



Invensys Pension Scheme

Trustee's Annual Report & Financial Statements 2025

Scheme Registration Number: 10143856

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Chair's review of the year

Welcome to our Annual Report for the year ended 31 March 2025.

Our main purpose as a Trustee Board is to ensure that the benefits promised to members are paid as they fall due. Our work therefore aims to ensure that the Scheme remains appropriately funded now, and in the future, and that potential risks are carefully managed. We aim to maintain high standards of administration and governance in the operation of the Scheme at all times.

It has been another busy year for the Trustee Board and the Executive team, and I set out below some of the key developments. More detail is included in the Trustee's Report.

Completion of triennial valuation as at 31 March 2024

Every three years pension schemes that provide defined benefits must commission their actuary to perform a full valuation of the scheme's liabilities and compare this to the actual value of the scheme's assets. This triennial valuation for the Scheme as at the effective date of 31 March 2024 was completed on 4 November 2024. All the assumptions used are agreed between the Trustee and the Sponsor of the Scheme, Invensys Limited, which is referred to as the Company in this report.

To reflect the increasing maturity of the Scheme, a discount rate of Gilts + 0.50 percentage points (ppts) per annum (p.a.) was adopted to estimate the liabilities (also referred to as the Technical Provisions), which is more prudent than the discount rate of Gilts + 0.75 ppts p.a. that was used for the Scheme's previous triennial valuation as at 31 March 2021.

In setting the method and assumptions for the valuation, the Trustee took into account both the strength of the Covenant provided by the Company and the other participating employers, and the parent company guarantee of up to £1,750m, which it secured from Schneider Electric SE in January 2014.

As at 31 March 2024, the Scheme's total assets of £3,294m exceeded the Technical Provisions of £3,173m by £121m. This represented a funding ratio of 104%. As the Scheme was in surplus, there was no requirement for contributions from the Company.

As part of the March 2024 valuation the Trustee and Company also adopted a revised secondary funding target, which we refer to as the Long-Term Objective (LTO). The LTO reflects an even more conservative view of the Scheme by placing a higher value on the liabilities of the Scheme and assuming a lower investment return in the future. The LTO target is that by March 2030 the Scheme should be fully funded when its liabilities are valued using an even more prudent discount rate of Gilts + 0.0 ppts p.a., with an expectation that the goal would be reached by 31 March 2027. On the LTO basis, at 31 March 2024 there was a deficit of £49m, corresponding to a funding ratio of 98%.

The Trustee agreed with the Company that, in order to achieve the LTO, an investment return target of Gilts + 0.85 ppts p.a. until September 2027 should be adopted, falling to Gilts + 0.75 ppts p.a. thereafter, unless otherwise agreed by the Trustee and the Company.

The adoption of a more prudent discount rate for the Technical Provisions and a more conservative LTO was consistent with the Pensions Regulator's (TPR's) view that schemes should aim to become less dependent upon their sponsoring employers to fund liabilities as they become mature. This is in keeping with the new Funding and Investment Strategy Regulations, which require mature schemes to target a high degree of resilience to investment and other risks.

More details on the Scheme's triennial valuation are provided in the section 'Actuarial liabilities and valuation' of the Trustee Report on pages 13 and 14.

Long Term Strategy

There have been important developments on the legal and regulatory fronts, which, among other things, affect how trustees and employers consider the long-term strategy for their schemes. In particular, on 3 June 2025, TPR issued guidance for trustees and employers on various options available in their 'endgame planning'. In addition, the Government introduced a new Pension Schemes Bill to Parliament on 5 June 2025 which contains provisions that would ease the extraction of a pension scheme surplus.

The Trustee is closely monitoring those developments to assess the implications for the Scheme. In particular, the Trustee has continued to receive advice and analysis regarding the options that are available, which include:

- continuing with its current strategy, investing its assets to pay pensions broadly as the Scheme is run now; and
- using the Scheme's assets to purchase insurance policies to cover some or all of the Scheme's liabilities.

In the second option a chosen insurer would become responsible for providing the cash to pay pensions as they fall due and would take on most of the risks associated with the liabilities. Whilst the actual cost of insuring liabilities will vary with market conditions, the use of insurance to secure some or all of the Scheme's liabilities could be an option in the foreseeable future.

Chair's review of the year

Continued

For a large and complex scheme, such as ours, significant work and preparation needs to be done before an informed decision can be made regarding which of the available strategic options should be pursued. Whichever long-term strategy is ultimately adopted, the Trustee is confident that the Scheme is well placed to ensure that members' benefits are paid as they fall due.

Progress on funding level

I am pleased to report that the estimated funding position at 31 March 2025, using the assumptions agreed as part of the 31 March 2024 triennial valuation and allowing for market conditions as at 31 March 2025, was a surplus of £146m and a funding level of 105%, comprising assets of £2,979m and liabilities estimated at £2,833m. In addition, the LTO has been reached earlier than expected as there was a surplus of £10m and a funding level of 100% as at 31 March 2025 based on the LTO liabilities valuation measured with a discount rate of Gilts + 0.0 ppts p.a.

The funding level improvement results primarily from favourable investment performance during the year. For the first three quarters of the Scheme's financial year, global economic growth remained relatively steady and modest; however, the arrival of a new administration in the US in January 2025 introduced significant uncertainty to the global macro-economic outlook. As market conditions changed and the funding level improved, the Trustee took steps during the year to reduce investment risk. This is described in more detail in the Investment Report on page 17.

Pension scams

Protecting our members from possible scams has always been a priority and, for security, and in accordance with legal requirements, we always conduct additional checks on transfers out of the Scheme. This means our transfer process can take a bit longer, especially if we need to ask for additional information and depending on whether members also need to speak to MoneyHelper before a transfer is completed. Whilst this can be frustrating for some members, all pension scheme trustees are now expected to do this.

If a member is considering transferring their Scheme pension to another arrangement, they should only take advice from an FCA-regulated adviser and make sure they understand what protection is offered to them. Members can also visit www.moneyhelper.org.uk for free impartial information about pensions.

Cyber threats

The threat of cyber-attacks continues to pose an evolving threat to pension schemes and their administrators. Over recent years large organisations and pension schemes similar to ours have suffered from attacks with some resulting in the theft of personal data.

We continue to work with our advisers and service providers to review the defences that we have in place to protect the data that is held to operate the Scheme and the contingency plans to safeguard the operation of the Scheme in the event of an attack.

The Pensions Regulator's General Code of Practice

The Pensions Regulator's new General Code of Practice came into force at the start of the year. This brought together and updated ten of the Regulator's existing codes of practice and set expectations on the governance and administration of pension schemes. We have checked the Trustee's existing governance procedures against the expectations, and no significant changes were required in the governance and administration of the Scheme as a result of this review.

We are in the process of formally assessing the Trustee's Effective System of Governance ("ESOG"), to ensure the controls, processes and procedures are operating effectively and as intended.

We are also well advanced on our first Own Risk Assessment ("ORA") which we expect to be complete by 31 March 2026.

In conclusion

With the support of our internal Executive Office team and our external advisers, the Trustee has successfully navigated the Scheme through the challenging economic environment seen in recent years. The successful completion of the triennial actuarial valuation, and the improvement in the funding level of the Scheme over the last three years has left the Scheme well placed to deliver members' benefits as the Scheme matures.

We have continued to address significant changes in regulation and legislation and remain focussed on how we can best protect the interests of our members.

The governance of the Scheme is a collective effort, and I would like to thank my colleagues for their hard work and dedication over the year. More detail of the activity undertaken during the year is set out in the Trustee's Report on pages 10 and 11.

/s/ Kathleen O'Donovan

Kathleen O'Donovan
Chair of the Board

1 August 2025

Trustee's report: the year in summary

Summary of fund movements

£m	2025	2024	2023
Fund value at start of the year	3,294	3,502	4,579
Income			
Contributions paid by the Company	-	-	20
Income from investments	88	114	115
Changes in the market value of Investments	(145)	(62)	(943)
Outgoings			
Benefits payable to members (pensions and lump sums)	(241)	(240)	(241)
Payments to leavers	(2)	(4)	(16)
Fees and expenses (administration, advisers, investment managers)	(15)	(16)	(12)
Fund value at end of the year	2,979	3,294	3,502
Less estimated value of Technical Provisions	(2,833)¹	(3,173)²	(3,379)
Estimated surplus as at year end	146	121	123
Funding Level	105%	104%	104%

¹ The Technical Provisions estimate for 2025 is based on the actuarial assumptions used in the 31 March 2024 triennial valuation updated for market conditions.

² Restated following completion of the triennial valuation at 31 March 2024.

Funding position

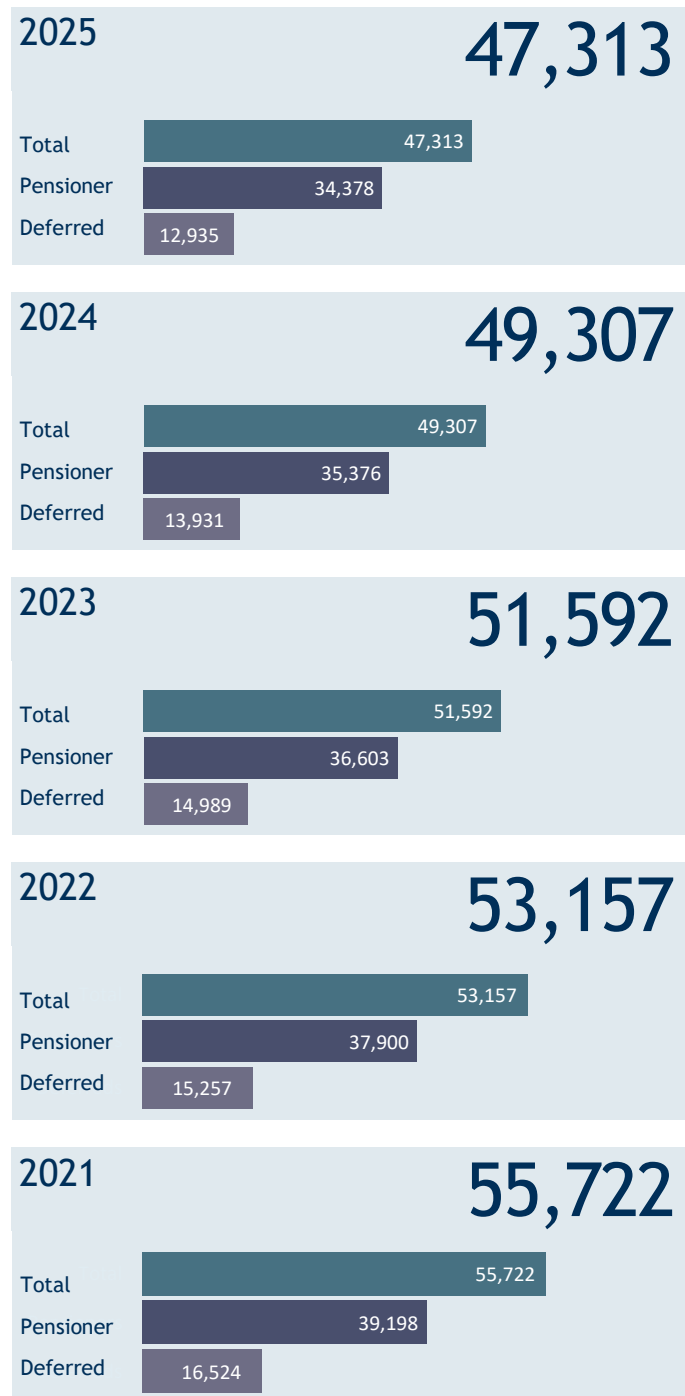
The Scheme Actuary provides the Trustee with an update on the Scheme's funding level each year. This is either a formal valuation, which is carried out at least every three years (the triennial valuation), or an annual estimate in the intervening years.

The last formal valuation was carried out as at 31 March 2024. The amount required to cover the Scheme's liabilities is known as the Technical Provisions. In the 2024 valuation, the Technical Provisions amounted to £3,173m and net assets were £3,294m giving a Scheme surplus of £121m and a funding level of 104%.

The Scheme had an estimated surplus of £146m at 31 March 2025 using the 2024 valuation assumptions and updated market conditions.

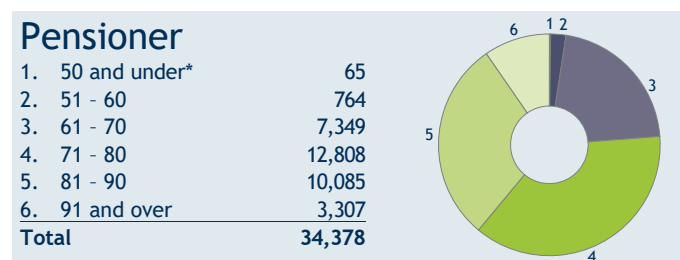
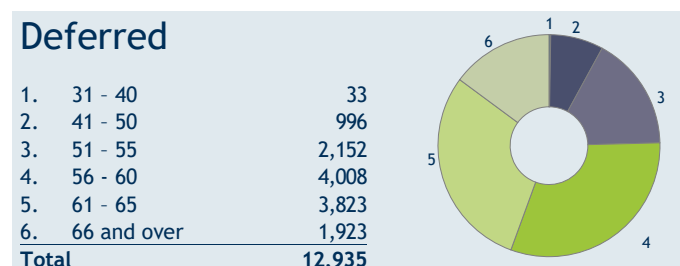
Trustee's report: membership profile

Number of members



The Scheme closed to future accrual of benefits on 31 March 2015 and all active members became deferred at this date.

Age profiles at 31 March 2025



*Includes pensions payable to dependants of members

Changes in membership during year

	Deferred	Pensioners	Total
At 31 March 2024	13,931	35,376	49,307
Retrospective adjustments ¹	(76)	(41)	(117)
Deaths	(47)	(1,944)	(1,991)
Retirements	(743)	743	-
Spouse/dependant pensions	-	357	357
Leavers ²	(130)	(113)	(243)
At 31 March 2025	12,935	34,378	47,313
Contingent Spouse Only ³	-	703	703

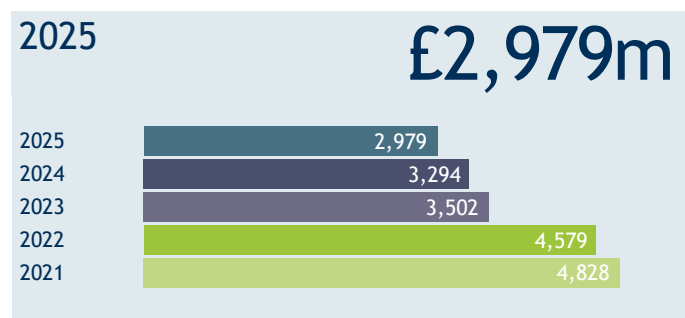
¹ This figure is made up of transfers, deaths and retirements that were processed after 31 March 2024 but related to the previous year.

² Of the 130 leavers from deferred, 37 members transferred out, 88 received a small lump sum payment which extinguished their benefit, 2 members were exited with no liability, 1 received a full commutation due to serious ill health and 2 had pension sharing orders where the spouse received 100% of the member's benefit. Of the 113 leavers from pensioner status, 99 received a trivial commutation "trivialised" their spouse pension, 4 trivialised their pension in payment and 10 child's pensions were ceased.

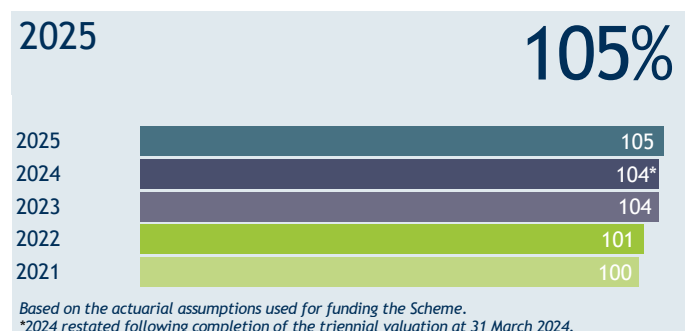
³ 703 members have in the past converted their entire pension to cash at retirement, leaving only a benefit payable to a surviving spouse on the member's death.

Trustee's report: investment summary

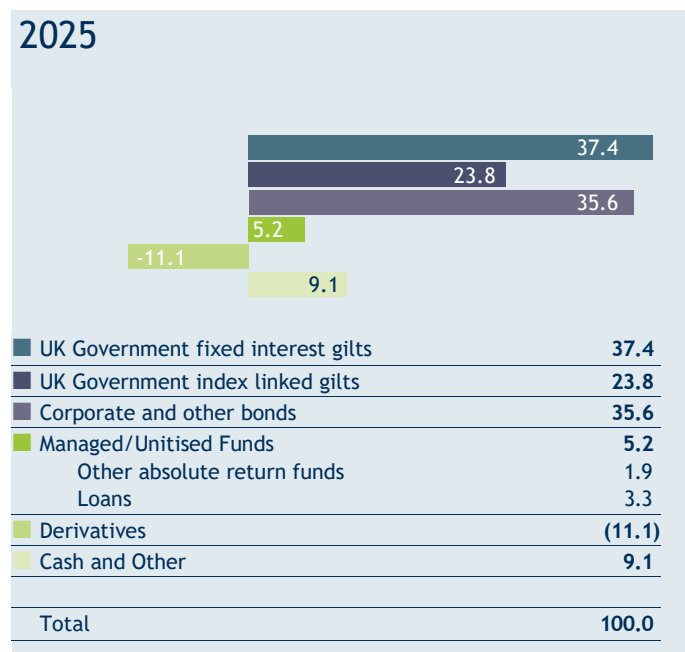
Value of pension fund (£m)



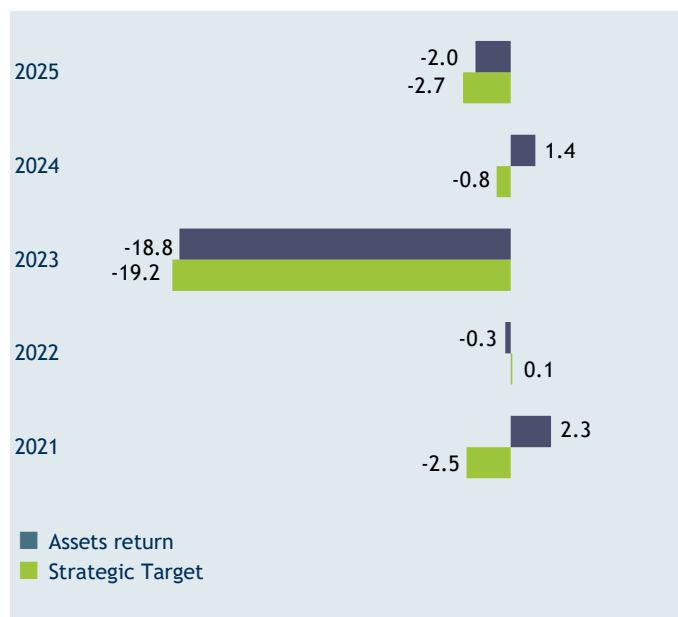
Scheme funding level (%)



Distribution of investments by type (%)



Annual investment returns (%)



Please see the Investment Report starting on page 17 for an explanation of the investment returns.

Distribution of investments by investment manager

(% of Scheme net assets)

1	BlackRock Liability Matching Fund*	53.0
2	AXA (Investment Grade ("IG") Bonds)*	16.1
3	Amundi (IG Bonds)*	11.5
4	M&G (IG Bonds)*	12.7
5	M&G (Loans)	3.3
6	AXA PCS (Reg Cap)	1.9
7	BlackRock (Cash vehicle)	1.9
8	Other incl. Net Current Assets / (Liabilities)	(0.4)

* These mandates are run on a segregated basis and the securities are held directly via the Scheme's custodian platform with The Bank of New York Mellon.

Trustee's Report

The Trustee of the Invensys Pension Scheme is pleased to present its annual report.

The Scheme

The purpose of the Scheme is to provide retirement benefits for Scheme members and, in the event of a member's death, to provide benefits to their spouse and dependants as prescribed in the rules.

The Scheme is a registered occupational pension scheme under the Finance Act 2004. 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 is a Defined Benefit pension scheme which provides benefits based on a member's salary and length of service. The Scheme was closed to new members on 1 November 2004. The Scheme closed to further accrual for existing members on 31 March 2015 meaning that members did not earn any new benefits in the Scheme after that date.

The Sponsor

The sponsoring employer of the Scheme is Invensys Limited (the Company). At 31 March 2025, four companies that are part of the Invensys Limited group remain as Participating Employers. In addition to the Company, these Participating Employers are BTR Industries Limited, Schneider Electric Controls UK Limited, and Schneider Electric Systems UK Limited. Together these companies are responsible for supporting the Scheme to ensure that it can pay benefits as they fall due. These companies are all subsidiaries of Schneider Electric SE, a company listed on the Paris stock exchange.

The Trustee

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

The primary purpose of the Trustee when managing the Scheme is to deliver the benefits accrued by members as they fall due, safeguarding the assets of the Scheme, and monitoring whether the Scheme's assets are sufficient to meet its liabilities as they fall due.

The Trustee has agreed a charter to describe how it should run the Scheme.

Trustee Charter

Whilst carrying out its duties the Trustee will comply with its obligations to:

- 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.

Board composition

The Articles of Association of the Trustee company govern the appointment and removal of Directors. The Board consists of a maximum of nine Directors. Four of these Directors, including the Chair of the Board, are appointed by the Company. Five directors are appointed from the Scheme membership. At the discretion of the Trustee (with the consent of the Company) one of these five member-nominated directors can be an independent director nominated by a member.

When a vacancy arises for a Member Nominated Director, any member of the Scheme whether a Pensioner, Dependant Pensioner or Deferred Member may put themselves forward. Their candidature must be supported by nominations from one other member of the Scheme. The Nomination and Remuneration Committee then carries out a selection process, with final approval of a proposed candidate by the Board.

The appointing or nominating authority may also remove Directors from office, and Directors may also be removed in a number of other circumstances, including prohibition by law, bankruptcy, resignation, mental disorder and persistent absence from meetings.

The Company has the right to replace the Trustee company with a new trustee. Any replacement trustee would, however, be subject to the requirements of both trust law and pension legislation which is designed to protect members' interests.

Details of the directors who served on the Trustee Board during the year are set out below.

Trustee's Report continued

Directors Appointed by the Company

Kathleen O'Donovan (Chair of the Board)

Kathleen has been a member of the Board since 1991 and was appointed Chair of the Board 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. Kathleen has been a member of KPMG's Public Interest Committee since 1 July 2019



Andy Smith (Deputy Chair of the Board)

Andy previously worked for the Trustee as its Chief Executive Officer. Prior to joining IPS in 2012, he was the Chief Financial Officer at Rothesay Life and at Paternoster, two bulk annuity specialists. Andy's pension experience was built up at the Prudential, where he qualified as an accountant before ultimately becoming director of the Prudential's pensions business. He was appointed to the Board on 1 November 2020 and became deputy Chair on 15 June 2023.



Trevor Lambeth

Trevor joined Schneider Electric in 1988 and has held various finance and systems roles throughout the local and global business. From 1 April 2024 he was appointed as UK and Ireland Pensions Director working with the UK and Ireland HR team. As part of this role he oversees a number of pension arrangements in the UK and Ireland. Trevor is a Chartered Accountant and a member of the Association of Corporate Treasurers. He was appointed to the Board on 1 November 2018.



Vidett Trustee Services Limited represented by Michel Picot

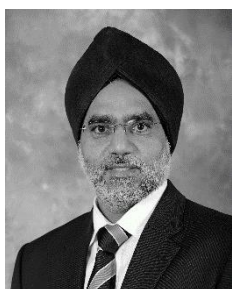
Michel has been a trustee of pension funds linked with French parent companies since 2007. He started his career as an auditor with KPMG and held various international Financial and Executive positions in listed groups, both in France and abroad. He is a Strategy and Management Consultant for High Tech developing companies and sits on various boards as an independent director. Michel is a representative of Vidett Trustee Services Limited, an independent UK Trustee firm, which was appointed to the Board on 1 November 2018.



Member Nominated Directors

Palwinder Hare

Palwinder qualified as a solicitor in 1989 and moved into industry in 1992. He was Commercial Solicitor at BTR between 1996 and 1999. He was VP and Regional Legal Director, EMEA at Motorola before joining Standard Chartered Bank in 2007. Until April 2025, Palwinder headed the M&A legal team and was responsible for legal support for the Bank's own account M&A transactions and corporate matters. Palwinder is a Trustee Director of Standard Chartered Pension Fund. He was appointed to the Board on 1 October 2022.



Alison Morris

Alison has been a Chartered Member of the Institute of Personnel and Development for over 20 years. She was employed by a leading global agricultural company as HR Director for Europe, Middle East and Africa, based in the Netherlands, Spain, and the UK for over 15 years. In the late 1990s, Alison was responsible for HR at Crompton Instruments Ltd, at that time a subsidiary of the BTR Group. Her career has included Compensation and Benefits responsibilities during which she built up her pensions knowledge and governance experience. She was appointed to the Board on 1 October 2022.



Trustee's Report continued

Kevin Smith

Kevin was Group Financial Controller at Invensys from 2005, leaving in 2015 following the acquisition by Schneider Electric. He originally joined the Siebe finance team in 1987 and became part of Invensys following the merger with BTR in 1999. His tenure at Invensys provided extensive exposure to the Invensys Pension Scheme. After leaving Invensys he was Group Financial Controller at Sage for three years. He is also an Advisory Board Member at the Chartered Institute of Marketing. He was appointed to the Board on 24 September 2020.



Peter Vos

Peter is a Chartered Accountant and a trustee with financial and governance responsibilities for various charities. He retired in 2012 from Parker SSD Drives, a former subsidiary of Eurotherm, where he worked for 31 years. As a Member-Nominated Trustee Director since February 2013, Peter has substantial pension experience both with his former employer's schemes and subsequently has served on the Scheme's Investment and Pensions Governance Committees. He regularly attends a wide range of pensions industry seminars to broaden his pensions knowledge.



Will Spinney

Will joined Invensys in 2000 and worked in the treasury department in the London HQ, first as Deputy Treasurer, then as Group Treasurer. He was heavily involved with the major refinancings in 2004 and 2006 and dealt with pension issues as part of those. He was a fiduciary of the Invensys US pension scheme while he was Group Treasurer. From 2007 to 2021, when he retired, Will worked for the professional body for corporate treasurers, writing and teaching extensively. Will was appointed to the Board on 6 December 2018.



Trustee Board committees

The Trustee Board has delegated some powers and responsibilities for certain matters to Board committees. This is important for the Trustee to fulfil its responsibilities effectively. Terms of reference are in place for each committee which set out the responsibilities of the committee and any authorities delegated by the Board. The activity of the committees is reported at Board meetings to ensure that the Board retains oversight. Certain decisions are reserved to the Board even if a committee may be responsible for carrying out detailed scrutiny of a proposal prior to consideration by the full Board.

Investment Committee (IC)

The IC reviews the development and implementation of appropriate strategies for the investment of the Scheme's assets, obtains advice, makes decisions and gives recommendations to the Trustee in respect of its investment responsibilities. The committee is responsible for the management of oversight of investment risk. This activity is described in the Investment report and in note 15 to the financial statements.

Audit and Risk Committee (ARC)

The ARC oversees the design, operation and effectiveness of the Scheme's systems of risk management and internal control. Its responsibilities include:

- overseeing the activity of the Scheme's internal and external auditors;
- monitoring the Scheme's Effective System of Governance (ESOG) and the preparation of an Own Risk Assessment (ORA);
- reviewing the Scheme's risk register and risk management framework;
- overseeing the Scheme's annual budgeting and business planning process; and
- monitoring cyber security and business continuity arrangements that are in place at the Trustee and its service providers.

Pensions Governance Committee (PGC)

The PGC oversees the administration of the Scheme and has responsibility for:

- monitoring the Scheme Administrator's performance including adherence to the service level agreement;
- overseeing projects that seek to improve the quality of the Scheme data;
- reviewing the Scheme's operations in the light of best practice guidance and changes in regulations; and
- ensuring, in conjunction with the Scheme Administrator, compliance with data protection regulations.

Trustee's Report continued

Nomination and Remuneration Committee (NRC)

The NRC evaluates the balance of skills, knowledge and experience at the Executive Office (EO) and determines remuneration of the Executive Office and makes recommendations to the Company regarding remuneration of the Trustee Directors.

Incident Response Committee (IRC)

When required, the IRC oversees the response of the Incident Response Team which comprises members of the Trustee's Executive Office and advisers. The IRC's powers include authorising expenditure in relation to an incident and the issue of communications with regulatory bodies on behalf of the Board.

Company Liaison Committee (CLC)

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

Governance of the Scheme

The Scheme's governance means the structure, behaviour, policies and procedures adopted by the Trustee in pursuit of its objectives. The Trustee is committed to ensuring the Scheme's governance objectives are met by managing risk effectively using efficient decision-making processes and adopting pension industry best practice, where this is appropriate for the Scheme.

The Trustee continued its work to ensure that it meets the expectations set out in the General Code of Practice (the "Code") issued by The Pensions Regulator (TPR) which became effective on 28 March 2024. A gap analysis was carried out and no significant changes were required in the governance and administration of the Scheme as a result of the review. To document how it complies with the Code, the Trustee has developed a Governance Manual which sets out how the Scheme is run.

The Code sets out TPR's expectations of trustees, which include the processes, controls, policies and behaviours that form the requirement for an Effective System of Governance ("ESOG"), which trustees must operate. The Code also sets out the requirement for trustees review the operation and effectiveness of their ESOG and to produce an Own Risk Assessment ("ORA").

The Trustee is currently working on its first ORA and this is expected to be complete by 31 March 2026.

Trustee Board activity

The Board has an activity plan, which it approves as part of its business planning process. This is used to ensure that it meets its statutory obligations, and to prepare for significant events in the management and operation of the Scheme. In addition to Board meetings, the Trustee usually holds an annual strategy and training meeting to allow time to focus on significant developments for the Trustee and to develop an understanding before decisions need to be made.

The Board and its committees addressed a wide range of issues during the year. The activity undertaken included:

- Overseeing the Scheme Administrator's work to validate the accuracy and completeness of member data. This work included the rectification of the records of deferred members to reflect the portion of their deferred pension that relates to Guaranteed Minimum Pension.
- Work with its advisers and the Company to complete the triennial actuarial valuation as at 31 March 2024. As part of the process all the assumptions used to estimate the amount required to fund benefits in the future were reviewed and updated if required. More details are provided in the section "Actuarial liabilities and valuation" on pages 13 and 14.
- The IC reviewed the asset allocation and took actions to enhance the risk and return profile of the Scheme's investments. More details on investment-related activity are provided in the Investment Report.
- The Board continued to receive advice and analysis regarding the options that are available to deliver benefits in the long term as described in more detail in the Chair's Review of the year.
- The Board has continued to assess the implication of new and proposed changes to law, regulations and guidance that could affect the Scheme with the support of its advisers.
- The ARC oversaw the activity to assess and address any gaps against the requirements of the Code which is described in further detail in the preceding section.
- The assessment of the Cyber security protections of the Trustee continued to be an area of focus for the ARC. This includes assessments of cyber controls at the Trustee's significant service providers.

The Board is assisted by a number of professional advisers. The Trustee also employs an Executive Office which co-ordinates the activity of the Scheme's advisers and works with the Scheme's third-party service providers to deliver the Trustee's objectives. More details of the principal advisers and the Executive Office team are provided later in this section.

Trustee's Report continued

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

The Trustee regularly carries out assessments of the effectiveness of the Board and its three main committees in order to identify ways in which it can improve its operation.

Trustee training, knowledge and understanding

Our Trustee training programme takes account of the particular needs of each Director and the committees on which they serve. Newly appointed Directors receive a comprehensive induction programme.

To achieve this each Trustee is responsible for completing a Personal Development Plan (PDP) which is designed to capture areas of development that have been identified through activities such as individual meetings with the Chair, self-assessment surveys and Board effectiveness surveys. The PDPs take account of the Trustee Business Plan and strategy, as there may be a requirement to improve knowledge in an area that will see Board activity or decisions in the coming year. Development needs could be technical in nature or might involve soft skills such as chairing or challenging advisors.

The PDPs include how development points that have been identified would be addressed, which might involve a combination of resources, and might be addressed either individually or collectively as a Board where there is a common need.

Current Committee membership

	Investment Committee	Audit and Risk Committee	Pensions Governance Committee	Nomination & Remuneration Committee	Incident Response Committee	Company Liaison Committee
K A O'Donovan (Chair)	(Chair) ✓			(Chair) ✓	(Chair) ✓	(Chair) ✓
P S Hare		✓	✓			
A S Morris			✓	✓		
T Lambeth		✓	✓			
M Picot (Vidett Trustee Services Ltd)	✓	✓				
A J Smith (Deputy Chair)			(Chair) ✓	✓	✓	
K C Smith		(Chair) ✓	✓		✓	✓
W Spinney	✓					✓
P B Vos	✓		✓			

There are also two executive committees to focus and direct certain areas of the responsibilities of the Executive Office:

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; and
3. monitoring and reporting on the Scheme's investment matters.

The Data Management Committee (DMC) has a remit to identify and implement projects to improve the quality of data and the ways in which it is processed and to review the measures that ensure the security of data held by and on behalf of the Trustee.

Trustee attendance at meetings

Board and main committee attendance during the year to 31 March 2025 is set out below. In addition, all directors attended a strategy meeting.

	Trustee Board	IC ²	ARC	PGC
Number of meetings/calls held	4	5	6	6
K A O'Donovan	4	5	-	-
P Hare	4	-	6	6
A Morris	4	-	-	6
T Lambeth	4	-	5	5
M Picot ¹	4	5	6	-
A J Smith	4	-	-	6
K C Smith	4	-	6	6
W E Spinney	4	5	-	-
P B Vos	4	5	-	6

Notes to the table

¹ Michel Picot represents Vidett Trustee Services Limited.

² A Company representative also attends the IC.

Directors who are not member of a committee can attend the committee as an invitee.

Trustee's Report continued

Remuneration of Trustee Directors

During the year ended 31 March 2025, the following payments were made:

Chair of the Board - received a salary of £116,000.

Deputy Chair of the Board - received a salary of £12,180 and a per diem rate.

Pensioner Directors - received a per diem rate.

General Member Director - received a per diem rate.

Other Company Nominated Directors - Vidett Trustee Services Limited was paid £82,481 for its services as a director. T Lambeth was remunerated by the Company.

Executive Office

The Board and its committees direct the operation of the Scheme through its Executive Office (EO). The EO team currently comprises:

Thomas Mercier, Chief Executive Officer

Appointed as CEO 1 October 2018

Thomas joined IPS as Chief Investment Officer in November 2010 from Goldman Sachs International, where he advised corporations and their pension schemes. In addition to his role as CEO, Thomas leads the Executive Office investment team.

Roger Parsons, Chief Financial Officer

Appointed 1 April 2025

Roger joined the EO team in 2021. Prior to that led the Pensions Finance and Risk team at GSK plc.

Chrissie Sawyer, Chief Administrative Officer

Appointed 9 February 2024

Chrissie joined the EO team in 2020. She has over 20 years' experience in pensions administration and consultancy, in a range of senior positions.

Alex Dale, Senior Investment Strategist

Appointed 3 October 2022

Alex joined IPS from BlackRock where he was head of LDI Client Portfolio Management for Europe.

Lin Ju, Liability Driven Investment Specialist

Appointed 1 March 2013

Lin joined IPS from Goldman Sachs International.

Michael Walters, Executive Consultant

Appointed 1 April 2025

Michael joined the EO team in 2018 as Chief Financial Officer and held that role until 31 March 2025. Before joining IPS, Michael held senior financial roles within a number of organisations including Comet Group plc.

Administration of Scheme Benefits

The Trustee decided to outsource the administration of the Scheme benefits in 2011. The Trustee believes that a "third-party" administrator is more likely be able to address new developments effectively and the costs of investments in systems and some of the specialist functions are shared across many schemes. The Scheme Administrator, XPS Administration, is able to invest in the development of systems and processes and employs specialists with expertise in different aspects of pensions administration. The PGC and the Executive Office monitor the performance of the Scheme Administrator.

Scheme advisers, investment managers and service providers

The Trustee receives advice and services from a number of sources. The major Scheme advisers, service providers and investment managers are listed below. Except where indicated, there have been no changes to these advisers.

Scheme Actuary

S M Leake FIA, XPS Pensions Ltd

Scheme Administrator

XPS Administration Limited

Scheme External Auditor

Ernst & Young LLP

Scheme Internal Auditor

Crowe U.K. LLP

Legal Adviser

Norton Rose Fulbright LLP

Investment and Risk Transfer Adviser

Lane Clark & Peacock LLP

Employer Covenant Adviser

PricewaterhouseCoopers LLP

Secretarial Services

Vidett Governance Services Limited

Investment Managers

BlackRock Advisors (UK) Ltd

AXA Investment Managers UK Ltd

M&G Investment Management Ltd

Amundi (UK) Limited

AXA Investment Managers Paris SA

Custodian and Collateral Manager

The Bank of New York Mellon

Bankers

Barclays Bank plc

Lloyds Bank plc

Chair's review of the year

Continued

Actuarial liabilities and valuation

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits. The following section of the Trustee's report provides information regarding the funding level of the Scheme.

Triennial valuation

Under Section 222 of the Pensions Act 2004, every Defined Benefit pension scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its Technical Provisions, which represent the present value of benefits to which members are entitled.

The funding position of a scheme must be assessed at least every three years by the Scheme Actuary carrying out a full valuation and comparing the Technical Provisions to the value of the Scheme's assets at the valuation date. Because they are normally carried out every three years a full valuation is often referred to as a "triennial valuation".

The method and assumptions used for the valuation are agreed between the Trustee (following advice from the Actuary) and the Company. The method and assumptions are set out in the Statement of Funding Principles, a copy of which is available to Scheme members on request.

Triennial valuation as at 31 March 2024

The latest full valuation was completed during the year as at the effective date of 31 March 2024. At that date the Scheme's total assets of £3,294m exceeded its estimated liabilities (Technical Provisions) of £3,173m by £121m. This represented a funding ratio of 104%. As the Scheme was in surplus, there was no requirement for deficit funding from the Company for the immediate future.

In setting the method and assumptions for the valuation, the Trustee took into account both the strength of the Covenant provided by the Company and the other participating employers, and the parent company guarantee of up to £1,750m, which it secured from Schneider Electric SE in January 2014.

To reflect the increasing maturity of the Scheme, a discount rate of Gilts + 0.50 ppts p.a. was adopted for the valuation, which is more prudent than the Gilts + 0.75 ppts p.a. discount rate that had been used for the Scheme's previous triennial valuation at 31 March 2021.

The Trustee and Company also adopted a revised Long-Term Objective (LTO) that by March 2030 the Scheme should be fully funded when its future liabilities are valued using an even more prudent discount rate of Gilts + 0.0 ppts p.a., with an expectation that the goal would be reached by 31 March 2027. On that basis, as at 31 March 2024 there was deficit of £49m, corresponding to a funding ratio of 98%.

The Trustee agreed with the Company that, in order to achieve the LTO, an investment return target of Gilts + 0.85 ppts p.a. until September 2027 should be adopted, falling to Gilts + 0.75 ppts p.a. thereafter, unless otherwise agreed by the Trustee and the Company. The current strength of employer covenant together with assurances from the Company enabled the Trustee to accept a higher investment risk than implied in the Technical Provisions discount rate with the aim of reaching an even more secure position when the Scheme is more mature.

The adoption of a more prudent discount rate for the TP and agreeing a more ambitious LTO were consistent with the Pensions Regulator's (TPR's) view that schemes should aim to become less dependent upon their sponsoring employers to fund liabilities as they become mature. TPR has issued guidance suggesting mature schemes should be managed with a high degree of resilience to investment and other risks.

A new funding code for Defined Benefit pension schemes came in force on 12 November 2024. It applies to pension schemes with actuarial valuation dates on or after 22 September 2024 and therefore did not apply to the full valuation of the Scheme that has just been completed. It will apply to the next full valuation, which will have an effective date of 31 March 2027 at the latest.

A summary of the method and key assumptions adopted in calculating the Technical Provisions is given below:

Method

The actuarial method used to calculate the Technical Provisions was the defined accrued benefits method.

Key assumptions

The assumptions agreed with the Company for the 31 March 2024 valuation were as follows:

- a discount rate set to be the yield available on the nominal fixed interest gilt yield curve plus 0.50% per annum
- a Retail Price Index (RPI) inflation assumption derived from nominal and real gilt yield curves

Chair's review of the year

Continued

- a Consumer Price Index (CPI) inflation assumption, which has been derived by making a suitable adjustment to the RPI inflation assumption. A deduction of 0.75% per annum from the RPI assumption has been made to estimate CPI up to February 2030 and thereafter CPI is assumed to equal RPI in this valuation. This reflects a prudent adjustment given observed past levels and the planned reform of RPI announced by the UK government. 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 and caps (e.g. 3% minimum and 5% maximum) and future inflation volatility of 1.5% per annum
- the pre-retirement mortality table based on AC00 tables
- for males a post-retirement mortality assumption of 105% of the S4PA tables, projected in line with the Continuous Mortality Investigation Model (CMI_2022) with 2020 & 2021 data weighting parameters of 0%, a 2022 data weighting parameter of 30%, a long-term rate of improvement of 1.75% p.a., a default smoothing parameter of 7.0 and an initial addition of 0.2%.
- for females a post-retirement mortality assumption of 106% of the S4DA tables, projected in line with the Continuous Mortality Investigation Model (CMI_2022) with 2020 & 2021 data weighting parameters of 0%, a 2022 data weighting parameter of 30%, a long-term rate of improvement of 1.50% p.a., a default smoothing parameter of 7.0 and an initial addition of 0.2%.

Estimated funding position at 31 March 2025

Using the assumptions agreed as part of the 31 March 2024 triennial valuation (but allowing for market conditions as at 31 March 2025), the estimated funding position at 31 March 2025 was a surplus of £146m and a funding level of 105%, comprising assets of £2,979m and liabilities estimated at £2,833m.

History of funding position

There has been an improvement in the funding level over the last five years on the Technical Provisions Basis, as set out below.

	31 March 2025	31 March 2024**	31 March 2023	31 March 2022	31 March 2021
Liabilities on Technical Provisions basis*	£2,833m	£3,173m	£3,379m	£4,516m	£4,815m
Assets	£2,979m	£3,294m	£3,502m	£4,579m	£4,828m
Surplus	£146m	£121m	£123m	£63m	£13m
Funding Level (TP Basis)	105%	104%	104%	101%	100%

*The liabilities for 2021 to 2023 were calculated using a higher discount rate agreed at the 2021 actuarial valuation. Since 2024 liabilities have been measured on a more prudent basis.

**The 2024 liabilities have been restated following completion of the triennial valuation at 31 March 2024.

Liabilities on the LTO basis (described on page 13) were estimated to be £2,969m at 31 March 2025, indicating a surplus on the more prudent LTO basis of £10m.

Solvency funding position

As at 31 March 2024, it was estimated that the amount required to secure the obligations of the Scheme in full with an insurance company, in the event of the Scheme winding up, was £3,372m, which represented a shortfall of £78m. This figure must be published by law and does not imply that the Trustee or the Company are considering winding up the Scheme. At 31 March 2025, the estimated amount required to secure the obligations of the Scheme in full with an insurance company was £2,921m indicating a surplus of £58m.

Support for the Scheme

Support for the Scheme from the Employers

The four companies that remain as Participating Employers in the Scheme are responsible for supporting the Scheme to ensure that it can pay benefits as they fall due. At 31 March 2025, in addition to the Company (Invensys Limited), the Participating Employers are BTR Industries Limited, Schneider Electric Controls UK Limited, and Schneider Electric Systems UK Limited.

Relative to the size of the Scheme, there is limited trading activity in the four Participating Employers.

The Company is a holding company that has substantial assets which mainly comprise investments in its subsidiaries and balances receivable from fellow Schneider Electric SE (Schneider Electric) group companies.

Chair's review of the year

Continued

Given the dependency of the Company on its investments in group companies, and on debt owed by other Schneider Electric group companies, the reported strength of the Schneider Electric group, described below, is important to the assessment of whether or not the Company could fund any Scheme deficit that emerged.

As part of the 2024 triennial valuation process, the Trustee received assurances from Schneider Electric that sufficient value would be maintained within the Company and its subsidiaries until 30 September 2027, which was the period during which the Trustee agreed to target an investment return rate of Gilts + 0.85% p.a. that was higher than the discount rate adopted for the valuation of liabilities of Gilts + 0.50% p.a..

Schneider Electric guarantee and results

The Scheme retains the additional support of a guarantee provided by Schneider Electric SE that the Participating Employers will meet their financial obligations to the Scheme, up to a maximum of £1.75bn. Schneider Electric SE, is the ultimate parent company of the Participating Employers. This guarantee is not the same as the responsibilities of the Participating Employers to the Scheme. The guarantee is a secondary obligation that would be triggered only in the event that a Participating Employer failed to meet its obligations to the Scheme.

In the year to 31 December 2024, the consolidated Schneider Electric group generated adjusted earnings before interest, taxes and amortisation (EBITA) of €7.1bn (2023: €6.4bn) and free cash flow of €4.2bn (2023: €4.6bn).

The total market capitalisation of Schneider Electric SE at 31 March 2025 was €121.3bn.

Contributions

On 31 March 2015, the Scheme closed to future accrual and there were no active contributing members from that date. No deficit repair contributions were required from the Company.

The summary of contributions on page 49 states contributions payable under the Schedules of Contributions dated 8 April 2022 and 4 November 2024.

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

Pension increases and transfer values

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

The Scheme has multiple sections with varying rules relating to pension increases. For members who joined the Scheme before 6 April 2000, the pension in payment increase in excess of GMP will generally be subject to a minimum of 3% and a maximum of 5%. For members who joined the Scheme on or after 6 April 2000 the annual pension in payment increase will generally be between 0% and 5%.

In 2015, the Trustee also 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.

The average increase applying to pensions on 1 April 2024 was 3.2%. The lowest increase was 0% and the highest was 5%.

For the majority of deferred members, their deferred pensions in excess of GMP are revalued in line with the cost of living (calculated, depending on the requirements of the rules of the relevant section of the Scheme, by reference to the Consumer Price Index or the Retail Price Index) up to a cumulative maximum of 5% p.a. No discretionary increases were awarded in the year to either pensioners or deferred members.

Statutory cash equivalent transfer values provided during the year to 31 March 2025 were calculated in accordance with the provisions of Part IV Chapter IV of the Pension Schemes 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 2025.

Legal issue affecting formerly contracted-out pension schemes

Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect of benefits, to be altered where certain requirements were met. The decision handed down by the High Court on 16 June 2023 in the case of *Virgin Media v NTL* concluded that amendments to the rules of schemes that related to certain contracted-out rights were rendered invalid if

Chair's review of the year

Continued

a written confirmation from the scheme's actuary was not obtained beforehand. The decision of the High Court was upheld by the Court of Appeal in a judgment delivered on 25 July 2024.

Certain sections of the Invensys Pension Scheme were contracted out during the period when the requirements set out in section 37 applied. The Trustee has not conducted a full review of historic Scheme documentation but has no reason to believe that the relevant requirements were not complied with when amendments to the benefits in the Scheme were made.

Having consulted with its legal advisors, the Trustee determined that there was no immediate need for action and that it would be prudent to wait until there is more detail on forthcoming legislation, announced by the Government on 5 June 2025, that would allow for retrospective confirmation from actuaries, which may provide additional clarity on outstanding questions about the operation of section 37.

Trust Deed and Rules

No changes were made to the Trust Deed and Rules during the year. Members can request a copy of the Trust Deed and Rules from the Scheme Administrator. This is a substantial document and an appropriate copy charge will be made.

Preparation of Financial Statements

The financial statements have been prepared and audited in accordance with Section 41 of the Pensions Act 1995. More information regarding the Financial Statements is set out in the "Statement of Trustee's responsibilities in relation to the audited financial statements" on page 29.

Communication

The Board ensures that it communicates with all members on a regular basis. During the year, the Scheme issued one newsletter which incorporated the Annual Review of the Scheme. The Scheme has a website: www.invensyspensions.co.uk which provides more detailed information on the Scheme and copies of historical newsletters.

Members can also contact the Scheme by email, by phone or in writing. Contact details are set out below.

XPS Administration
PO Box 562
Middlesbrough, TS1 9JA

Phone: 0191 341 0600, Email: invensyspensions@xpsgroup.co.uk

An online facility called MyPension.com is available to all pensioner and deferred members (<https://login.MyPension.com/ips>). It provides members with secure access to view their personal data, including payslips and P60s (pensioners) and deferred benefit and transfer value (CETV) information (deferred members). It can also be used to inform the Scheme if a member changes their address.

During the year we met with our member panel of members to discuss improvements to our newsletter and website. The panel provides us with valuable insight and enables us to make continuous improvements to the member experience.

Disputes and complaints procedure

The Trustee operates an Internal Dispute Resolution Procedure (IDRP) in accordance with the provisions of the Pensions Act 1995. Before a formal complaint is considered, members are advised to contact the Scheme Administrator to see if the matter can be resolved informally. Contact details are provided in the section above.

During the course of the year under review, four formal complaints were received by the Scheme Administrator on behalf of the Trustee. None of the claims were upheld. Following completion of the Scheme's IDRP process, members can choose to escalate their complaint to be considered by The Pensions Ombudsman (TPO).

At the current time there is around an 18-month waiting period for a complaint to be accepted, so as at the end of the Scheme year, the Scheme had 6 open cases with the TPO from claims referred from 2023 onwards. The TPO is trying to reduce waiting times by recruiting additional staff and introducing an early resolution service. Details of the Scheme's IDRP are available from the Scheme Administrator.

For and on behalf of Invensys Pension Trustee Limited

/s/ Kathleen O'Donovan

Kathleen O'Donovan
Chair of the Board

1 August 2025

Investment report

Scheme investment strategy

The Trustee determines the Scheme investment strategy after taking advice from a professional investment adviser and having consulted with the Sponsoring Employer of the Scheme. The investment strategy, together with details of the investment process, is set out in the Statement of Investment Principles, which has been prepared in accordance with the requirements of section 35 of the Pensions Act 1995. This document is updated regularly and a copy is available on the Scheme's website. A copy of the Statement of Investment Principles is also available to Scheme members on request.

The Trustee aims to secure members' benefits by managing risks and delivering consistent, reliable investment performance. It considers the following main factors when setting the investment strategy:

- the Scheme's liability profile;
- the Trustee's overall risk tolerance;
- the Trustee's evaluation and perception of the covenant provided to the Scheme.

As the Scheme is closed to future accrual, it receives no regular contributions from either members or the Sponsoring Employers. The Scheme is a substantial net payer of benefits, with £241m or 8% of its current asset base paid out in this financial year as benefits or cash equivalent to members. The maturity of the Scheme limits the appetite of the Trustee for risk.

Strategic Target

The Scheme's investment objective was amended in November 2024, when the discussions on the Scheme's Triennial Valuation as at 31 March 2024 concluded.

The Scheme's new investment objective is to achieve a return on investments equivalent to the performance of UK Government bonds ("gilts") + 0.85 percentage points (ppts) per annum across the full value of the assets, including any surplus, over the term until 30 September 2027. After that, the objective reduces to the return on gilts + 0.75 ppts per annum. Previously, the investment objective was the return on gilts + 1.10 ppts per annum.

This investment objective is also referred to as the Strategic Target. The maturity and inflation-linkage, if any, of the gilts that are used to calculate the Strategic Target reflect the characteristics of the Scheme's liabilities.

The liabilities are measured on a Technical Provisions ("TP") basis and assume a discount rate of UK gilt yields + 0.5 ppts per annum (reduced from the previous + 0.75 ppts per annum).

The current Strategic Target is therefore set to achieve an outperformance on the TP valuation basis by 0.35 ppts per annum for 3.5 years and 0.25 ppts per annum thereafter.

This outperformance is intended to achieve our Long-Term Objective (LTO), being a full funding of liabilities based on a conservative valuation of UK gilt yields with no premium, by March 2030. The Long-Term Objective was able to be strengthened from the previous basis of UK gilt yields +0.5 ppts per annum as a result of funding level improvements.

More details on the Triennial Valuation are provided in the 'Actuarial liabilities and valuation' section of the Trustee's Report on page 13.

Investment Policy

In order to deliver the Strategic Target of gilts +0.85 ppts per annum, the Trustee has to invest in assets that have an element of risk associated with them. The risks, and the framework for managing them, are described in detail in the notes to the financial statements.

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 primarily of assets perceived to have a relatively low risk, such as UK Government gilts, Network Rail bonds, and cash and 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, which represented 53.0% of the Scheme's assets at 31 March 2025, is held directly via the Scheme's custodian platform with The Bank of New York Mellon.

2. An Investment Portfolio. This aims to access the risk premium of a diversified portfolio of return-seeking assets. It also seeks to benefit from the additional performance available from active management, where considered appropriate. The total Investment Portfolio represented 45.6% of the assets at 31 March 2025. The composition of the investment portfolio is detailed in the table on page 19.

Investment report continued

1.9% of the Scheme's assets relate to cash held to satisfy the Scheme's short-term payment obligations or pending investment and other net current assets.

To a large extent, the Trustee has invested in assets with a profile that closely matches the Scheme's liabilities by using bonds or 'bond-like' assets. This approach helps the assets to match the valuation movements in the liabilities, thereby reducing the volatility of the Scheme's funding position. The coupons and principal repayments from the bonds also help generate cash flows that can be used to meet the Scheme's expected benefit payments, rather than relying predominantly on the sale of assets.

The Trustee has also sought over the years to ensure that sufficient assets are available to post as collateral to its derivatives counterparties under stressed market conditions.

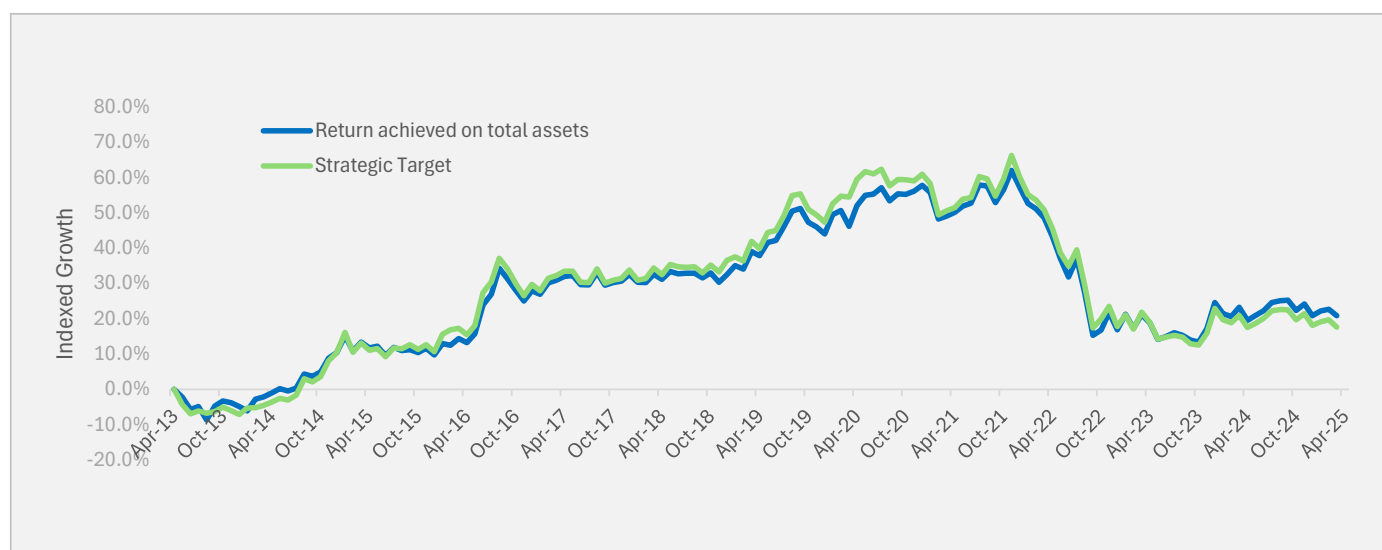
All investments made in the year under review were made in accordance with the Scheme's Statement of Investment Principles.

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 12-36 month rolling periods. Medium to long periods of reviews are essential, as they enable managers to be judged over a business cycle.

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

Investment performance

The chart below shows that the Scheme assets' performance has tracked the Strategic Target very closely over time. The performance deviated from the Strategic Target in Q1 2020 as a result of large adverse market movements following the start of the COVID-19 pandemic. The cumulative asset performance has caught up with the Strategic Target and now exceeds it.



The chart starts from the end of April 2013, which coincides with the £400m contribution paid into the Scheme on 3 May 2013 and the creation of a Reservoir Trust of £225m (which is no longer in place) following the sale by Invensys plc of its Rail division. At that time, the investment strategy was revisited, and the Trustee took the opportunity to seek to reduce investment risks.

Investment report continued

The Scheme's overall investment return compared to its Strategic Target over the past year, three years and five years is set out in the table below:

	1 Year To 31 March 2025	3 Years to 31 March 2025 (p.a.)	5 Years to 31 March 2025 (p.a.)
Return on Total Assets	-2.0%	-6.6 %.	-3.7%
Strategic Target Return ¹	-2.7%	-7.9 %.	-5.3%
Variance	+0.7 ppts	+1.3 ppts	+1.6 ppts

¹ The Strategic Target was changed from gilts + 1.0 ppts to gilts +1.1 ppts on 31 March 2021 and from gilts +1.1 ppts to gilts +0.85 ppts on 31 March 2024.

The Return on Total Assets has exceeded the Strategic Target over one, three and five years, thus contributing to the improvement in the Scheme's funding level and the achievement of the Long Term Objective.

More details on the investment managers' performance are provided in the table below and in the commentary that follows.

Investment Manager	Asset class	Holdings at 31 March 2025		Investment Return 12 months to 31 March 2025		Investment Return 3 years ¹ to 31 March 2025	
		£m	% of total	Actual %	Target %	Actual % p.a.	Target % p.a.
Liability Matching Fund (LMF)							
BlackRock		1,581	53.0	(10.0)	(10.1)	(16.2)	(15.8)
Investment Portfolio (ABF and HPF portfolios)							
AXA Active Bond Fund	IG ² Bonds	478	16.1	5.4	5.2	3.2	2.4
M&G Active Bond Fund	IG ² Bonds	379	12.7	5.5	5.0	2.7	2.3
Amundi Active Bond Fund	IG ² Bonds	343	11.5	5.6	5.4	2.0	1.7
Active Bond Funds (ABF) Portfolio		1,201	40.3	5.5	5.2	2.7	2.2
Amundi Broad Bonds ³	Broad bonds	0	0.0	9.5	8.0	6.2	7.1
M&G European Loan Fund	Loans	99	3.3	8.2	9.1	7.2	7.9
AXA PCS 6 ³	Reg Cap ⁴	0	0.0	11.0	9.0	10.2	9.0
AXA PCS 8	Reg Cap ⁴	57	1.9	9.5	8.0	9.1	8.0
Higher Performance Funds (HPF) Portfolio		157	5.3	9.0	8.5	6.1	7.5
Cash ⁵		55	1.9	5.0	5.0	4.1	4.1
Managed assets		2,994	100.5				
Annuity policies		2	0.1				
Net financial assets		2,995	100.5				
Net current assets and other ⁶		(16)	(0.5)				
Net assets of the Scheme		2,979	100.0	-2.0%	-2.7% ⁷	-6.6%	-7.9% ⁷

The numbers in this table may not add up exactly because of rounding differences. The returns have been calculated using the Modified-Dietz method. We have excluded the M&G ABS Sleeve as this was only invested for a short amount of time during the start of the Scheme Year.

¹ Or since inception if performance monitoring period is shorter (AXA PCS 8: 29 July 2022).

² Mandates using primarily investment grade bonds.

³ The AXA PCS 6 and Amundi Broad Bonds Funds were fully redeemed in March 2025 (noting there was a residual c.£0.4m in the Amundi Broad Bond account which was transferred out of the account after 31 March 2025).

⁴ Mandates investing in bank regulatory capital release transactions.

⁵ The bulk of the cash assets are invested in the BlackRock Institutional Sterling Liquidity Fund.

⁶ Net current assets include cash in the Trustee Bank Account and a reserve for GMP equalisation.

⁷ This represents the Strategic Target rather than the aggregate of the individual Investment Managers' targets.

Investment report continued

For the first three quarters of the Scheme's financial year, global economic growth remained relatively steady and modest. Inflation continued to trend downwards in the UK, the Eurozone, and the US. As a result, the central banks in those regions all cut rates during the year. The arrival of a new administration in the US in January 2025 and, in particular, significant changes to US trade policy, some of which were quickly reversed, have introduced significant uncertainty on the global macro-economic outlook. Fears of weaker growth, potentially combined with higher inflation, have risen.

In this context, the financial markets which matter most to the Scheme have performed generally favourably during the first three quarters of the Scheme financial year and experienced increased volatility thereafter. Credit spreads (the extra yield that companies need to pay to borrow in excess of that on equivalent Government bonds) tightened by c.25 basis points (bps) for both 'investment-grade' and sub 'investment-grade' bonds, respectively, over the period to 31 December 2024. Subsequently, credit spreads widened by c.15bps and c.65bps for 'investment-grade' and sub 'investment-grade' bonds, respectively, with the bulk of the widening taking place towards the end of March 2025. Despite this credit spread widening towards the end of the Scheme year, the Scheme's mandates within the Investment Portfolio have outperformed their target for the full year. The only exception was the M&G European Loan Fund, which is predominantly invested in lower-rated loans. Although it was 0.9 ppts behind its target, its performance was high in absolute terms at 8.2%.

UK Government bond yields also increased during the financial year. For instance, the yield on a UK government bond with a 20-year maturity, which is a good proxy for assessing the impact on the Strategic Target, increased by 0.8 ppts from 4.4% to 5.2%. Inflation expectations implied by the prices of index-linked government bonds fell during the year across all maturities. The increase in UK fixed interest government bond yields was the main driver of the Strategic Target value of -2.7% for the year. This also explains why both the target return and actual return for the LMF was negative during the year. The LMF is indeed intended to broadly reflect the change in value of Technical Provisions, resulting from changes in government bond yields and inflation expectations. The small outperformance against target during the year was largely caused by swaps in the LMF outperforming gilts (which determine the value of the Technical Provisions).

Since May 2013, the investment strategy and manager performance has contributed to maintaining the funding level of the Scheme within a range of assets between 97% and 106% of the liabilities. The Trustee will continue to act prudently to protect the Scheme's funding level, whilst looking for investment opportunities to enhance it.

Key initiatives during the year

- **Review of asset allocation and actions to enhance risk and return profile.** The Trustee reviewed the Scheme's asset allocation in detail during the year, in light of changes in the investment environment. As a result, it decided to take steps to reallocate capital from the M&G European Loan Fund to the M&G Active Bond Fund. From April 2024 to November 2024, a total of £90m was reallocated, equivalent to around 50% of the original M&G European Loan Fund allocation. The Trustee also approved the full divestment from the Amundi Broad Bonds mandate (c.£145m) and the allocation of the bulk of the proceeds to the Liability Matching Fund. This divestment took place around mid-March, prior to the significant widening of credit spreads. The main purposes of these re-allocations were to reduce exposure to assets where the expected return had diminished as a result of loan spreads and sub investment-grade credit spreads tightening and to improve the matching of benefit payments in maturities beyond 6 years.
- **Liquidity management and collateral adequacy.** The Trustee reviewed the Scheme's liquidity management policy, as it does every year. The scheduled redemptions from its asset mandates invested in high-quality bonds, and to a lesser extent, distributions from other funds are expected to be sufficient to fully meet the Scheme's expected benefit payments over the next 6 years. The Trustee also continues to monitor the amount of assets that may be posted as collateral, in particular in light of the gilt market movements in 2022. No action was necessary to amend the approach for collateral management.
- **Responsible Investment.** The Trustee reviewed and retained its stewardship priorities, which have been communicated to the Scheme's Investment Managers. More details on those priorities, including a summary of actions taken by the Investment Managers is provided in the Implementation Statement, later on in this report. The Trustee also reviewed its approach for the management of climate-related risks and opportunities. This included a review of the climate-related metrics and targets. The outcome of this work is detailed in the Trustee's Climate Change Report which is available on the Scheme's website.

Investment report continued

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 segregated mandate portfolios managed by the Investment Managers. Since 1 September 2006, The Bank of New York Mellon has been the Scheme's global custodian. In September 2018, the legal entity which held the Scheme's assets changed to the London branch of the US based The Bank of New York Mellon.

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

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 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

The Scheme had no investments with a value greater than 5% of the net assets of the Scheme, other than individual issues of gilts.

An analysis of investments is shown in the notes to the Scheme's financial statements on pages 34 to 48. The aggregate amounts of sales and purchases of investments during the year are also shown in those notes.

Arrangements with Investment Managers

Aligning manager objectives and incentivisation

The Scheme Investment Strategy section above describes how, in aggregate, the LMF and the Investment Portfolio ("IP") are designed to achieve returns in the long and medium terms, while taking into account the Scheme's benefit payment obligations.

In particular:

- The arrangement with the LMF Investment Manager includes a benchmark which is designed to mitigate against the impact of interest rate and inflation risks inherent in the liabilities of the Scheme, within relevant risk tolerances.
- The arrangements with the IP Investment Managers include a benchmark or target. When aggregated together with the LMF, these benchmarks or targets are designed explicitly in most cases (and implicitly in a smaller number of cases) to achieve the targeted rate of investment return over a 3 to 5 year time horizon.
- The Investment Committee ("IC") and Asset and Liability Management Committee ("ALCo") each maintain a biennial schedule for review of the Investment Managers (with the intention that each manager is reviewed on an annual basis by at least one of the Committees). Performance is assessed against those benchmarks or targets and the relevant risk tolerances. These reviews also include the Investment Manager's stewardship of assets. Where managers are assessed by the IC as being less likely to achieve their objectives and/or there is evidence of not having achieved them historically, removal of assets or termination of mandates is considered. The Investment Managers are made aware of the importance of these measures of return and risk and are required to manage their portfolio with these in mind, and report against them on an ongoing basis.
- The Trustee prefers the use of segregated mandates where possible and practical as specific requirements can be set in the agreement with the Investment Managers. Those requirements may cover considerations related to return, risk, liquidity, redemption payments to be made to meet Scheme benefit payments over set time horizons and terms that are relevant for the asset classes invested in, including but not limited to equity and debt instruments. In particular for debt instruments in these segregated mandates, the risk and other limits in the Investment Manager agreements, together with regular ongoing engagement

Investment report continued

with the Investment Managers are designed to give the Investment Manager scope to add value over a 3 to 5 year period (or longer where relevant) rather than over shorter reporting periods.

For the majority of the Scheme's mandates with Investment Managers there are explicit performance fee arrangements in place whereby the Investment Manager is directly incentivised to generate additional returns. By having these performance fee arrangements in place, the Trustee aims to ensure the Investment Managers are focused on protecting and enhancing the value of the Scheme's investments.

Stewardship

The Trustee's engagement activities in respect of the Scheme's investments are set out in the Responsible Investment within the Implementation Statement below.

The Trustee acknowledges the inherent potential for conflicts of interest which exist as part of the Investment Managers' ongoing business activities. We have chosen major and well-established investment managers that are subject to regulatory regimes which require the management of potential conflicts. The Investment Managers are regulated by their respective regimes, these are directly monitored as part of their regulatory filings (where available) and the IC and ALCo include this as part of the Investment Manager review at inception and from time to time as appropriate.

Turnover monitoring

The IC maintains a schedule of reviews of Investment Managers as part of which portfolio turnover and other cost information is requested from the Investment Managers and is reviewed by the IC and/or the ALCo. These are monitored to confirm whether they were in-line with reasonable expectations and expected market practices. The Trustee does not operate turnover targets or limits with the Investment Managers, but instead considers turnover statistics alongside other data on risk and returns.

Tenure of current Managers' arrangements

The Trustee has an ongoing relationship with its Investment Managers. In most of the Scheme's arrangements with its Investment Managers, there is no scheduled termination date and the Trustee has the unilateral right to terminate its investment at a short notice. The segregated mandates also tend to include a schedule of redemptions.

The Trustee's arrangements with Investment Managers are described more fully in the Statement of Investment Principles (SIP) which is available on the Scheme's website at www.invensyspensions.co.uk/scheme-documents.

Implementation Statement

1 Introduction

This document constitutes the Implementation Statement for the Invensys Pension Scheme (“the Scheme”) for the year to 31 March 2025. This document was prepared in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. The Scheme was not a ‘relevant scheme’ for the purposes of those regulations as it held no money purchase benefits in the Scheme year.

Under the regulations, the Trustee is required to do the following:

- set out how, and the extent to which, in the opinion of the Trustee, their voting and engagement policies have been followed during the year, and
- describe the voting behaviour by, or on behalf of, the Trustee including the most significant votes cast by the Trustee (or on its behalf) during the year and state any use of the services of a proxy voter during that year.

2 Voting and Engagement policies within the SIP

The SIP sets out the Trustee’s policies relating to stewardship, which covers the exercise of voting rights and engagement with investee companies and other stakeholders. Those are part of the Trustee’s broader policy on Responsible Investment, as stated within the SIP and reproduced in Appendix A.

The SIP states the following regarding stewardship:

- The Trustee believes that in order to act in the best financial interests of the Scheme’s members it must act as a responsible asset owner. The Trustee, as a policy, delegates the exercise of voting rights of the underlying holdings and engagement with investee companies and other stakeholders as appropriate to its investment managers. The Trustee expects its investment managers to exercise these rights and to engage with the investee companies or any other relevant persons on relevant matters so as to protect and enhance the value of the Scheme’s investments.
- The Trustee monitors the actions taken by the investment managers, on a regular basis as part of the ongoing investment managers reviews at the Investment Committee and Asset and Liability Management Committee meetings. As part of this, the Trustee reviews the investment managers’ voting and engagement policies and monitors the investment managers’ voting records or their reports on responsible investments (such as UN PRI reports) and will seek explanations and discussions, as appropriate. The Trustee’s expectations and monitoring process will depend on the mandate type, in particular in respect of the asset class(es) involved and the degree of discretion given to the investment manager.
- Where the Trustee is a unit holder of a fund, it seeks to retain the use of voting (and other) rights associated with the operations of that fund. The Trustee makes decisions on the use of such rights in those funds based on advice from its Legal and/or Investment Advisers as appropriate.

The current SIP is available on the Scheme’s website at <https://www.invensyspensions.co.uk>.

3 Implementation of the Voting and Engagement policies

The Trustee is of the opinion that it acted in accordance with policies on voting and engagement in the SIP throughout the year.

As the Scheme did not hold any material equity investments with voting rights during the year, there were no significant opportunities to influence the behaviour of companies in which it invests through voting activity. Influence was exercised through engagement with investee companies, as detailed below. For the same reason, no proxy voter service has been used by or on behalf of the Trustee.

Delegation of voting and engagement activity

All responsibilities regarding the exercise of voting rights of all the underlying holdings (where they exist) and engagement with investee companies have continued to be delegated to investment managers in the year. No new investment manager was appointed during the year.

The Trustee continues to believe that its investment managers are best placed to take relevant considerations into account when determining how to exercise voting rights in the underlying holdings (where they exist) and how to engage with investee companies. The Trustee believes that it is more appropriate for the Scheme’s active managers to carry out these activities as part of their investment process including taking relevant factors such as Environmental, Social and Governance (“ESG”) considerations and the response from investee companies in respect of any such voting or engagements into account.

Implementation Statement

continued

The Trustee has set the following stewardship priorities:

- Climate change, as detailed in the Scheme's climate change report.
- Just Transition: the environment and social impact of climate-change related transition.
- Biodiversity and Natural Capital: water use, deforestation, promotion of circular economy.
- Human Rights and Human Capital Management: compliance with labour rights, and policies on equality, diversity and inclusion.
- Sustainable Innovation & Technology: cybersecurity, risks and opportunities from digital disruption.

These stewardship priorities were communicated to the investment managers at the time they were set as areas that the Trustee would be particularly attentive when monitoring their activities. Those priorities were reviewed and confirmed at the beginning of the Scheme financial year.

Monitoring of Investment Managers' voting and engagement

The Trustee monitored and reviewed the activities of each of its investment managers in this area during the year as part of the overall review of the investment mandates given to those managers. The investment managers were asked to describe their approach to ESG matters and where relevant the managers were asked to provide examples of actions they had taken arising from issues that they had identified. The Trustee also requested examples of specific engagement from the investment managers, in the areas highlighted above. Some of those examples are reproduced in the Appendix B of this Statement.

The Trustee believes that its investment managers have developed sophisticated approaches to the assessment of investments regarding ESG considerations. The Trustee is also pleased to report that the Investment Managers have continued to provide examples where they have challenged management of companies whose debt they manage within the investment portfolio and have demonstrated active engagement on a range of relevant topics. These actions align with the Trustee's expectations of stewardship seeking to enhance and protect the value of the Scheme's investments.

From time to time, the Trustee is requested to vote on matters relating to the administration of an investment fund in which it participates. In such cases, the Trustee instructs a proxy to vote the way it considers best promotes its interest in the fund.

Overall, the Trustee is satisfied that its monitoring and review of voting and engagement activities undertaken by the Investment Managers have been in accordance with its policies.

Implementation Statement - Appendix A

Responsible Investment

Financially material investment considerations

The Trustee believes that environmental, social and governance (“ESG”) factors, such as climate change, can have a significant impact on the performance of its investments and the consideration of ESG factors can enhance the risk and return profile of its investments. The Trustee believes that, in the case of the Scheme, such factors are primarily relevant to the allocation decisions between sectors and companies, which will typically be delegated to its Investment Managers, with the exception of passive mandates. The Trustee expects its investment managers, when exercising discretion in the mandates that they manage for the Scheme, to integrate all relevant and material financial factors, including ESG factors into the investment decision making process. This is intended to identify investment opportunities and financially material risks. This will influence the selection, retention and realisation of investments.

The Trustee also considers how potential new investment managers incorporate ESG factors into their investment process before selecting an investment manager.

As part of its regular monitoring process the Trustee requests that investment managers demonstrate their approach to incorporating ESG factors when exercising discretion in the mandates that they manage for the Scheme over the relevant investment horizon. Depending on the findings, the Trustee may take steps to seek improvement.

The Trustee’s expectations and monitoring process will depend on the mandate type and investment horizon.

The Trustee does not take into account “Non-financial matters” (i.e. the personal views of members and beneficiaries of the Scheme on ethical or other matters) when making investment decisions.

The Trustee sets out its policy relating to the governance of climate-related risks and opportunities in a separate annually published climate report, which can be read by clicking on the “Climate Change Report” link on the Scheme’s website www.invensyspensions.co.uk/scheme-documents. The Trustee includes its portfolio metrics and climate change targets in this report.

Corporate governance and stewardship policy

The Trustee believes that in order to act in the best financial interests of the Scheme’s members it must act as a responsible asset owner. The Trustee, as a policy, delegates the exercise of voting rights of the underlying holdings and engagement with investee companies and other stakeholders as appropriate to its investment managers. The Trustee expects its investment managers to exercise these rights and to engage with the investee companies or any other relevant persons on relevant matters so as to protect and enhance the value of the Scheme’s investments.

The Trustee monitors the actions taken by the investment managers, on a regular basis as part of the ongoing investment manager reviews at the IC and ALCo meetings. As part of this, the Trustee also monitors the investment managers’ voting records or their reports on responsible investments (such as UN PRI reports), and will seek explanations and discussions, as appropriate. The Trustee’s expectations and monitoring process will depend on the mandate type, in particular in respect of the asset class(es) involved and the degree of discretion given to the investment manager.

Where the Trustee is a unit holder of a fund, it seeks to retain the use of voting (and other) rights associated with the operations of that fund. The Trustee makes decisions on the use of such rights on those funds based on advice from its Legal and/or Investment Advisers as appropriate.

Implementation Statement - Appendix B

Summary of Voting Activity and Engagement

The Trustee has delegated the exercise of voting rights of the underlying holdings and engagement with investee companies and other stakeholders as appropriate to its investment managers. Over the Scheme year, the Scheme did not invest in any funds that held listed equities. As expected, given the nature of the assets held, the investment managers confirmed that there were no voting opportunities over the year. Examples of the investment managers' engagement with investee companies are set out in the next section.

Engagement with investee companies

This section provides some examples of engagement by the Scheme's investment managers with the investee companies of which debt was held and managed on behalf of the Trustee. The examples have been selected as they align with the stewardship priorities of the Trustee, as described above.

Amundi Active Bond Fund mandate: Human Rights and Human Capital Management engagement with a North American technology hardware company

Amundi engaged with a North American technology hardware company on the issue of paying a living wage in its supply chain. Working conditions in the electronics and hardware manufacturing sectors are known to be poor, with many of the manufacturing sector hotspots (e.g. China, India, the US) not ratifying key International Labour Organisation ("ILO") conventions protecting workers' rights. In the absence of robust labour protections, the sector continues to face challenges such as low wages, excessive overtime, human rights violations, and, in some cases, child labour. Paying a living wage in this sector is financially material, as it contributes to employee retention, particularly in regions like Malaysia and the Philippines, where 'brain drain' and stagnant wages pose long-term risks.

Amundi's initial engagement aimed to encourage the company to develop a roadmap toward a supply chain living wage commitment. As a signatory of the UN Global Compact, the company was also encouraged to consider joining the UNGC Forward Faster Initiative, which calls for signatories to ensure 100% of employees across operations earn a living wage by 2030, including within supply chains.

In its 2024 engagement, Amundi noted that the company had, for the first time, acknowledged the importance of a living wage in its reporting. It also indicated that it was embarking on a multistakeholder project to collect and map wage data in key countries and regions across its supply chain. The company planned to use the findings to support further supplier engagement. Amundi encouraged the company to define a timeline for completing the mapping project and to share anticipated next steps. While more discussions on commitments are scheduled for 2025, this development was viewed as a positive step forward. Given the company's extensive supply chain, its actions have the potential to drive broader progress on living wage standards within the electronics sector.

Amundi Active Bond Fund mandate: Just Transition engagement with a British banking institution

Amundi continued its 2023 engagement with a British bank to explore how it was incorporating Just Transition into its broader net zero strategy. As a key player in the financial sector, the bank has a critical role in ensuring that the shift to a low-carbon economy accounts for social impacts. Amundi believes that without addressing these social dimensions, particularly in how climate-related changes affect workers and communities, the transition risks are unjust and unsustainable.

The engagement aimed to encourage the bank to further integrate Just Transition across its climate transition plan, demonstrate its application across products, sectors, and regions, and disclose what local resources are available to support Just Transition efforts in the UK. Amundi also sought to promote the alignment of Just Transition initiatives with the bank's decarbonisation targets and financial activities.

The bank showed encouraging progress, highlighting how it had begun embedding the Just Transition into its environmental strategy, particularly through considering regional requirements across the UK and in setting decarbonisation targets for residential mortgages. However, Amundi identified gaps in transparency and disclosures. In 2024, Amundi provided feedback encouraging more detailed reporting, especially on regional implementation efforts. The engagement will continue in 2025 to support the bank in strengthening and expanding its Just Transition strategy.

Implementation Statement - Appendix B

continued

Amundi Active Bond Fund mandate: Climate Change engagement with an Italian banking group

Amundi started engaging with an Italian bank in 2023 due to concerns about its thermal coal policy, which remained misaligned with the Paris Agreement's 1.5°C goal. The bank had not committed to phasing out thermal coal power generation and lacked full transparency, especially in excluding coal developers. Despite its involvement in sustainable finance activities like green and social bonds, Amundi sought a stronger commitment to reduce brown financing and align with best practices in the sector.

Amundi aimed to bring the bank's thermal coal policy in line with sector-leading standards. At the 2024 AGM, Amundi publicly asked the bank when it would commit to phasing out thermal coal power (by 2030 for OECD/EU and 2040 globally) and expand its policy to cover investment and underwriting activities. Amundi also recommended setting decarbonisation targets for capital markets activities, developing a client transition framework, and increasing transparency around these measures.

In 2024, the bank made progress by updating its policy to exclude counterparties that derived over 15% of revenues from unconventional resources. It also submitted near-term Science Based Targets initiative ("SBTi") targets covering Scope 3 emissions. Some progress was also noted on its client transition framework and potential targets for facilitated emissions, with reference to Net Zero Banking Alliance guidelines. However, it did not commit to phasing out thermal coal power nor extend the policy to investment and underwriting. Amundi will continue engaging on these issues to strengthen the bank's climate commitments.

AXA IM Active Bond Fund mandate: Human Capital Management engagement with Kering

As part of the 30% Club France coalition, AXA discussed advancing gender diversity across the company, particularly in leadership roles and pay equity, as part of its commitment to parity. AXA believes significant progress has been made in gender diversity. Women now hold key leadership roles and Kering has implemented ambitious tools like the Kering Parity Index to address systemic gaps.

The company is also making efforts to tackle gender pay gaps through structured analysis and a dedicated equity tool, although Kering has maintained that some challenges remain due to geographic and functional complexities. Additionally, the company has implemented unbiased recruitment, updated parental leave policies, and is making efforts to improve culture. However, AXA notes that despite operating in a female-dominated industry, women remain less visible in top creative and leadership roles, emphasising the need to challenge industry biases more proactively.

M&G Active Bond Fund mandate: Climate Change and Sustainable Technology and Innovation engagement with a multinational utilities company

M&G met with the CFO and investor relations team of a multinational utilities company to discuss the energy transition and its associated challenges from both a corporate and national perspective. As a company operating across Europe, Asia-Pacific and the US, with significant renewable and gas capacity, it plays a key role in the broader decarbonisation effort. M&G aimed to understand how the company perceives current barriers and opportunities within Germany's energy transition pathway. M&G was particularly interested in how the company is navigating issues related to grid infrastructure, the role of flexible gas generation and broader policy challenges.

The company highlighted that the energy transition is hindered by rising grid costs and an overreliance on long-term buildout assumptions that don't account for interim system optimisation, particularly in Europe. The company argued that gas is the most efficient flexible generation option in the near term and views nuclear as economically unviable. It stressed the need for a pragmatic approach from policymakers, especially in light of events like a period of very low renewable output. The company also noted the lack of viable long-term storage solutions and the need for significant investment to support short-duration battery systems.

M&G will continue to monitor how the company balances innovation, policy influence and decarbonisation.

M&G Active Bond Fund mandate: Biodiversity and Natural Capital engagement with Ørsted

M&G engaged with Danish offshore wind specialist Ørsted to ensure the company is advancing its approach to biodiversity, especially in light of potential negative biodiversity impacts from offshore wind operations and Ørsted's public commitment to becoming nature positive by 2030. M&G also sought progress on integrating biodiversity into executive remuneration and called for the publication of forward-looking milestones aligned with the company's climate targets.

Implementation Statement - Appendix B

continued

The engagement focused on encouraging Ørsted to establish and implement a robust biodiversity framework with measurable metrics, align its practices with leading international standards, and incorporate biodiversity outcomes into executive pay. Additionally, M&G asked the company to improve transparency on its climate progress by publishing interim milestones leading up to its SBTi-approved climate goals.

Ørsted has been working on its biodiversity approach for over two years, consulting external biodiversity experts and drawing on best practices from Europe. The company launched a measurement framework in June, is gathering stakeholder feedback, and plans to finalise its biodiversity metrics - such as habitat quality and species density - by the end of 2025. Innovative technologies, including AI-based monitoring systems and acoustic tools to protect marine life, are being deployed. Ørsted indicated a willingness to integrate biodiversity metrics into executive pay once the framework is established and was also receptive to publishing interim climate milestones.

M&G was satisfied with the company's approach and will follow up after metrics are published.

M&G European Loan Fund: Climate Change, Sustainable Technology and Innovation, and Human Capital Management with Zayo

M&G has engaged with telecommunications provider Zayo in the recent increase in the company's scope 1 and 2 carbon emissions and asked them to share its pathway for achieving SBTi targets. M&G also requested an increase in spending on the company's budget allocated to cyber security. Finally, M&G assessed current diversity and inclusion metrics against targets whilst requesting Zayo to disclose and publish a pay gap report. M&G met with the sustainability director and a member of the investor relations team to make its expectations known.

The 2021-22 increase was explained due to an acquisition. For Scope 1, the company has completed auditing its 2023 data, noting a drop in 2022 emissions due to improved data availability. A consultation with the company's sponsor identified areas where the company can control or influence emissions. For Scope 2, the focus remains on electricity across 49,000 global sites, with an increase expected as the company expands. Zayo informed M&G that it has purchased 100% renewable electricity for scope 2. In terms of fleet expansion, the company plans on replacing less fuel-efficient vehicles whilst considering return on investment, and is focusing on hybrids due to logistical challenges in sourcing EVs. Zayo is also beginning to implement green solutions for hotels and airlines for employees who travel, and targeting purchased goods and services in order to engage with external stakeholders. Regarding the actions Zayo intends to take for its net zero target, the company has allocated significant opex, with detailed work on technical sites and funding focusing on 'easy wins'. Zayo does not use carbon offsets for scope 1 and 2 but is allowed to for scope 3.

With regards to cybersecurity, Zayo continues to increase its cybersecurity investment year over year, aligning with evolving risk landscapes and industry best practices. The company's focus is on minimising risk, ensuring compliance, and enhancing resilience across its infrastructure. While it does not store customer data, Zayo takes a proactive approach to securing employee data and protecting its network and services from emerging threats.

Regarding diversity and inclusion, Zayo has met its objective of over 31% representation, already reaching gender and ethnic diversity of just over 30%. The company does not plan on setting new objectives but has a working group addressing diversity and inclusion and informed M&G that it is on par with industry standards, neither leading nor lagging. Zayo plans to include social aspects in its sustainability report and has created an equity pay gap report, which it has not disclosed externally. M&G requested that Zayo publishes this report and the company shared that it will take this back to its steering committee to discuss the possibility of disclosure, although this will remain a work in progress.

M&G will continue to monitor this and expect to follow the progress of Zayo's diversity and inclusion reports in the near future.

Statement of Trustee's responsibilities in relation to the audited financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

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, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and any active members of the Scheme and 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 adopting risk-based processes to monitor 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.

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 March 2024 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 4 November 2024.



Steve Leake

Fellow of the Institute and Faculty of Actuaries

XPS Pensions Limited

Tempus Court

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12 December 2024

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

Opinion

We have audited the financial statements of the Invensys Pension Scheme for the year ended 31 March 2025 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2025, and of the amount and disposition at that date of its assets and liabilities, other than 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 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of 12 months from when the Scheme's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 29, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- We understood how the Scheme is complying with these legal and regulatory frameworks and by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. In our assessment we also considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.
- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

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

continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it 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 Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

/s/ Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

4 August 2025

Fund account

For the year ended 31 March 2025

Contributions and benefits

	Note	2025 £m	2024 £m
Employer contributions	4	0.1	0.1
Total contributions		0.1	0.1
Transfers in	5	0.2	0.4
		0.3	0.5
Benefits payable	6	(241.0)	(239.8)
Payments to and on account of leavers	7	(2.4)	(3.9)
Administrative expenses	8	(9.1)	(7.2)
		(252.5)	(250.9)
Net withdrawals from dealings with members		(252.2)	(250.4)
Returns on investments			
Investment income	9	88.1	113.9
Change in market value of investments	11	(144.7)	(62.3)
Investment management expenses	10	(6.1)	(8.5)
Net returns on investments		(62.7)	43.1
Net decrease in the fund during the year		(314.9)	(207.3)
Opening net assets of the Scheme at 1 April		3,294.3	3,501.6
Closing net assets of the Scheme at 31 March		2,979.4	3,294.3

Notes to the financial statements

1 Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pensions Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS102)- The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements have been prepared on the going concern basis. At the date of signing these financial statements the Trustee believes that due to the Scheme's strong funding position and the Scheme's investments structure it is able to comfortably cover its related outgoings until 12 months from signing. As a result, and together with the relatively strong position of the Principal Employer, the Trustee considers the preparation of the financial statements on a going concern basis to be appropriate.

2 Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is Invensys Pensions, XPS Administration, PO Box 562, Middlesbrough, TS1 9JA.

3 Accounting policies

a Contributions

Levy reimbursement contributions are accounted for on an accruals basis, in accordance with the Schedule of Contributions under which they are paid.

Augmentations and special 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

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

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 against target, 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, the Scheme's functional currency, 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 the 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 statement of net assets 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. 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.

iii. 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 Annuities

Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

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.

l GMP equalisation

The impact of GMP equalisation relating to past underpayments is estimated by the Scheme Actuary, based on the affected groups of members and actuarial estimates of the extent to which each group is likely to be affected by GMP equalisation. The total provision at the year end is shown in current liabilities and any changes over the year included in benefits payable.

4 Contributions

	2025 £m	2024 £m
Employers		
Pension Protection Fund levy reimbursement	0.1	0.1
Total	0.1	0.1

Notes to the financial statements

continued

5 Transfers in

	2025 £m	2024 £m
Individual transfers in from other schemes	0.2	0.4

These transfers relate to members whose Money Purchase benefits were transferred from the Scheme to the Aon Master Trust in March 2023 who had a right to transfer back those benefits upon retirement.

6 Benefits payable

	2025 £m	2024 £m
Pensions	223.2	222.9
Commutations and lump sum retirement benefits	17.0	16.4
Lump sum death benefits	0.8	0.5
Total	241.0	239.8

Pensions includes a £4m charge in respect of an accrual for the GMP equalisation liability for past pension payments (2024: £3m charge).

7 Payments to and on account of leavers

	2025 £m	2024 £m
Individual transfers to other schemes	2.4	3.9

8 Administrative expenses

	2025 £m	2024 £m
Administration and processing	5.1	4.6
Pensions Regulator and Pension Protection Fund levies	0.2	0.2
Actuarial fees	0.9	0.6
Legal and other professional fees	2.5	1.5
Audit fees	0.1	0.1
Directors' fees	0.3	0.2
Total	9.1	7.2

9 Investment income

	2025 £m	2024 £m
Income from bonds	88.1	92.7
Income from pooled investment vehicles	27.1	46.0
Net (expense) from derivative contracts (swaps)	(30.6)	(27.7)
Annuities received	0.3	0.3
Interest on cash deposits	2.9	1.5
Other	0.3	1.1
Total	88.1	113.9

Income from pooled investment vehicles has decreased due to a reduction in some of the holdings.

Notes to the financial statements

continued

10 Investment management expenses

	2025 £m	2024 £m
Administration, management, custody	4.7	4.9
Performance-related fees	1.4	3.6
Total	6.1	8.5

11 Investments - reconciliation table

	As at 31 March 2024 £m	Purchases at cost and derivative payments £m	Sales proceeds and derivative receipts £m	Other transactions £m	Market value movement ¹ £m	As at 31 March 2025 £m
Bonds	2,864.3	1,422.6	(1,216.7)	-	(166.1)	2,904.1
Pooled investment vehicles	666.2	817.4	(1,078.7)	-	11.4	416.3
Derivative contracts	(331.5)	48.2	(61.4)	-	11.4	(333.3)
Cash instruments	40.9	59.2	(68.5)	-	-	31.6
Annuity policies	1.9	-	-	-	(0.1)	1.8
	3,241.8	2,347.4	(2,425.3)	-	(143.4)	3,020.5
Other financial assets and liabilities	37.5	-	-	(86.9)	-	(49.4)
Cash deposits	35.9	-	-	(6.6)	(1.3)	28.0
Total	3,315.2	2,347.4	(2,425.3)	(93.5)	(144.7)	2,999.1

¹ 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.

² Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Net transaction costs and commissions included in the above were £351k (2024: £4k). 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.

12 Investments - financial assets and liabilities

	2025		2024	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Bonds	2,904.1	-	2,864.3	-
Pooled investment vehicles	416.3	-	666.2	-
Derivative contracts	210.3	543.6	306.8	638.3
Cash instruments	31.6	-	40.9	-
Insurance policies (annuities)	1.8	-	1.9	-
Other financial assets and liabilities	44.5	93.9	49.8	12.3
Cash deposits	28.0	-	35.9	-
Total	3,636.6	637.5	3,965.8	650.6
Total net financial assets	2,999.1		3,315.2	

Notes to the financial statements continued

12 Investments - financial assets and liabilities continued

	2025 £m	2024 £m
Bonds		
Fixed interest securities		
UK public sector quoted	1,120.4	1,208.8
Corporate quoted	952.7	967.2
Overseas public sector quoted	7.2	3.2
Other	52.6	57.8
Index-linked securities		
UK public sector quoted	715.2	564.1
Other	56.0	63.2
Total	2,904.1	2,864.3

Included within investments above are assets of £826.9m (2024: £1,025.6m) available for use as collateral when required. As at the year-end, £353.4m (2024: £352.9m) was deployed as net collateral posted in favour of counterparties to derivative contracts open at the year-end.

	2025 £m	2024 £m
Pooled investment vehicles		
Bond funds	-	126.5
Loan fund	99.4	188.3
Cash funds	259.6	272.7
Capital Release Transactions fund	57.3	78.7
Total	416.3	666.2

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.

	2025		2024	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Derivative contracts				
Swaps	207.3	542.0	305.5	637.5
Futures contracts	-	-	-	-
Forward foreign exchange	3.0	1.6	1.3	0.8
Total	210.3	543.6	306.8	638.3
Net derivative liabilities		333.3		331.5

Notes to the financial statements

continued

12 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 and swaptions 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	87	743.5	467.2	85.3	29.1
5-10	30	229.4	418.6	4.3	73.3
10-30	61	424.8	879.3	30.0	312.5
30-50	21	101.2	202.5	47.1	121.2
Total	199	1,498.9	1,967.6	166.7	536.1

Inflation swaps

Maturity years	No. of contracts	Receive RPI notional £m	Pay RPI notional £m	Assets £m	Liabilities £m
0-5	6	172.7	-	14.9	0.1
5-10	7	80.6	75.9	12.8	1.7
10-30	16	84.2	68.1	12.9	3.5
30-50	6	6.2	2.1	-	0.6
Total	35	343.7	146.1	40.6	5.9

Credit default swaps

No credit default swaps were in place at the year end.

Currency swaps

No currency swaps were in place at the year end.

	Assets £m	Liabilities £m
Total swaps	207.3	542.0

Futures contracts

Maturity	Type of future	No. of contracts	Economic exposure £m	Assets £m	Liabilities £m
Under 3 months	Overseas fixed interest	1	(3.5)	-	-
Total		1	(3.5)	-	-

The market value of the futures contract at the year end was an asset of £167 which rounds to zero in the table above.

Notes to the financial statements continued

12 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	2	6.4			-	-
Within 3 months	Pay EUR/Receive GBP	16	215.7			-	1.4
Within 3 months	Pay USD/Receive GBP	11	95.2			2.9	-
Within 3 months	Pay GBP/Receive USD	2	9.6			0.1	0.1
Within 6 months	Pay EUR/Receive GBP	1	13.4			-	-
Within 6 months	Pay USD/Receive GBP	1	14.3			-	0.1
Total		33	354.6			3.0	1.6

Cash instruments

	2025 £m	2024 £m
Cash instruments	31.6	40.9

Other financial assets and liabilities

	2025		2024	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Accrued interest	31.9	-	35.6	-
Amounts due from/to brokers/managers	12.6	93.9	14.2	12.3
	44.5	93.9	49.8	12.3
Net other financial assets		49.4	37.5	

Cash deposits

	2025 £m	2024 £m
Sterling	21.2	20.8
Foreign currency	6.8	15.1
Total	28.0	35.9

13 Current assets

	2025 £m	2024 £m
Cash balances	24.3	6.6
Other debtors	0.3	15.3
Total	24.6	21.9

£0.0m (2024: £14.8m) of the other debtors relates to April pensions which were due on 1 April but were paid on the preceding working day in March as 1 April was not a working day in 2024.

Notes to the financial statements

continued

14 Current liabilities

	2025 £m	2024 £m
Other creditors	0.1	0.2
Unpaid benefits	0.6	0.5
GMP equalisation on past pension liabilities (see note 21)	38.0	34.0
Accrued expenses	5.6	8.1
Total	44.3	42.8

15 Investment risks

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.

Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.

Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the level of investment returns that it is required to achieve to meet its funding objectives. The Trustee seeks to maintain investment risks, including credit risk and market risk, within agreed limits that are set taking into account the Scheme's strategic investment objectives. The investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee as part of regular reviews of the Investment Portfolio. The Trustee's investment strategy is set out in the Investment report.

Notes to the financial statements

continued

The following table summarises the extent to which the various classes of investments are affected by financial risks:

Investment Manager	Style	Investment vehicle	Credit risk	Market risk			Holding £m	
				Currency	Interest rate	Other price	2025	2024
Liability Matching Fund (LMF)								
BlackRock		Segregated	○	○	●	○	1,581	1,645
Investment Portfolio								
AXA	IG bonds	Segregated	●	○	●	○	478	523
M&G	IG bonds	Segregated	●	○	●	○	379	323
Amundi	IG bonds	Segregated	●	○	●	○	343	353
M&G Sleeve run-off	IG bonds	Segregated	●	○	●	○	-	21
Amundi	Broad bonds	Pooled	●	○	●	○	-	133
M&G ¹	Loans	Pooled	●	○	●	○	101	192
AXA (PCS) ¹	Reg. Cap	Pooled	●	○	●	○	59	81
							1,360	1,626
Cash			○	○	○	○	55	42
Managed assets							2,996	3,313
Annuity policies			○	○	○	○	2	2
Net financial assets							2,998	3,315
Net current assets and other							(19)	(21)
Net assets of the Scheme							2,979	3,294

In the above table, the risk noted affects the asset class [●] significantly, [○] partially or [○] hardly/not at all.

¹ The value of pooled investment vehicles includes dividends declared but paid after the year end.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

Overall framework for investment risk management

Overall approach for investment risk budgeting

The Trustee believes that the maturity of the Scheme and the impact of its size on the Company covenant together warrant a strong focus on managing risk and pursuing the chosen return target in a risk-controlled manner. It takes an integrated risk management approach.

The Trustee has a set a Strategic Target and Risk Framework that is used to assess the level of investment risk within the Scheme and its appropriateness given the Scheme's funding objectives and the Sponsor's financial strength.

The budget for investment risks is derived from striking a balance between three factors:

1. The need for generating investment returns, which is a function of the Scheme's funding objectives
2. The affordability of investment risks by the Sponsor, which is a function of its capacity to sustain a significant deterioration in the Scheme's funding level and contribute to its recovery
3. The investment environment, which may or may not favour taking investment risks.

Each of these factors is assessed using metrics that are regularly updated and reviewed using inputs from the Trustee's investment, actuarial and employer covenant advisers.

The Trustee seeks to control investment risks primarily by setting the following:

A minimum holding in 'off-risk' assets such as cash and UK Government gilts, primarily held in its Liability Matching Fund

Minimum interest rate risk and inflation risk coverage ratio to protect the funding level against the impact of changes in interest rates and inflation

The permitted asset classes for the investment managers and applicable ranges

Investment constraints and risk guidelines within the investment managers' mandates to avoid excessive concentration and risk taking.

Notes to the financial statements

continued

Limits on counterparty exposure where the Scheme has entered into derivative instruments or gilt repurchase agreements. Contracted amounts are detailed in note 12.

Given its maturity, the Scheme has to generate significant cash flows from its assets to fund benefit payments. The investment risks associated with this are managed through a liquidity management policy. The policy primarily aims at continuously matching the next few years of benefit payments with asset cash flows and holding a cash buffer to cover unexpected short-term outflows.

Governance of investment risk management

The Trustee Board has ultimate responsibility for investment risk management. The key parameters that determine the amount of investment risk that may be taken within the Scheme, including their distribution across asset classes, are set in the Statement of Investment Principles. The Trustee Board has delegated to the Investment Committee the management of investment risk within the parameters set in the Statement of Investment Principles. The Investment Committee may delegate some of its duties to the Asset and Liability Management Committee. The Executive Office, working with the Scheme's advisers and investment managers, is responsible for the ongoing monitoring of investment risk, for making recommendations to the Trustee Board, Investment Committee or the Asset and Liability Management Committee as appropriate, and for implementing the decisions.

The Trustee has appointed investment managers to manage the investments of the Scheme under agreed mandates. These mandates set out target asset allocations, benchmarks and risk tolerances, which are consistent with the risk limits set by the Trustee. The Trustee Board, Investment Committee and the Asset and Liability Management Committee receive regular reports on risk metrics and on their adherence to their respective limits.

Approach to risk measurement

The Trustee believes that investment risks are multi-faceted and that both quantitative and qualitative inputs are useful in the evaluation of such risks. It relies on analysis generated by its advisers, investment advisers and the Executive Office, using a combination of tools licensed from third parties or developed internally. The Trustee monitors investment risk by assessing the likelihood of potential future events and the scale of their potential impact on the Scheme's assets and funding level. It is typically achieved by measuring the funding level's sensitivity to potential market shocks and scenario analysis of funding level projections.

Credit risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, enters into derivatives, has cash balances and may enter into repurchase agreements. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in pooled investment vehicles. The Scheme is indirectly exposed to credit risk arising on the financial instruments held by the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in UK Government gilts (61% of the Scheme's assets) where the credit risk is minimal, or bonds held directly which are rated investment grade by at least one rating agency (a further 34% of the Scheme's assets). The allocation to bonds that are not rated or are rated sub-investment grade (2% of the Scheme's assets) and may be subject to higher credit risk is subject to limits in the investment managers' agreements. Credit risk in those mandates is mitigated by ongoing active management by the investment managers to avoid losses arising from downgrades and defaults. The allocations represent the position at year-end.

The Scheme is exposed to the risk of failure of its counterparties to derivatives and gilt repurchase agreements. The risk is mitigated by permitting the investment managers to transact with a broad set of counterparties and setting concentration limits within the investment managers' agreements. Collateral arrangements are also used to mitigate credit risk.

Direct credit risk arises in relation to pooled investment vehicles (PIV) held directly by the Scheme. Direct credit risk is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the relevant manager, the regulatory environments in which the PIV managers operate, and diversification of investments among a number of pooled arrangements.

A summary of PIV by type of arrangement is as follows:

	2025 £m	2024 £m
Open-ended investment companies (OEIC) / Unit Trusts	359	461
Investment company with variable capital (SICAV)	-	113
Specialised investment fund under French Law	57	92
Total	416	666

Notes to the financial statements

continued

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles, which will include bonds, cash and derivatives. Credit arising from bonds and derivatives is concentrated in the loans and AXA PCS mandate and is mitigated by limits in the guidelines, in order to maintain a degree of diversification, and ongoing active management by the asset managers to avoid losses arising from downgrades and defaults. The risk arising from the derivatives is mitigated by counterparty risk diversification constraints and collateralisation for most of the pooled vehicles used.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are not denominated in sterling, either as segregated investments or via pooled investment vehicles. The Trustee seeks to minimise currency risk within the Investment Grade Bonds mandates by setting a net overseas currency exposure of 10% or less for each mandate, taking into account currency hedging instruments. At the year-end, the exposure to non-sterling assets, net of any currency hedging, was less than 0.1% of the Scheme's total assets.

The Trustee also holds sterling hedged share classes of the pooled funds it has invested into. A currency risk may remain within the pooled funds as a part of the investment strategy pursued by the managers of those pooled funds. It is mitigated by limits set in the guidelines of the pooled funds.

Interest rate and inflation risk

The Scheme's assets are subject to interest rate and inflation risk because some of the Scheme's investments are held in cash, bonds and interest rate and inflation swaps (either as segregated investments or through pooled vehicles). The Scheme's actuarial liabilities are also sensitive to gilt yields and inflation. The Trustee seeks to contain the sensitivity of the Scheme's funding level to changes in gilt yields and inflation. This is achieved by setting targets for the ratio of the assets' sensitivity to gilt yields and inflation over the actuarial liabilities' sensitivity to gilt yields and inflation, the Interest Rate Coverage Ratio and Inflation Coverage Ratio respectively. The coverage ratios are translated into the guidelines of the managers of the LMF and the investment grade Bonds' mandate, to which they have to adhere within a degree of tolerance. The coverage ratios are regularly monitored and their target reviewed to take account of the Scheme's funding level and market conditions. At year-end, the target coverage ratios had been set at levels close to 100% of Technical Provision liabilities, which were achieved.

16 Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. Level 2 assets consist mainly of:

- sovereign, corporate and asset-backed debt instruments
- managed funds investing in securities, and
- derivatives.

Debt instruments are valued using prices provided by price aggregation services which source prices from authorised brokers and dealers. These debt instruments are readily realisable in liquid markets.

Holdings of managed funds are normally valued based on unit prices based on current net asset values of the underlying assets. Derivative assets and liabilities are valued using discounted cash flow and options pricing models. These models use as their basis independently sourced market parameters including, for example, interest rate yield curves, inflation rates, option volatilities and currency rates.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Level 3 assets are loan funds and hedge funds with notice periods. Holdings of managed funds are normally valued based on unit prices based on current net asset values of the underlying assets.

Notes to the financial statements

continued

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

At 31 March 2025				
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fixed interest securities	-	2,904.1	-	2,904.1
Pooled investment vehicles	-	259.6	156.7	416.3
Derivative contracts	-	(333.3)	-	(333.3)
Cash instruments	31.6	-	-	31.6
Annuity policies	-	-	1.8	1.8
Other financial assets and liabilities	(49.4)	-	-	(49.4)
Cash deposits	28.0	-	-	28.0
Total	10.2	2,830.4	158.5	2,999.1

At 31 March 2024				
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Fixed interest securities	-	2,864.3	-	2,864.3
Pooled investment vehicles	-	399.2	267.0	666.2
Derivative contracts	-	(331.5)	-	(331.5)
Cash instruments	40.9	-	-	40.9
Annuity policies	-	-	1.9	1.9
Other financial assets and liabilities	37.5	-	-	37.5
Cash deposits	35.9	-	-	35.9
Total	114.3	2,932.0	268.9	3,315.2

17 Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme at the prior year end (other than holdings in UK Government bonds) were as follows:

	2025		2024	
	Value £m	Net Asset %	Value £m	Net Asset %
M&G European Loan Fund	101.0	3.4%	192.0	5.8%

The amounts shown include dividends that were declared before the year end received after the year end.

18 Employer-related investments

At the year-end, less than 0.02% (2024: 0.05%) of assets were invested in employer-related investments within the meaning of Section 40(2) of the Pensions Act 1995.

19 Related party transactions

Four Trustee Directors receive a pension from the Scheme and two others are deferred pensioners. Eight Directors (including Vidett Trustee Services Limited) received remuneration from the Scheme. The total amount is shown in note 8. All Directors are reimbursed for out-of-pocket expenses related to their duties.

The Trustee pays fees to Vidett Governance Services Limited for secretarial services, which is related by reason of common control to Vidett Trustee Services Limited, a corporate director of the Trustee.

All benefits were calculated in accordance with the Scheme Rules.

Notes to the financial statements

continued

There were a number of transactions agreed between the Sponsor and the Trustee during the year which were as follows:

Invensys Limited agreed to re-imburse the Trustee for administrative expenses of £55k during the year (2024: £48k), which was paid by the year end.

Schneider Electric provides office space to the Trustee for the Executive Office. The cost of the office space was £70k (2024: £64k).

Group life insurance premiums are paid by Schneider Electric then recharged to the Scheme. This amounted to £5k during the year (2024: £6k).

There have not been any payments made to Invensys Limited or any of its subsidiary companies out of Scheme funds in the past 12 months.

20 Valuation of annuity policies

The Trustee has included a valuation of annuity policies that it holds. The valuation was prepared by the Scheme Actuary. To the extent that annuities are paid via the Scheme the expenditure and income are included within benefits payable and investment income respectively.

21 Guaranteed Minimum Pension Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and has formed a working group that continues to plan its approach to resolving this issue. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. A November 2020 High Court judgment ruled that Schemes were liable to equalise certain benefits transferred out of the Scheme that included an element of GMP. The Scheme Actuary has prepared an estimate of the backdated benefits which relate to equalisation of scheme benefits paid or transferred prior to 31 March 2025 of £38.0m (2024: £34m). These estimates are based on the Trustee's view of the most likely equalisation methodology to be adopted and a top-down assessment of the likely impact on members.

Summary of contributions

Invensys Pension Scheme

Summary of contributions payable during the year ended 31 March 2025

During the year ended 31 March 2025, the contributions payable to the Scheme under the Schedules of Contribution applicable during the year were as follows:

	£k
Pension Protection Fund Levy reimbursement	56
Total contributions under Schedules of Contributions	56

/s/ Kathleen O'Donovan

Kathleen O'Donovan
Chair of the Board

1 August 2025

Actuary's certification of the 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 could have been expected on 31 March 2024 to continue to be met for the period for which the schedule is to be in force.

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 4 November 2024.

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.

Signature:



Date: 4 November 2024

Steve Leake

Fellow of the Institute and Faculty of Actuaries
XPS Pensions Limited
Tempus Court
Onslow Street
Guildford
Surrey GU1 4SS

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 2025 to which this statement is attached.

In our opinion contributions for the scheme year ended 31 March 2025 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the scheme actuary on 8 April 2022 and 4 November 2024.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 49 have in all material respects been paid at least in accordance with the schedules of contributions. This includes an 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 schedules of contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions 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.

Use of our statement

This statement is made solely to the Scheme's 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 audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it 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 Scheme's Trustee as a body, for our work, for this statement, or the opinions we have formed.

/s/ Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading
4 August 2025

