary contributions are accounted for on an accruals basis.

Employer deficit funding contributions are accounted for on an accruals basis, in accordance with the Schedule of Contributions under which they are paid. In the absence of any formal agreement contained in the Schedule of Contributions, they are accounted for on a receipts basis. Westinghouse mitigation funding contributions are accounted for on an accruals basis in accordance with the Schedule of Contributions under which they are paid.

Augmentation contributions are accounted for in accordance with the agreement under which they are payable. In the absence of any formal agreement, they are accounted for on a receipts basis.

b Investment income

Income from fixed interest securities, index-linked securities and cash is taken into account on an accruals basis, calculated on a daily basis.

Income arising from the underlying investments of the pooled investment vehicles that is reinvested within the pooled investment vehicles is reflected in the unit price. Such income is reported within the change in market value.

Net receipts or payments on swap contracts are reported either within investment income where the economic purpose of the swap is income related, or within change in market value where the economic purpose of the swap is related to the assets and liabilities of the Scheme. Realised gains and losses on closed contracts and unrealised gains or losses on open contracts are included within change in market value.

c Transfers

Provision is made in the financial statements in respect of transfers payable if member consent was given by 31 March 2015.

d Benefits

Benefits payable are included in the financial statements on an accruals basis when the member notifies the Trustee as to the type or amount of benefit to be taken or, where there is no choice, on the date of retirement or leaving. Pensions paid include amounts paid in respect of insured pensioners. The income relating to these is shown as annuities received within investment income.

e Investment manager fees

Investment manager fees are accounted for on an accruals basis. They are primarily charged as a percentage of the portfolio valuation and as a percentage of the outperformance, if any, generated by the relevant managers with active management mandates.

f Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Scheme year-end. Gains and losses on foreign currency investment and cash balances are shown in aggregate within the change in market value of investments to which they relate in the Fund Account.

Investment income denominated in foreign currencies is recorded by applying the spot exchange rate ruling at the date on which the income relating to the investment falls due.

Notes to the financial statements

continued

g Investment assets

Listed investments are valued at closing prices on the recognised stock exchange as at the year-end, which are either the last quoted trade price or bid price depending on the market on which they are quoted.

Unlisted investments are stated at the Trustee's estimate of fair value based on advice of the investment manager or other appropriate professional adviser.

Pooled investment vehicles are valued at the closing bid price or, if single priced, at the closing single price.

Fixed interest securities are stated at a value, their clean price, which excludes the value of interest accruing from the previous interest payment date to the valuation date.

h Derivatives

Derivatives with an initial purchase price are reported as purchases. Those that do not have an initial purchase price but require a deposit, such as an initial margin to be placed with the broker, are recorded at nil cost on purchase.

Derivative contracts are included in the net assets statement at fair value. Exchange traded derivatives with positive values are included in the net assets statement as assets at bid price, and those with negative values as liabilities at offer price.

(i) Futures

Open futures contracts are recognised in the net asset statement at their fair value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract, as determined by the closing exchange price as at the year-end.

Amounts outstanding in respect of the initial margin and any variation margin are shown within amount due from/to brokers/managers.

Amounts included in change in market value represent realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.

(ii) Options

Traded options are valued at the fair value as determined by the exchange price for closing out the option as at the year-end. Options that are over the counter contracts are valued at fair value using a pricing model, where inputs are based on market data at the year-end.

(iii) Swaps

Swaps are valued at fair value, using pricing models that calculate the current value of future expected net cash flows arising from the swaps, for which the time value of money is taken into account. Interest is accrued under the terms relating to individual contracts. Net receipts or payments on swap contracts are either reported within investment income or change in market value.

(iv) Forward foreign exchange contracts

Forward foreign exchange contracts outstanding at the year-end are stated at fair value, which is determined as the gain or loss that would arise if each outstanding contract were matched at the year-end with an equal and opposite contract at that date.

Changes in the fair value of the forward contracts are reported within change in market value in the Fund Account.

i Repurchase agreements

Where the scheme enters into a repurchase agreement (a "repo"), it receives a cash loan from the counterparty, which is collateralised by specific assets of the Scheme. The obligation to repay the loan is accounted for as a financial liability. The assets pledged as collateral are included in the Scheme's net assets and their change in market value and any related investment income is accounted for on an accruals basis. The assets pledged are not free to be otherwise used by the Scheme and their value is separately disclosed in note 10.

The Scheme pays interest to the repo counterparties on the cash borrowed and this is accounted for on an accrual basis within investment income in line with the terms of the respective contracts.

j Taxation

The Scheme is a "registered pension scheme" for tax purposes under the Finance Act 2004. The Scheme's income and chargeable gains are free of UK Income and Capital Gains tax, and tax recoverable on the Scheme's income is treated as part of that income.

k Administrative expenses

Administrative expenses are accounted for on an accruals basis.

Notes to the financial statements

continued

3 Contributions

	2015 £m	2014 £m
Employers		
Normal	0.2	0.4
SMART	3.0	3.6
Westinghouse mitigation funding*	104.7	405.2
Augmentation ⁺	1.1	1.0
Members		
Normal	0.2	0.2
AVCs	0.1	0.1
	109.3	410.5

* Westinghouse mitigation payments were paid in accordance with the Schedule of Contributions. The 2015 figure is the funds transferred to the Scheme following the closure of the Reservoir Trust. The 2014 figure includes the contribution of £400m following the sale of the Rail division plus income from the Reservoir Trust.

+ Augmentations relate to specific amounts paid by the Company to the Scheme to augment certain members' benefits.

The Schedule of Contributions requires contributions to be paid by the participating employers or the Company to the Trustee by the 19th of the month following deductions.

In order to assist the Invensys companies to meet their due dates, the Trustee has implemented a collection process that limits the risk of future payments by the Invensys companies being received late.

SMART contributions refer to payments made by the employer on behalf of members under the salary sacrifice arrangement. This arrangement was introduced in April 2006.

The above figures include the following contributions relating to the Defined Contribution section: £10k employer normal (2014: £10k), £191k employer SMART (2014: £219k) and £4k member normal (2014: £5k).

4 Benefits payable

	2015 £m	2014 £m
Pensions	222.0	219.8
Commutations and lump sum retirement benefits	17.2	14.7
Lump sum death benefits	0.9	1.1
	240.1	235.6

5 Payments to and on account of leavers

	2015 £m	2014 £m
AVC withdrawals	0.0	0.9
Individual transfers to other schemes	6.5	3.4
Refunds of State Scheme premiums	0.0	(0.4)
	6.5	3.9

Notes to the financial statements

continued

6 Administrative expenses

	2015 £m	2014 £m
Administration and processing	3.3	3.3
Pension Protection Fund levy	0.1	0.1
Actuarial fees	0.3	0.2
Legal and other professional fees	1.2	1.0
Audit fees	0.1	0.1
Directors' fees	0.2	0.1
Exceptional expenses	0.8	1.5
	6.0	6.3

Note: Exceptional expenses incurred during the year to 31 March 2015 related to the closure of the Scheme to future accrual and liability management exercises, such as PIE at retirement. Exceptional expenses incurred during the year to 31 March 2014 were in respect of the negotiations that took place during the acquisition of Invensys plc by Schneider Electric SA.

7 Investment income

	2015 £m	2014 £m
Income from fixed interest securities	79.8	51.3
Income from index-linked securities	27.5	55.2
Interest on cash deposits and margin accounts	2.7	0.9
European loan income	2.8	2.9
Annuities received	0.7	0.7
Repo interest expense	(2.3)	(1.1)
Income (expense) from derivatives (swaps)	1.1	(3.5)
Other	1.7	0.1
	114.0	106.5

8 Investment management expenses

	2015 £m	2014 £m
Administration, management, custody	7.1	7.8
Performance-related fees	4.6	6.0
	11.7	13.8

Notes to the financial statements continued

9 Investments - net financial assets

	As at 31 March 2014 £m	Purchases at cost and derivative payments £m	Sales proceeds and derivative receipts £m	Market value movement £m	As at 31 March 2015 £m
Fixed interest securities	1,800.7	1,434.5	(699.2)	263.5	2,799.5
Index-linked securities	2,020.5	200.2	(571.9)	364.5	2,013.3
Pooled investment vehicles	796.0	153.2	(283.9)	45.3	710.6
Derivative contracts	(61.6)	31.3	(57.7)	(67.8)	(155.8)
Repurchase agreement liabilities	(248.6)	748.4	(895.0)	0.0	(395.2)
Cash instruments	233.1	789.2	(911.0)	0.4	111.7
AVC investments	7.9	0.0	(0.5)	0.4	7.8
DC investments	3.3	0.3	(0.1)	0.4	3.9
	4,551.3	3,357.1	(3,419.3)	606.7	5,095.8
Other financial assets and liabilities	21.1			0.0	34.5
Cash deposits	3.5			4.5	14.2
	4,575.9			611.2	5,144.5

Market value movements comprise all realised and unrealised gains or losses on investments in the year, and in the case of cash deposits comprise foreign exchange movements.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Net transaction costs included above were £5k (2014: £50k). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within investment funds. The amount of indirect costs is not separately provided to the Scheme.

10 Investments - financial assets and liabilities

	2015		2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fixed interest securities	2,799.5	0.0	1,800.7	0.0
Index-linked securities	2,013.3	0.0	2,020.5	0.0
Pooled investment vehicles	710.6	0.0	796.0	0.0
Derivative contracts	451.9	607.7	165.2	226.8
Repurchase agreement liabilities	0.0	395.2	0.0	248.6
Cash instruments	111.7	0.0	233.1	0.0
AVC investments	7.8	0.0	7.9	0.0
DC investments	3.9	0.0	3.3	0.0
Other financial assets and liabilities	43.0	8.5	34.1	13.0
Cash deposits	14.2	0.0	3.5	0.0
	6,155.9	1,011.4	5,064.3	488.4
Total net financial assets	5,144.5		4,575.9	

Notes to the financial statements continued

10 Investments - financial assets and liabilities continued

	2015 £m	2014 £m
Fixed interest securities		
UK public sector quoted	1,465.4	693.2
Corporate quoted	1,276.9	1,080.6
Overseas public sector quoted	8.6	9.1
Other	48.6	17.8
	2,799.5	1,800.7

	2015 £m	2014 £m
Index-linked securities		
UK quoted	1,941.4	1,965.8
Other	71.9	54.7
	2,013.3	2,020.5

Included within investments above are assets of £561.1m (2014: £494.7m) available for use as collateral when required. As at the year-end, £137.3m (2014: £48.8m) was deployed as net collateral posted in favour of counterparties to derivative contracts and repurchase agreements open at the year-end.

	2015 £m	2014 £m
Pooled investment vehicles		
Fund of Hedge Funds	4.8	10.9
Managed funds other	687.4	768.3
Unit trusts other	18.4	16.8
	710.6	796.0

As of 31 March 2015, the Scheme had £576.1m (2014: £629.1m) invested in pooled investment vehicles whose managers are registered in the United Kingdom. It also had £134.5m (2014: £166.9m) invested in pooled investment vehicles whose managers are not registered in the United Kingdom.

Where the investments are held in “managed and unitised funds”, the change in market value includes:

- expenses both implicit and explicit to the Scheme
- any reinvested income, where the income is not distributed.

	2015		2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Derivative contracts				
Swaps	434.9	602.8	161.9	226.7
Futures contracts	0.8	0.4	0.1	0.0
Forward foreign exchange	16.2	4.5	3.2	0.1
	451.9	607.7	165.2	226.8
Net derivative liabilities		155.8		61.6

Notes to the financial statements continued

10 Investments - financial assets and liabilities continued

Derivative contracts

The Trustee has authorised its investment managers to use derivatives for the purpose of efficient portfolio management, reducing potential mismatches between assets and liabilities and reducing investment risk.

Swaps

The Scheme's investment managers may use interest rate swaps, inflation swaps, futures, repurchase agreements and gilt total return swaps to reduce the potential mismatch between the Scheme's assets and its liabilities in respect of interest rates and inflation movements. They may also use credit default swaps to manage credit risk.

Interest rate swaps

Maturity years	No. of contracts	Pay fixed notional £m	Receive fixed notional £m	Assets £m	Liabilities £m
0-5	24	132.5	533.5	36.8	4.5
5-10	26	110.3	307.2	57.8	5.7
10-30	57	393.2	364.6	179.1	232.6
30-50	35	193.7	73.1	89.0	282.7
Total	142	829.7	1,278.4	362.7	525.5

Inflation swaps

Maturity years	No. of contracts	Pay RPI Notional £m	Receive RPI Notional £m	Assets £m	Liabilities £m
0-5	13	243.8	0.0	0.0	9.0
5-10	17	318.8	29.0	0.0	21.6
10-30	48	299.0	552.1	50.5	40.7
30-50	17	24.9	101.9	21.6	6.0
Total	95	886.5	683.0	72.1	77.3

Credit default swaps

Maturity years	No. of contracts	Buy Protection Notional £m	Sell Protection Notional £m	Assets £m	Liabilities £m
1-3	1	0.0	7.2	0.1	0.0
Total	1	0.0	7.2	0.1	0.0

Total swaps	434.9	602.8
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Futures contracts

Maturity	Type of Future	No. of contracts	Economic Exposure £m	Assets £m	Liabilities £m
Under 3 months	UK gilt	1	38.6	0.8	0.0
Under 3 months	Overseas fixed interest	4	(45.2)	0.0	0.4
Total		5		0.8	0.4

Notes to the financial statements continued

10 Investments - financial assets and liabilities continued

Forward foreign exchange

The Scheme is subject to currency risk in so far as assets are held in non-GBP currencies. The change in the value of those currencies relative to GBP may affect the income that the Scheme expects to receive from those investments as well as their value. This risk is mitigated by use of forward foreign exchange contracts.

Maturity	Pay/Receive currency	No. of contracts	Notional £m	Assets £m	Liabilities £m
Within 3 months	Pay GBP/Receive EUR	8	4.8	0.0	0.1
Within 3 months	Pay EUR/Receive GBP	19	478.2	15.6	1.5
Within 3 months	Pay GBP/Receive USD	4	2.0	0.0	0.0
Within 3 months	Pay USD/Receive GBP	27	225.9	0.5	2.9
Within 3 months	Pay NOK/Receive GBP	4	2.0	0.1	0.0
Total		62	712.9	16.2	4.5

Repurchase agreements

As at 31 March 2015

Nature	Underlying investment	Term	Nominal £m	Liability £m
Repo sell	UK Treasury gilt	Less than 12 months	240.4	395.2

The value of the gilts sold as part of the repurchase agreements was £416.2m as of 31 March 2015. The Scheme held £29.5m of collateral posted by its repo counterparts.

Cash instruments

	2015 £m	2014 £m
Cash instruments	111.7	233.1
AVC investments (see note 11)	7.8	7.9
DC investments (pooled funds)	3.9	3.3

Other financial assets and liabilities

	2015		2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Accrued interest	35.4	0.0	28.1	0.0
Amounts due from/to brokers/managers	7.6	8.5	6.0	13.0
	43.0	8.5	34.1	13.0
Net other financial assets	34.5		21.1	

Cash deposits

	2015 £m	2014 £m
Sterling	6.9	0.7
Foreign currency	7.3	2.8
	14.2	3.5

Notes to the financial statements

continued

11 Additional Voluntary Contributions (AVCs)

Active members have the opportunity of paying AVCs to The Prudential, although the ability to open new accounts ceased in April 2006.

Some members continue to save AVCs under other arrangements that existed in other schemes prior to scheme mergers.

Members, where applicable, receive an annual statement confirming the amounts held to their account and the movement in the year.

The number of contributing and deferred members participating and the aggregate amount of members' AVCs were as follows:

Members participating

	Prudential	Equitable Life	Other	Total
31 March 2014	760	440	65	1,265
31 March 2015	703	389	63	1,155

Funds

	Prudential £m	Equitable Life £m	Other £m	Total £m
Members' funds at 31 March 2014	4.5	2.3	1.1	7.9
Interest and bonuses	0.2	0.1	0.1	0.4
Withdrawals/transfers out	(0.3)	(0.2)	(0.0)	(0.5)
Members' funds at 31 March 2015	4.4	2.2	1.2	7.8

Funds that members have transferred from one AVC provider to another are included within transfers in and transfers out.

12 Current assets

	2015 £m	2014 £m
Contributions due (see note 14)	0.3	0.5
Cash balances	24.3	29.8
Other debtors	1.1	0.5
	25.7	30.8

13 Current liabilities

	2015 £m	2014 £m
Contributions received in advance	0.0	0.3
Unpaid benefits	0.7	0.9
Accrued expenses	8.8	15.0
	9.5	16.2

Notes to the financial statements continued

14 Contributions due

	2015 £m	2014 £m
Contributions due from employer	0.3	0.5

The contributions due were paid to the Scheme after the year-end. This was in accordance with the Schedule of Contributions.

15 Employer-related investments

At the year-end, less than 0.1% of assets were invested in employer-related investments within the meaning of Section 40(2) of the Pensions Act 1995.

16 Related party transactions

Five Trustee Directors receive a pension from the Scheme and two others are deferred pensioners. Six Directors receive remuneration from the Scheme, shown in note 6. All Directors are reimbursed for out-of-pocket expenses related to their duties. During the year, one Director was an active member of the Scheme.

We calculate all benefits in accordance with the Scheme Rules.

Summary of contributions

Invensys Pension Scheme

Summary of contributions payable during the year ended 31 March 2015

During the year ended 31 March 2015, the contributions payable to the Scheme under the Schedules of Contributions were as follows:

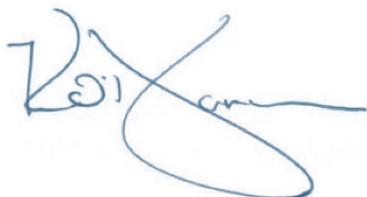
	£000
Employer SMART contributions	2,961
Employer normal contributions	229
Westinghouse mitigation contributions (the Scheme's share of the Reservoir Trust assets)	104,666
Employee normal contributions	166
Death benefit levy	26
Total contributions under Schedule of Contributions	108,048
Augmentations*	1,125
Employee Additional Voluntary Contributions	57
Total contributions per note 3 of the financial statements	109,230

* Augmentations relate to specific amounts the Company paid to the Scheme to augment certain members' benefits.

The employer's deficit contributions and Westinghouse mitigation contributions relate to specific lump sum amounts paid in accordance with the recovery plan and additional funding arrangements proposed by the Company.

Under the Schedules of Contributions dated 2 May 2013 and 10 April 2014, employer contributions were paid at a rate of 17.0% (up to 6 April 2014) and rates ranging from 10.0% to 23.0% (from 7 April 2014) of members' pensionable pay.

Signed on behalf of the Trustee



K A O'Donovan
Chairman

14 July 2015

Actuary's certificate of Schedule of Contributions

Name of Scheme: Invensys Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 7 April 2014.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 2 May 2013.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.



Steve Leake

Fellow of the Institute and Faculty of Actuaries
Punter Southall Ltd
Tempus Court
Onslow Street
Guildford
Surrey GU1 4SS

10 April 2014

Independent auditor's statement about contributions to the Trustee of the Invensys Pension Scheme

We have examined the summary of contributions to the Invensys Pension Scheme for the Scheme year ended 31 March 2015, which is set out on page 37.

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or the opinion we have formed.

Respective responsibilities of Trustee and auditor

As described more fully in the Statement of Trustees' responsibilities, set out on page 21, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Scheme's Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Statement about contributions

In our opinion, contributions for the Scheme year ended 31 March 2015, as reported in the summary of contributions on page 37, have, in all material respects, been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 2 May 2013 and 10 April 2014.



Ernst & Young LLP
Statutory Auditor
London

14 July 2015

Members' information

Please keep the Scheme informed if you change your address. You can obtain a form from Invensys Pensions or the website.

Scheme administration

Punter Southall Ltd
36 Gallowgate
Newcastle upon Tyne
NE1 4TD

Phone: 0191 341 0600

Email: invensyspensions@puntersouthall.com

If you need more information about the Scheme or your own pension position, please contact Punter Southall Ltd at the above address.

The Scheme's website at www.invensyspensions.co.uk provides more detailed information on the Scheme and copies of historical newsletters.

Events calendar

Date	Event
August 2015	Issue of Scheme Report and Accounts
September 2015	Issue of Summer 2015 IPSNews
February 2016	Issue of Winter 2015/2016 IPSNews
31 March 2016	End of Scheme financial year
September 2016	Issue of Summer 2016 IPSNews

Website links

The links below have been chosen to provide you with information on pensions. Invensys Pensions is not responsible for the content or reliability of linked websites. Linking should not be taken as an endorsement of any kind. We cannot guarantee that these links will work all of the time and we have no control over the availability of the linked pages.

Association of British Insurers

www.abi.org.uk

Association of Consulting Actuaries

www.aca.org.uk

Department for Work and Pensions

www.gov.uk/dwp

Financial Conduct Authority

www.fca.org.uk

Institute and Faculty of Actuaries

www.actuaries.org.uk

Pensions and Retirement Planning

www.direct.gov.uk/pensions

HM Revenue & Customs

www.hmrc.gov.uk

Schneider Electric

www.schneider-electric.com

The Pensions Advisory Service

www.pensionsadvisoryservice.org.uk

Pensions Policy Institute

www.pensionspolicyinstitute.org.uk

The Pensions Management Institute

www.pensions-pmi.org.uk

The Pensions Ombudsman

www.pensions-ombudsman.org.uk

Pension Protection Fund

www.pensionprotectionfund.org.uk

The Pensions Regulator

www.thepensionsregulator.gov.uk

Glossary

Active member A member of a scheme who is presently accruing benefit under that scheme in respect of current service.

Actuarial assumptions The actuary's view of the future trends that will affect the Scheme's assets and liabilities.

Actuarial certificate The certificate required to be given by the actuary in certain circumstances, e.g. if there is a surplus or if there is a bulk transfer.

Actuary An actuary advises on financial questions involving probabilities relating to mortality and other contingencies. In relation to pension schemes, an actuary is a professional adviser who must be appointed by trustees under the Pensions Act 1995. The actuary assists the trustees (or managers) of a scheme on funding issues and conducts a regular actuarial valuation. Actuaries must be members of the Institute and Faculty of Actuaries.

Additional Voluntary Contributions (AVCs) Members can make AVCs to their occupational scheme. This enables them to have top-up benefits.

Augmentation The process by which a member or other person has his/her benefits increased by the Trustee, subject always to the consent of Invensys plc as Founder of the Scheme and the payment of additional contributions as determined by the Trustee on the advice of the actuary.

Bulk PIE An offer made to pensioners to exchange some of their increasing pensions for a non-increasing pension.

Contributions The regular amounts paid into a scheme by a member and the regular and lump sum payments made by an employer to the scheme.

Covenant The promise provided by the Company that it will provide the funding for the Trustee to pay the benefits.

Deed of amendment A legal document that amends a scheme's trust deed and rules.

Deferred member A person who ceases to be an active member of a pension scheme, but does not receive his/her pension immediately.

Deficit The amount by which the value of future liabilities is greater than the value of the assets of a scheme.

Derivatives Investment assets and investment liabilities that derive their value from the price or rate of some underlying item.

Equities Stocks or any other security representing an ownership interest.

Foreign exchange forward contracts Contractual agreements to exchange specified currency amounts at a specific date in the future. The contracts are transacted in the over the counter market.

Fully funded The point when the value of a scheme's assets meets its future liabilities.

Fully funded scheme A scheme that has a 100% or greater funding level.

Governance The management and control of a scheme.

Guarantee A guarantee provided by Schneider Electric SA for £1.75bn to guarantee the obligations of the Scheme's participating employers.

Mortality The assumption made for the probability of death at each age and from which is derived a projection of how long a pension will be paid.

Options Contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

Pension Protection Fund A fund set up under the Pensions Act 2004 that will provide pension payments, at a reduced rate, for pension schemes of insolvent companies.

Pensioner A person who is currently receiving a pension from a scheme.

Repurchase agreement Also known as a repo. The sale of securities, together with an agreement for the seller to buy back the securities at a pre-agreed later date and price.

Reservoir Trust A trust that was created at the time of the sale of Invensys Rail division. It held assets which, under certain circumstances, would transfer to the Scheme.

Schedule of Contributions A formal agreement between the Company and the Trustee, which states the level of contributions to be paid to the Scheme by the Company and the members in the future.

Scheme Actuary The named actuary appointed by the trustees or managers of an occupational pension scheme under Section 47 of the Pensions Act 1995.

Scheme deficit/surplus The difference between the assets and liabilities of a scheme as assessed by the actuary at a valuation using a series of assumptions, which may give different results depending on the basis of the assumptions.

Surplus The amount by which the value of a scheme's assets is greater than its future liabilities.

Glossary

continued

Swaps Contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts. Interest rate swaps relate to contracts taken out by the Scheme with major brokers in which the Scheme either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In an inflation swap, the scheme pays or receives a fixed inflation rate in return for receiving or paying the actual inflation rate.

In a gilt total return swap, the scheme pays or receives a fixed or floating interest rate in return for receiving or paying the total return on a gilt specified in the contract.

In a credit default swap, the Scheme pays or receives a premium in return for receiving or paying an amount if and when a credit event occurs, which may include a bankruptcy, a default, or a restructuring of an entity as specified in the contract.

Swaptions Contractual agreements that convey the right, but not the obligation, for the purchaser to enter into a swap, usually an interest rate swap, at a pre-agreed rate and for a pre-agreed tenure.

Technical Provisions A prudent estimate, made on actuarial principles, of the assets needed at any particular time to make provision for benefits already accrued under a scheme. These include pensions in payment (including those payable to survivors of former members) and benefits accrued by other members which will become payable in future.

Valuation An exercise undertaken to assess a scheme's assets and to determine its ability to meet its future liabilities.

Notes

Revisit

Find out more about your pension scheme by visiting:
www.invensypensions.co.uk

Invensys Pensions

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36 Gallowgate
Newcastle upon Tyne
NE1 4TD

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