

Invensys plc
Remuneration Committee
Terms of Reference

As adopted on 3 November 2009

The Remuneration Committee (“the Committee”)
The Board of Directors of Invensys plc (“the Board”)
Invensys plc (“the Company”)

1. Constitution

- 1.1 The Committee is a sub-committee of the Board appointed in accordance with Article 131 of the Company’s Articles of Association.
- 1.2 The Terms of Reference for the Committee are defined by the Board and may be amended by the Board at any time.

2. Membership

- 2.1 Members of the Committee will be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chairman. The Committee will be made up of at least three members, all of whom are independent non-executive directors. The Chairman of the Board may be a member of, but not chair, the Committee if he or she was considered independent on appointment as chairman.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 2.3 Appointments to the Committee will be for a period of up to three years, which may be extended for two further three-year periods, provided the director remains independent.
- 2.4 The Board will appoint the Committee Chairman who will be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present will elect one of themselves to chair the meeting. The Chairman of the Board will not be Chairman of the Committee.

3. Secretary

- 3.1 The Company Secretary, or their nominee, will act as the Secretary of the Committee.
- 3.2 The Company Secretary will ensure that the Committee is properly constituted in accordance with these Terms of Reference.
- 3.3 The Company Secretary will ensure that these Terms of Reference are publicly available.

4. Quorum

- 4.1 The quorum necessary for the transaction of business will be two. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5 Meetings

- 5.1 The Committee will meet at least three times a year and at such other times as the Committee Chairman will require.

6. Notice of Meetings

- 6.1 Meetings of the Committee will be summoned by the Secretary of the Committee at the request of any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend, the Chief Executive Officer and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The Secretary will minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Minutes of Committee meetings will be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

8. Annual General Meeting

- 8.1 The Committee Chairman will attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. Duties

The Committee will:

- 9.1 determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, Group Leadership Team (GLT) (which includes the executive directors and Company Secretary), together with highly remunerated executives (ie any employee outside of the GLT who has a base salary of £200k or greater); and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of the GLT including bonuses, incentive payments and share options or other share awards, expatriation allowances, and tax equalisation clauses.

The remuneration of non-executive directors will be a matter for the Chairman and the executive members of the Board. No director or manager will be involved in any decisions as to their own remuneration;

- 9.2 in determining such policy, take into account all factors which it deems necessary including to ensure that the interests of executives are aligned with those of shareholders. The objective of such policy will be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 9.3 review the ongoing appropriateness and relevance of the remuneration policy;
- 9.4 approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 9.5 review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
- 9.6 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 9.7 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 9.8 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Combined Code and the UK Listing Authority's Listing Rules and associated guidance;
- 9.9 review and note annually the remuneration trends across the Company;
- 9.10 oversee any major changes in employee benefits structures throughout the Company;
- 9.11 agree the policy for authorising claims for expenses from members of the Board;
- 9.12 ensure that all provisions regarding disclosure of remuneration including pensions, as set out in all relevant legislation are fulfilled;
- 9.13 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 9.14 obtain reliable, up-to-date information about interpretation of governance guidelines and remuneration structures in other companies. The Committee will have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations;
- 9.15 consider any other matters as referred to the Committee by the Board;

9.16 not determine any matters reserved for the Board.

10. Reporting Responsibilities

10.1 The Committee Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

10.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10.3 The Committee will produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM. The Committee Chairman and members of the Committee will be named in the report and their individual attendance at the meetings of the Committee will be formally documented.

11. Other

11.1 The Committee will, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval. The Committee will meet at least annually without the Committee Chairman present to discuss his or her performance.

12. Authority

12.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

12.2 In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice.