

A close-up photograph of a woman wearing a white hard hat and clear safety glasses. She is looking down at a tablet computer she is holding in her hands. She is wearing a white collared shirt and a yellow high-visibility vest. The background is a blurred industrial or construction site.

AVEVA

We'll take
you there

AVEVA Group plc
Annual Report and Accounts 2020
Strategic Report

Our purpose

AVEVA creates industrial software that inspires people to shape a sustainable future.

We work with our customers and harness the power of our ecosystem to deliver solutions and expertise to optimise engineering, operations and performance.

From water and energy to food and infrastructure, our solutions transform opportunity into business value. We use collaborative innovation to empower people and industries to thrive.



Online Annual Report

To view our interactive Online Annual Report, and to download sections of, or the full report, please scan the QR above or visit our website:

<https://investors.aveva.com/annualreport.html>

“We committed ourselves to being a leader in industrial software for a sustainable future, working with our employees, customers, shareholders and our wider communities. We aspire to a world where economic growth supports environmental sustainability with better living standards for all. Our purpose, values and strategy enable us to create long-term value for all of our stakeholders.”

Craig Hayman
Chief Executive Officer



What's inside our report

Helping industries to shape the future

Pages 4–5

At a Glance



Strategic Report

This is part one of our Annual Report and Accounts. Part two consists of the Governance Report and Financial Statements, and details our corporate governance, remuneration, and financial performance.

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Accelerate innovation: transform your digital future

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Chief Executive's Review



Finding opportunity in disruption

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Global Megatrends



...inspiring people to shape the future

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How we make it happen

Highlights

How we performed

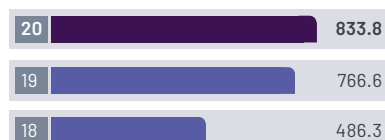
AVEVA delivered good financial results achieving revenue and profitability growth while continuing to drive a business model transition to subscription.

Financial

Revenue

£833.8m

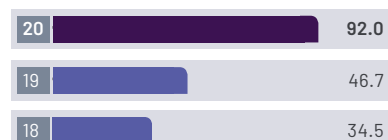
Up 8.8% (FY19: £766.6m)



Profit before tax

£92.0m

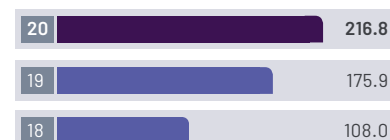
Up 97.0% (FY19: £46.7m)



Adjusted¹ EBIT

£216.8m

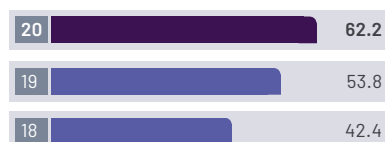
Up 23.3% (FY19: £175.9m)



Recurring revenue²

62.2%

Up 840 bps (FY19: 53.8%)



Net cash

£114.6m

Down 10.3% (FY19: £127.8m)



Adjusted¹ EBIT margin

26.0%

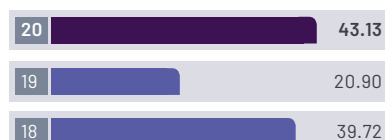
Up 310 bps (FY19: 22.9%)



Diluted EPS

43.13p

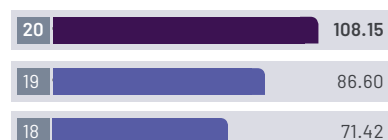
Up 106% (FY19: 20.90p)



Adjusted¹ diluted EPS

108.15p

Up 24.9% (FY19: 86.60p)



1 Adjusted figures are calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items. Where relevant this also includes the tax effect of these adjustments.

2 Recurring revenue is defined as subscription plus maintenance revenue.

Operational

Customer events

AVEVA World Summit
Singapore, September 2019



Over 600 delegates attended the two-day Summit, with insights from 63 industry leaders including Shell, ENI, Schneider Electric and Nestlé.

AVEVA World Conference
Florida, November 2019



More than 1,400 delegates joined us for 130 expert sessions that spanned eight industry verticals.

Acquisitions

Acquisition of AssetPlus
April 2019



We acquired AssetPlus software from MaxGrip, integrating predictive and prescriptive analytics into our asset performance management, boosting our artificial intelligence capabilities.

Product launches

We launched AVEVA™ Discrete Lean Management



In February we launched our Discrete Lean Management product suite at ARC Forum in Florida, USA. The system is designed specifically for the needs of the discrete manufacturing sector.

Launch of cloud-enabled multi-experience capabilities



In 2020, we launched enhanced multi-experience capabilities across our software, improving collaboration by ensuring teams had a consistent experience whether they were working in the field, in the office or at home.

AVEVA LIFE

Limitless Possibilities, Integrity Always, Flexibility Together, Excellence Every Day

Number of culture workshops held in the year

84

To embed our new culture, we have been holding small group workshops throughout the world. For more information, see page 32.

Employee engagement rate

82%

In February and March we surveyed all employees across a range of topics. To read more, see page 33.

AVEVA ACTION FOR GOOD

Over one-third of employees used their paid community day to give back

1,536 days

For more information, see pages 36.

Money and time donated for charitable causes in the year

£523,000

A combination of local and national causes, support for employee community days, and employee matched funding.

At a Glance

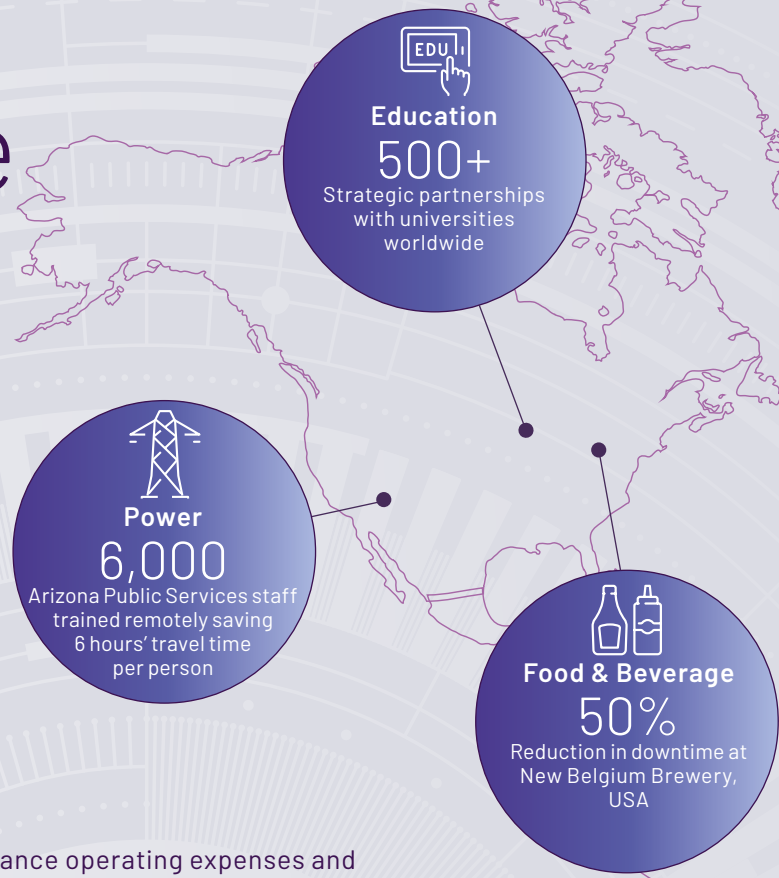
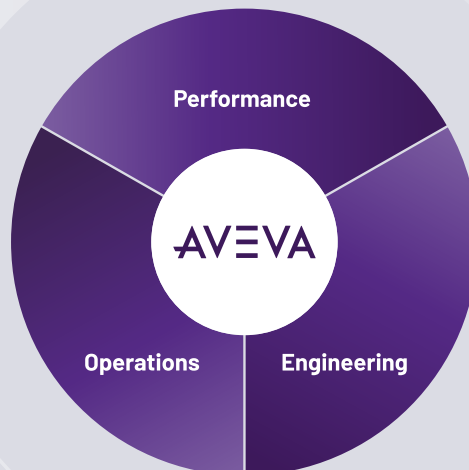
Helping industries to shape the future

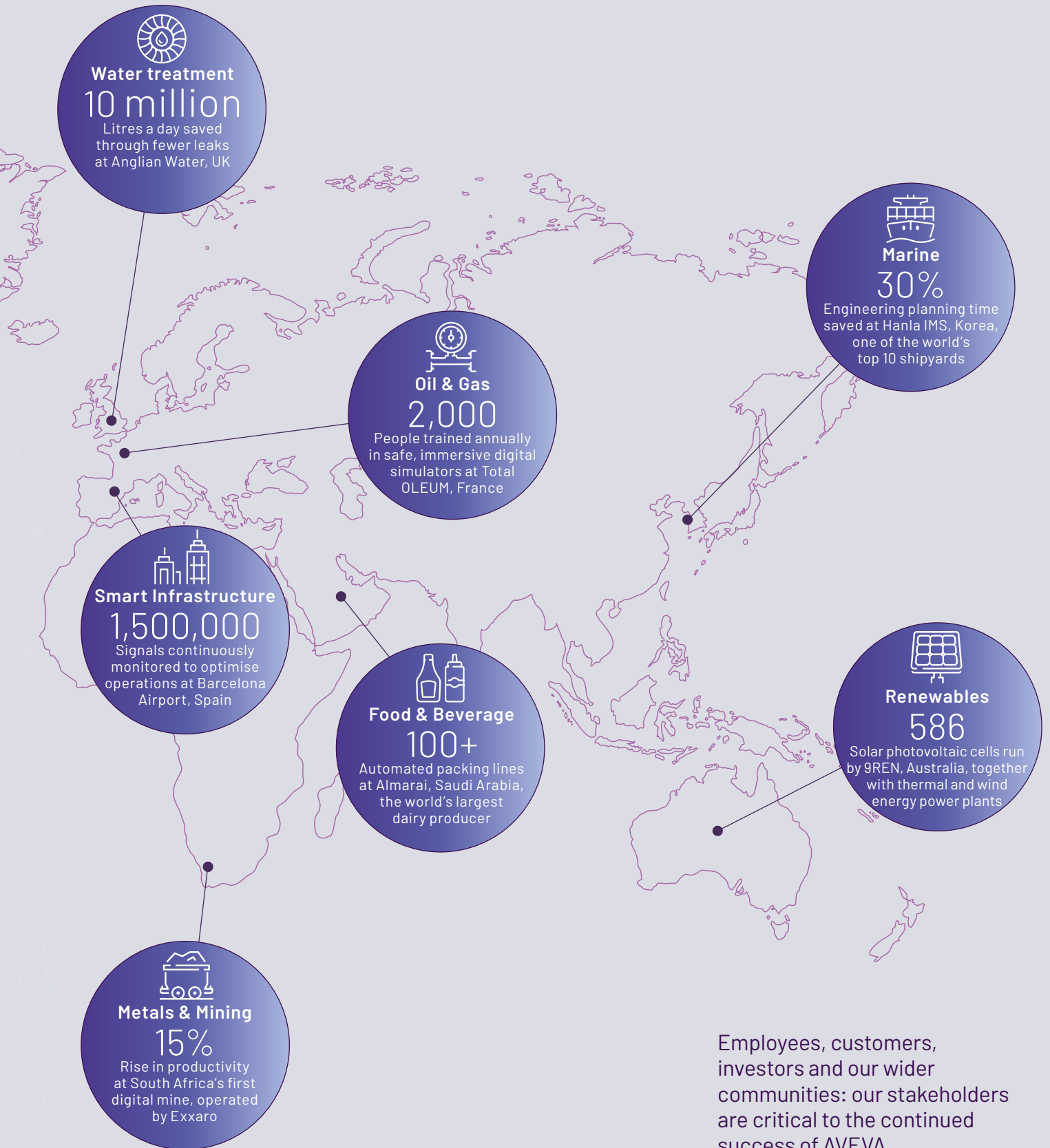
Our software helps leading companies to shape a sustainable future. With advanced insight, proven understanding and experience in optimising value chains, we help companies from food and infrastructure to energy and water find opportunity in disruption and deliver sustainable growth.

Balance operating expenses and risk to optimise the supply chain, production and asset performance

Eliminate value leaks, increase operational efficiency and maximise collaboration

Deliver capital projects to operations efficiently, on time and on budget





Employees, customers, investors and our wider communities: our stakeholders are critical to the continued success of AVEVA.

Chairman's Statement

A year of strong progress



AVEVA delivered good results in the financial year ended March 2020, while driving operational improvements to underpin long-term value creation.

Overview

It is now two years since the combination of heritage AVEVA and the Schneider Electric industrial software business created a global leader in industrial software. During that time, the Group has made substantial progress, integrating its unmatched set of solutions to help our customers on their digitalisation journeys and in so doing, playing a key role in driving the digitalisation of the industrial world.

During the financial year, the benefits of the combination and integration started to yield results, despite the unprecedented events surrounding Covid-19 and the disruption to energy markets towards the end of the year. AVEVA adapted swiftly to the new operating environment, with the business demonstrating resilience, and our employees and management team showing commitment and flexibility.

As such, the Group delivered a strong finish to a successful year, growing total revenue 8.8%, which together with improved operating margins, drove an adjusted diluted EPS increase of 24.9%. This was achieved while strengthening AVEVA's prospects through investing in Research & Development, investing in our people and substantially increasing subscription revenue and Cloud sales to drive long-term value.

The Board proposes to maintain the final dividend at 29.0 pence. This decision results from our confidence in the resilience of AVEVA's business, with its strong balance sheet position and ongoing cash generation, balanced with prudence regarding the global macroeconomic crisis.

Board developments

We have a strong and diversified Board of Directors with a majority of independent Non-Executive Directors. On 30 April 2020 Emmanuel Babeau resigned as a Non-Executive Director, Vice Chairman of the Board and member of the Remuneration Committee. This followed the announcement by Schneider Electric that he would be leaving the company. I would like to thank Emmanuel for his support and contribution to AVEVA and the Board and wish him the very best for the future.

29.0p

Final dividend

No change (FY19: 29.0p)

Emmanuel has been replaced by Olivier Blum as a Non-Executive Director and member of the Remuneration Committee. Olivier is Chief Strategy & Sustainability Officer at Schneider Electric and comes with great experience, having spent 27 years with Schneider in France, China, India and Hong Kong, in products and sales. More recently he was Chief Human Resources Officer for five years. The Board is delighted to welcome Olivier. His broad international expertise in strategy and HR issues will strengthen and enhance the Board and Committee's range of skills and expertise.

Peter Herweck assumed the role of Vice Chairman effective 30 April 2020. My thanks also to Peter for his support in assuming this role.

Summary

The Board would like to acknowledge the role of the executive management in the successful integration of the two businesses that now make up AVEVA. Like all integrations following a merger, this was complex and has resulted in cultural change that has positioned AVEVA well for a successful future. The Board would also like to sincerely thank all our employees for their support, hard work and dedication on this journey, exhibited again more recently during the current Covid-19 crisis. Finally, we acknowledge and thank our customers, shareholders and other stakeholders for their continued support and look forward to a successful future together.

Philip Aiken AM
Chairman
9 June 2020



AVEVA LIFE

Our values and culture

Our values are:

- Limitless Possibilities
- Integrity Always
- Flexibility Together
- Excellence Every Day

Covid-19

No business is escaping the effects of Covid-19. The health, safety and well-being of our customers, employees, partners and communities is of the highest importance to us and we are proud to be working together as part of the global response to the Covid-19 pandemic. We transitioned over 95% of the team to remote working early in the pandemic, and colleagues have embraced the opportunities and challenges this has brought. Sharing individual stories and celebrating successes shows how our people put the AVEVA LIFE values into action, bringing our teams closer despite social distancing and remote working. An early highlight was our first virtual sales conference, AVEVA IGNITE Digital, which enjoyed a record 1,000+ delegates over four days.

Our shared AVEVA LIFE values and culture are hugely important to everyone at AVEVA and embody who we are and how we behave.

This year we have invested in culture training workshops all around the world, with over a thousand employees participating so far.

We also launched an engagement survey to all staff which received a tremendous level of response.



To read more, see our Social Wellbeing section on pages 32-33.

Chief Executive's Review

Accelerate innovation: transform your digital future



Our business is now substantially diversified across four business units, three major geographies, and end-markets including energy, infrastructure and food & beverage.

Summary

AVEVA delivered good financial results achieving revenue growth of 8.8% and adjusted EBIT growth of 23.3%, while continuing to drive a business model transition to subscription. Recurring revenue increased as a proportion of total revenue to 62.2% (FY19: 53.8%). This transition offers increased flexibility to customers, while generating long-term value for shareholders.

The Group's operating margin benefited from an improvement in gross margin, due to a better sales mix and increased

operational efficiency, operational leverage and underlying cost savings. At the same time, investment in areas including Sales & Marketing and Research & Development was increased to help generate future growth.

Covid-19

AVEVA achieved a good close to its financial year, despite the challenges related to Covid-19. The safety of AVEVA's employees is paramount and the business has adapted well to remote working.

AVEVA's software drives efficiency gains for the industries it serves. As such, digitalisation is key in dealing with the challenges that these industries are facing, for example helping drive efficiency in difficult operating environments and enabling unmanned operations. The Group has been accelerating its cloud roll-out, while increasing investment in cloud development, to provide flexibility for customers in how they consume software.

"The merger of AVEVA with the Schneider Electric industrial software business in March 2018 was one of the largest business combinations that has occurred in the UK for many years. Our focus on integration and operational excellence has been a success, yielding a unique, best-in-class and highly competitive global technology company listed on the London Stock Exchange"

Craig Hayman
Chief Executive Officer



Despite this, the overall level of macroeconomic disruption has had some impact on customer confidence and in certain sectors it has caused supply chain disruption, making the overall business environment more challenging.

Restrictions on mobility are resulting in services being performed remotely where possible and we expect to see the ongoing and planned reduction in perpetual licences increase. This is likely to lead to subscription revenues, which have continued to grow, comprising a greater proportion of the total.

Against a more challenging revenue growth backdrop, AVEVA is taking actions which are expected to result in a reduction in costs of approximately £50–60 million versus the Group’s pre-Covid-19 plans for FY21. At this point, AVEVA does not intend to make staff reductions in response to the economic environment, furlough any staff, or make use of government support programmes. Savings will be generated from reductions in discretionary spend, travel costs and lower costs from switching key events from physical to virtual.

Customer case study
Olam International

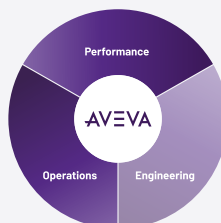
Industry



Food & Beverage

Driving operational excellence and sustainability

Olam selected AVEVA’s Manufacturing Execution System software to deliver value in quality, asset productivity, cost efficiency and ensure the sustainability of its global industrial footprint.



The initial implementation in a greenfield edible nuts production facility in Vietnam highlighted AVEVA’s fast deployment, high level of adoption by operational teams and drove improvements in quality and productivity across the portfolio.

Taoufik Arif, VP Digital Manufacturing & Innovation, said, “Our new digital factory enables our plant teams to achieve good operational results in a short time, and empowers their decisions with real-time insights. AVEVA™ Manufacturing Execution System is a key enabler of our Smart factory design, allowing us to drive operational excellence and build manufacturing contextual data for AI analytics use, towards further augmented competitiveness.”

Benefits include:

- Higher product quality consistency and end-to-end traceability, leading to high customer satisfaction;
- Real-time visibility on production line overall equipment effectiveness supported by root cause analysis, helps us make decisions at the right time and higher asset productivity;
- Improved tracking of materials and energy usage (consumed and produced) throughout the manufacturing process, ensuring better cost efficiency and sustainability;
- Full data flow automation and paperless factory, leading to better labour productivity and focus on high value-added activities; and
- AI-analytics readiness with contextual manufacturing data availability, for higher overall operational efficiency.

Chief Executive's Review continued

Trading and markets

The industries that AVEVA serves are making increasing use of technology to reduce both capital and operating costs in the context of competitive pressures to increase efficiency, output, flexibility and improve overall sustainability. This is being enabled by ongoing technological megatrends that are driving the digitalisation of the industrial world, notably the industrial internet of things, Cloud, data visualisation and artificial intelligence.

This is driving growth in demand for industrial software. AVEVA is optimally placed to help its customers digitalise, due to its end-to-end product portfolio, which runs from simulation through design and construction and into operations. In addition, AVEVA has well-established market-leading positions serving the process, marine, batch and hybrid industries.

AVEVA achieved growth across all its geographical reporting segments and Business Units during the year.

End markets

AVEVA primarily serves process, batch, hybrid and marine industries. These industries provide staple requirements for basic consumption, such as Energy, Food, and Transport. As such, they have some level of resilience to the macroeconomic downturn.

AVEVA's largest end market is Oil & Gas at around 40% of revenue, with around 10% of revenue exposed to greenfield capex in the sector. The Group has become more diversified since the combination with the Schneider Electric industrial software business. Packaged Goods (such as Food & Beverage and Pharma), Power, Marine, Chemicals & Petrochemicals, and Metals & Mining each accounted for 5–10% of Group revenue. Other markets include Water & Wastewater, Infrastructure and Discrete Manufacturing.

Within Oil & Gas the Group's business is diversified across the capital and operational expenditure phases of the asset life cycle, with AVEVA supplying customers in the upstream, midstream and downstream markets. AVEVA's supply chain planning software is particularly well placed to help customers adjust to the current market conditions.

The ongoing structural growth drivers in each of our end markets are strong.

In Oil & Gas, overall end market conditions were stable for most of the year, with steady capital and operating expenditure across the upstream, midstream and downstream segments. The Group won contracts with both owner-operators such as BP and Engineering Procurement and Construction (EPC) customers, such as Worley. There was however a sharp reduction in oil consumption associated with the Covid-19 crisis towards the end of the financial year. This has led to several oil companies announcing reductions in capital expenditure, particularly for upstream projects, which will have a knock-on impact on the business of some of AVEVA's EPC customers. Most of these EPC customers have signed multi-year subscription contracts in the past two years with a minimum level of spend, which will provide some insulation for AVEVA. Tough market conditions also offer opportunities to drive further efficiencies through digitalisation, particularly in operations, where AVEVA's software can offer solutions to supply chain planning challenges.

In Marine, AVEVA delivered a good performance, driven by product cycle upgrades and a large multi-year subscription contract win with Hyundai Heavy Industries in Asia Pacific.

The Group's other end markets are largely non-cyclical and are primarily driven by structural growth as industries make increasing use of technology to

"AVEVA delivered growth across all geographies and saw good execution from both direct and indirect sales channels, the latter of which represented approximately one-third of total revenue."

Craig Hayman
Chief Executive Officer

drive efficiency. During the year, we saw customer wins in the consumer packaged goods market with Procter & Gamble and Colgate Palmolive, the semi-conductor market with Micron and the food and beverage space with the coffee division of Olam International, a leading food and agribusiness.

AVEVA has a strategy to grow in new markets, such as the infrastructure market around cities, water & wastewater utilities, power utilities, facility and campus managers, transportation operators and datacentres. There have been several new customers, particularly in smart cities, with the Unified Operations Centre and water & wastewater.

AVEVA recently launched its Unified Operations Centre for Datacentres in collaboration with Schneider Electric, to provide a homogenous view of engineering, operations, and performance across a heterogeneous, legacy installed base. Datacentre providers will benefit from this partnership by connecting platforms and data sets that previously existed in disparate systems. They will also be able to scale regardless of the number of sites or global location. Datacentre staff will be empowered to make faster, more informed decisions and optimise asset and operational efficiency throughout the datacentre life cycle. As a result, datacentre providers can deliver a globally consistent experience to address the expanding digital infrastructure needs of their clients.

Sales channel and geographical performance

AVEVA delivered growth across all geographies and saw good execution from both direct and indirect sales channels, the latter of which represented approximately one-third of total revenue, including sales made through Schneider Electric and leveraging its end-to-end EcoStruxure architecture. The recent combined launch of a Datacentre product, which will be taken to Schneider's top global accounts, highlights the value of this relationship.

Performance from the direct sales channel was strong, benefiting from investment and revised sales incentives.

The indirect sales channel performed well, achieving growth across all regions. AVEVA invested in and simplified its partner network, including enabling Schneider Electric to process sales leads through this channel.

Growth was assisted by the sale of additional AVEVA products, particularly AVEVA™ Asset Performance Management (APM), as channel sales moved beyond its historical focus on Monitoring & Control. Towards the end of the year, AVEVA introduced the AVEVA Select programme, which provides our partners with the opportunity to become distributors of the full AVEVA portfolio.

As part of the partner network simplification, AVEVA divested distributors in Italy, Germany and Scandinavia. This had an immaterial impact on the financial results.

EMEA: Overall revenue increased by 4.1% driven by strong growth in Russia and CIS in the Oil & Gas, power and industrial markets, supported by collaboration with Schneider Electric. The other regions in EMEA produced flat to mid-single digit growth, reflecting the economic environment and subdued North Sea oil activity. There were a number of key deals in the food and beverage, power, water and marine markets as well as expansion with existing EPC customers.

Americas: Overall revenue increased by 2.3% and grew in both in North America and Latin America, with Brazil performing very well due to both expansion deals and new wins. The reduction in Services revenue remained higher in the Americas than other regions as AVEVA continued to reduce the Services element of its pipeline Monitoring & Control business.

Chief Executive's Review continued

Asia Pacific: Overall revenue increased by 26.7% driven by good performance across the whole region. In particular, Australia and India were strong. China was on track for an outstanding year before the impact of Covid-19 hit the fourth quarter. Despite that, China still delivered double digit growth for the year.

Business Unit performance

AVEVA has four Business Units: Engineering, Monitoring & Control, Asset Performance Management and Planning & Operations.

The Group is driving recurring revenue increases in all these divisions. In FY20, over 80% of Engineering's revenue was recurring, compared to around 45–50% for the other Business Units.

Engineering consists of design and simulation software and contributed 43% of total revenue. The Business Unit achieved approximately 25% growth in Subscription licences, helped by the benefit from multi-year contracts signed in the year. Overall revenue growth was approximately 7% on a constant currency basis, driven by growth in design software.

Monitoring & Control represented 31% of total revenue. The Business Unit achieved approximately 150% growth in Subscription licences following the introduction of AVEVA™ Flex. Overall revenue growth was approximately 3% on a constant currency basis, with solid growth in the core Wonderware business being partly offset by significantly lower services associated with the pipeline SCADA business due to a focus on higher margin revenues and the disposal of distribution businesses. Growth was particularly good in consumer packaged goods and life sciences.

Asset Performance Management represented 14% of the Group's total revenue. The Business Unit achieved approximately 250% growth in Subscription licences. Overall revenue growth was approximately 12% on a

constant currency basis, led by strong growth in AVEVA™ Predictive Analytics. AVEVA's APM offering is strongly differentiated. It addresses the broadest dimensions of APM using design and engineering information, real-time and historical operational data, and maintenance execution workflows, together with model-based machine learning for predictive asset analytics. Key wins in the year included Suncor.

Planning & Operations represented 12% of the Group's total revenue. The Business Unit achieved approximately 70% growth in Subscription licences. Overall revenue growth was 13% on a constant currency basis with particularly good growth from Planning & Scheduling and Asset Optimisation. During the year, Discrete Lean Manufacturing software was launched to support digital transformation in the discrete manufacturing market. The new offering improves operational efficiency through the digitalisation of lean work management for both manual and automated production lines. The software solution is used in Schneider Electric's manufacturing plants and has been successfully deployed in more than 70 smart factories globally. This resulted in circa 10% productivity increases due to downtime mitigation and 70% improved response times due to automated escalation of production issues.

Cloud

AVEVA's Cloud products are designed to be flexible, scalable and available everywhere and are offered in each of AVEVA's Business Units. The Group achieved growth of some 200% in Cloud orders with significant new order wins, such as Veolia Water and continued expansion from existing customers as they increased consumption, by for example rolling solutions out across their asset bases.

AVEVA's Cloud platform, AVEVA™ Connect, was operationally strong, achieving 99.95% uptime during the year.

Progress against our medium-term targets

In September 2018, AVEVA outlined medium-term targets around revenue growth, increasing recurring revenue as a proportion of overall revenue and adjusted EBIT margin progression. AVEVA made excellent progress against these targets during the year, achieving its recurring revenue target ahead of plan.

Medium-term revenue growth

The Group aims to grow medium-term revenue on a constant currency basis at least in line with the blended growth rate of the industrial software market.

This revenue growth target reflects AVEVA expecting to grow its underlying software business in excess of market growth rates, driven by a combination of the strength of the Group's market positions, sales execution, revenue synergies and additional value levers, including pricing and more sophisticated management of discounting.

As previously indicated, this above-market growth is expected to be partly offset in terms of reported revenue by the impact of a phased transition towards greater subscription revenue, together with potentially lower growth rates in services revenue.

Progress report: AVEVA delivered revenue growth of 7.4% on an organic constant currency basis, which was consistent with the target.

AVEVA made substantial investments in sales and marketing to drive future growth, including further strengthening of the marketing team and expansion of the sales force.

In addition to this, further governance and sales incentive changes were put in place to manage discounting and price increases.

£833.8m

Revenue

Up 8.8% (FY19: £766.6m)

£216.8m

Adjusted EBIT

Up 23.3% (FY19: £175.9m)

62.2%

Recurring revenue

Up 840 bps (FY19: 53.8%)

The global economic disruption relating to Covid-19 is expected to impact the growth rate of the industrial software market in the short term.

Medium-term adjusted EBIT margin

The Group aims to increase adjusted EBIT margins to 30%. This margin improvement is expected to be driven by a combination of revenue growth, previously announced cost savings, cost control and a focus on high margin revenue growth through pricing and revenue mix optimisation.

Progress report: AVEVA's adjusted EBIT margin increased to 26.0% (FY19: 22.9% on a statutory basis, 23.8% before the impact of a reverse acquisition accounting adjustment). This improvement was driven by a positive sales mix, which benefited gross margin, revenue growth driving operating leverage and underlying cost savings. AVEVA expects to make continued progress towards the medium-term adjusted EBIT margin target of 30%, although progress during the current financial year will be impacted by the macroeconomic disruption.

Medium-term recurring revenue

AVEVA's target was to grow the proportion of recurring revenue to total revenue to over 60% in the medium term. Recurring revenue is defined as subscriptions revenue plus maintenance revenue. This will be driven by growing software as part of the revenue mix and by increasing the mix of subscription revenue as a proportion of new software revenue in a financial year.

The transition to greater levels of recurring revenue is expected to increase long-term free cash flow generation. Subscription offers customers benefits including greater flexibility, lower up-front costs and simplicity in pricing. These benefits are reflected in higher customer lifetime value of a subscription model, versus a perpetual licence model.

Progress report: AVEVA met its target early, with recurring revenue reaching 62.2% of total revenue (FY19: 53.8%). This was helped by the modification of sales incentive structures to encourage recurring revenue growth with a focus on driving subscription revenue versus perpetual licences, and the introduction of AVEVA Flex.

The Group has seen very strong demand for cloud-based solutions with both an increase in the volume of significant order wins and substantial expansions from existing cloud customers.

Growing recurring revenue and Cloud remains a key focus and AVEVA expects to increase both during the current financial year.

Outlook

AVEVA's business is expected to be resilient in the context of the challenging global macroeconomic environment. Many of our customers are accelerating their adoption of digital technology in the new environment with a particular focus on Cloud which supports remote working and fast start-up. AVEVA's products are key to driving efficiency in our customers operations and AVEVA has high levels of recurring revenue.

The Group will continue to drive its business model transition to subscription, increasing recurring revenue as a proportion of overall revenue and accelerating Cloud adoption. This will offer increased flexibility to customers, while generating long-term value for shareholders.

As expected in AVEVA's April 2020 trading update, notwithstanding AVEVA's resilience, we are seeing some impact from the disruption caused by the global downturn and we expect this to continue, particularly in the first six months of the financial year.

In the context of this challenging growth environment, AVEVA is managing its cost base appropriately, while protecting the longer-term growth prospects of the Group. This includes protecting investments in strategic areas such as Cloud and AI, whilst significantly reducing costs to support operating margin and cash generation. This combination of actions will support profitability in the short term, while underpinning AVEVA's ability to drive longer-term growth as the trends towards digitalisation of the industrial world continue.

Craig Hayman
Chief Executive Officer
9 June 2020

Global Megatrends

Inspiring people to shape a sustainable future

We pay close attention to the trends shaping the sectors in which our customers operate. With the effects of the Covid-19 pandemic transforming our world, below are some of the most powerful market developments we have identified as affecting the industries we serve – and how our software is helping companies respond to them.

Megatrends

The impact of digitalisation



How this can help sustainability



Global and local

Many companies operate across borders with complex supply chains that connect diverse teams. The Covid-19 crisis disrupted many global supply chains, causing consumers and businesses to shift to locally-sourced skills and raw materials. Industrial software solutions have played an essential role in enabling companies to respond quickly to change, and ensure resilience of vital goods and services.

The continued expansion of the Industrial Internet of Things (IIoT) is transforming how companies operate. Businesses use our industrial software to unify their data and combine it with analytics, helping their teams collaborate better with shared information, and using artificial intelligence (AI) to optimise their processes. Those teams need consistent systems and processes to collaborate – and digital tools provide common procedures, training, and delivery platforms to help teams work together better.

From providing insight on how to streamline operations to optimising global supply and demand flows, digital solutions are enabling new, more efficient ways of working.

Our software helps companies reduce energy consumption, minimise waste, and use raw materials more efficiently. With live, accurate data, our customers gain a complete view of supply and demand which enables them to respond to market changes with agility. This proves vital in times of market disruption, uncertainty, or industry shock.



Changing consumer needs

With the shift to digital manufacturing of mass-produced consumer goods, new capabilities such as mass personalisation are possible, enabled by smart manufacturing execution systems (MES). At the same time, MES helps customers respond to both the ongoing fluctuations in consumer spending patterns and sudden, dramatic shifts such as seen during the Covid-19 pandemic.

Industrial MES systems help decision-makers control multiple elements of the production process in real-time, enabling agile responses to fluctuating market needs.

This allows disruption to be managed effectively without loss of pace, product quality, or profitability. The early phases of the Covid-19 crisis presented a major challenge for supply chains, testing the resilience of people, process, and technology to execute their digital business models.

Unifying data across the supply chain can help companies develop a more clear and accurate picture of supply and demand.

This enables them to make more accurate purchases and reduce wastage as well as to streamline production, increase efficiency, and optimise profitability.

In addition to supporting a company's viability, this also reduces its energy consumption and environmental footprint – requirements ever more important in today's world.



Urbanisation

With most of the world's population living and working in urban areas, cities are becoming more congested and struggle to keep up with population growth and resource management. City planners and operational teams require next-generation technology to enable them to manage city systems and plan for smart growth.

Many nations are developing 'smart' cities, integrating infrastructure and utilities through multiple layers of technology and improving quality of life for citizens.

Using software and a network of IIoT sensors, systems can collate and interpret operational performance using analytics to optimise performance and provide unprecedented situational awareness and response.

This can streamline the delivery of public amenities, boost security, and increase efficient use of utilities.

Urban centres consume 80% of the world's energy. Cities account for over 70% of global greenhouse emissions. Smart cities run cleaner, use fewer resources, and connect public networks, enabling them to operate more efficiently.

Higher-density living, alongside intelligent planning and efficient measurement systems, creates a virtuous circle, enabling more efficient use of resources to support a larger number of people, helping urban populations to live more sustainably.

Opportunities this presents for our customers

Mass production can bring economies of scale. But global supply chains are complex, often supported by diverse teams in different countries. Conversely, companies with local networks succeed in globalised markets by tailoring offerings to meet local needs.

Industrial software empowers these companies to take advantage of the scale and reach of global networks, while retaining access to local skills or raw materials, giving manufacturers agility to optimise their value chains to meet changing market dynamics.

The Covid-19 pandemic has changed consumer behaviour. Short-term spikes in buying created an immediate shock to grocery supply chains, resulting in shortages in many developed nations, and long-term supply disruption across the developing world.

MES-enabled production and supply chains were able to move swiftly in response, shifting sources of supply and proving the value of digital business models to enable manufacturing resilience and agile decision-making.

Smart cities can be expensive to develop, and infrastructure investment is often needed to realise truly digital public services, transportation management, and efficient utilities. Yet, cities that do not adapt offer lower overall quality of life. Digital tools transform not only consumption of utilities but offer potential to reduce everything from crime to water leakage.

By 2030, the world is projected to have 43 megacities, each with more than 10 million inhabitants, and an additional 1 billion people will live in urban areas. Digitalisation and smart city development will become critical priorities for city managers in order to deliver quality of life for their citizens over the coming decades.


AVEVA success stories

Creating a global smart factory programme: Schneider Electric's Batam Facility



Conceived and designed using AVEVA's technology, the Batam smart factory in Indonesia used digital tools to cut equipment downtime by 44% and increase on-time delivery by 40%.

Recognised as a Fourth Industrial Revolution Lighthouse by the World Economic Forum, the factory is now a template for other smart installations across Schneider Electric's global portfolio of 100 manufacturing sites.

 How we make it happen
More on pages 26-27

Meeting consumer demand, sustainably: New Belgium Brewery



New Belgium Brewery produces over 600,000 barrels of beer each year, making it the third largest craft brewery in the US. The management team's firm commitment to supporting the environment and local communities translates into novel operations such as using microbes to clean all wastewater used in beer production.

This process produces biogas, which is then used in a micro power unit to generate 15% of the electricity used in the plant, reducing emissions through digital tools and supporting the company's commitment to sustainability.


Building a smart city: Nava Raipur Development Authority



The Indian state of Chhattisgarh partnered with AVEVA to develop smart city infrastructure and a unified operations centre for its greenfield capital, Nava Raipur.

AVEVA delivered an integrated command and control system, connecting data and information from multiple city systems for real-time operational awareness and response.

The system is a model for quality of life and sustainable, smart growth – and a beacon for India's '100 Smart Cities' programme.



 How we make it happen
More on pages 28-29

Technology Megatrends

Technology connecting workers and unifying data

Industries' most valuable assets are their people and their data. Leaders acknowledge a responsibility to protect employees, customers and investors, driving sustainability for their investors, employees and communities in which they operate.

Leaders' top three concerns are to capture, unify and analyse vast pools of data, to better identify growth opportunities and grow profit, and to better manage safety and risk. Leadership teams are looking to technology to solve these challenges and enable them to drive forward their sustainability agenda.

Megatrends	Importance	 How this can help sustainability
 <h3>Cloud</h3> <p>Cloud enables greater transparency, flexibility, agility, and scalability across value chains by using the full breadth of the internet to deliver computing resources. Information can be consolidated from multiple sources and presented, in context, on any connected device.</p>	<p>Cloud enables companies to combine data from multiple sources, improving transparency, accessibility and visibility. Teams can securely share operational information with colleagues and suppliers worldwide. Everyone sees the same data in context so smart collaboration and remote operations management are easier. Teams have the information required to do their jobs more effectively.</p> <p>With data available anywhere, anytime, on any device, companies can better manage the cost of ownership of industrial assets.</p>	<p>Cloud provides the data and analytic breadth needed to make better decisions. This enables companies to refine business models and drive efficiency. This may be through enabling secure remote working, reducing employee travel, cutting energy usage, or optimising value chains and supplies of raw materials. Cloud supports ongoing business viability and best practices; by allowing more efficient decision-making, it contributes to the long-term sustainability agenda of many industrial operators.</p>
 <h3>Visualising data</h3> <p>Manufacturers collect broad, accurate, live data through digital manufacturing systems; they now need the ability to quickly analyse that data for insight. Data visualisation is the means for operational teams to explore and understand performance to optimise their processes, and makes it easier to spot patterns and understand opportunities as they happen.</p>	<p>Connected teams are turning to software that allows them to visualise data to reveal efficiencies and potential failures before they occur, using powerful AI-infused analytics that enhance decision making. Combined with multi-experience capabilities that ensure consistent user experience across on-premise, field, and remote locations, data visualisation can transform operational decision making for the better.</p> <p>The ability to visualise data in a 1D, 2D and 3D environment can also improve training and safety performance, by enabling workers to test and learn high-risk processes in a virtual environment, before setting foot in a hazardous live plant.</p>	<p>Data visualisation supports better decision-making which can reduce emissions, increase operational visibility, and promote energy efficiency across live industrial operations.</p> <p>By promoting information sharing between teams and facilities, big data visualisation improves performance across teams and businesses by providing a common foundation to pinpoint issues and share best practices.</p>
 <h3>Artificial intelligence</h3> <p>Computer systems can use data on assets' past performance, combined with live plant data and machine learning models, to extrapolate future and risk. Applying AI-infused metrics to industrial settings is transforming operations and risk management across industries.</p>	<p>AI accelerates the ability of businesses to understand things. Cloud has helped reduce hardware costs making it easier to bring AI to different fields. Companies can now effectively utilise AI across their business to accelerate performance improvements.</p> <p>With AI doing the analytical 'heavy lifting', workers are empowered with information not previously available, to make better decisions and optimise performance.</p>	<p>AI can take millions of data points, continuously monitor systems, and make rapid changes to processes to ensure a plant is operating at peak efficiency at all times, reducing emissions and wastage.</p>

How customers are utilising this technology

AVEVA Connect is our cloud-based software platform. It enables customers to leverage our product base in the cloud, and add analytics that span the software stack. As data is integrated, users gain intelligence that allows business optimisation. More comprehensive data, together with cloud analytics, can transform the capabilities of the human workforce, enabling management of more complex tasks. Cloud and AI work together to underpin better decisions.

AVEVA has one of the broadest industrial software portfolios in the market, and with the technical and commercial flexibility of Cloud and our AVEVA Flex subscription programme we are helping customers to respond to changing market conditions quicker than ever.

We have improved procedures, operator rounds, and digital best practices to address changing workforce dynamics. This includes advancing our application of Extended Reality (XR) in the areas of training, field operations, maintenance and enhanced visualisation. XR encompasses Augmented Reality, Virtual Reality and Mixed Reality, and is delivered using wearables.

Our recent partnership with Axonify will provide adaptive microlearning powered by AI within the AVEVA Unified Learning framework, available in the Cloud.

AVEVA AI helps customers improve processes, proactively detect and solve problems, and provides guidance for risk-based decisions. This can result in significant cost savings and improved competitiveness. Our capabilities introduce new avenues of innovation for our customers and partners.

We are developing new programmes that include:

- AI-powered asset identification and search;
- prescriptive actions;
- advanced scheduling AI; and
- use of visual analytics.

AVEVA success stories

Leggett & Platt

Office furniture manufacturer Leggett & Platt adopted AVEVA Insight in the cloud to keep their smart factories working during the Covid-19 shutdown. Leggett's team leader at their factory in Missouri, USA said, "Our time to implement a real-time manufacturing solution has gone from weeks to only hours. This allows us the flexibility to provide more actionable information about our process and assets to decision makers in our business. It is a good fit for our future automation needs."



Arizona Public Services

Arizona Public Services developed a programme to share knowledge among a dispersed team of 6,000. Cloud-based training enabled learning of shared processes on demand, improving consistency across every plant in the portfolio.

18,000

days of offsite travel were saved in one year



Duke Energy

Duke Energy achieved an estimated \$35 million cost saving from early warning detection of a damaged steam turbine blade.

AVEVA Predictive Analytics identified a vibration anomaly, enabling further inspection of the turbine blade and the proactive addressing of the issue before failure.

\$35m

estimated cost saving



Our Business Model

Working with stakeholders

Who we are and what we do

AVEVA's vision is to be the global leader in industrial software.

We create software that enables people to engineer and operate complex assets, maximising performance for oil rigs to cruise ships, power stations to bottling plants safely, efficiently, cost-effectively and in a sustainable manner. Our markets include energy, power generation, marine, food and beverage, heavy industry, mining metals and minerals, infrastructure and consumer packaged goods. Our broad portfolio of complementary software solutions spans the entire operational life cycle of many of the world's major industries.

We invest in Research & Development and acquire strategic technologies that enhance our portfolio. We are developing innovative and advanced technologies such as AI within our software, to bring increasing benefit and value to our customers.

£120m

FY20 R&D spend

before amortisation of intangible assets

£25m

FY20 spend on Cloud and AI

How we operate

We employ highly skilled and diverse, global teams, meaning we are always local to our customers and speak their language. We work closely with our customers to understand their needs, and combine the skills and expertise of our employees with the extended footprint and knowledge base of our network of partners, system integrators and distributors to deliver compelling solutions across the engineering, operation and maintenance life cycles of industrial assets throughout the world.


From how we understand and work with our customers, partners and communities, to how we interact internally with one another as employees, our AVEVA LIFE values underpin all we do.

>4,600


employees

>5,000

partners

 Working closely with our stakeholders
More on pages 20-21

AVEVA  **LIFE**

 For our Culture and Values
See page 32

Our competitive advantages

- An end-to-end, integrated digital value chain, that enables visibility into design, construction, planning, operations, process and production control
- Our continual investment into innovative Research & Development, with over £100 million invested annually
- Our integrated software portfolio may be tailored to the specific circumstances, challenges and objectives of each industry we serve
- Our software unifies disparate data with leading-edge analytics to enable customers to understand their asset performance clearly, identify improvements quickly and increase efficiency
- Our software is hardware and sensor agnostic; it can be installed alongside a customer's existing technology with no need for an expensive retrofit programme
- Using digital twins, mixed reality, AI and machine learning, our software technology can predict challenges before they occur, minimising downtime and reducing risk
- Our global partner network is one of the world's largest, and significantly extends our reach: our software is helping customers in 100,000 sites across 130 countries

The breadth and depth of our portfolio combined with our analytical and AI capabilities are unique in the market. Together, these capabilities mean we can offer our customers broader, deeper insight.

to shape the future

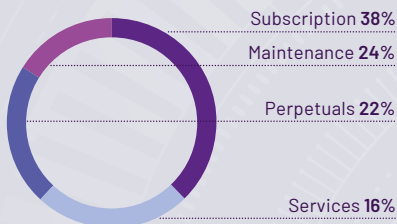
How we generate value

We create economic value primarily by customers subscribing to our software solutions. Most of this is through our direct sales channel, with around one-third generated through our global network of partners and distributors.

In addition, we provide support for industrial companies that are building their digitalisation strategies. Our experts provide application support and professional services around software implementations, to empower our customers to achieve maximum value from our technology. We also offer training courses for our customers.

We have 137 patents to protect our intellectual property and add to this number every year. These patents help to secure our future revenue streams.

Revenue mix



16

New patents awarded in the year

For more on partner network See exchange.aveva.com

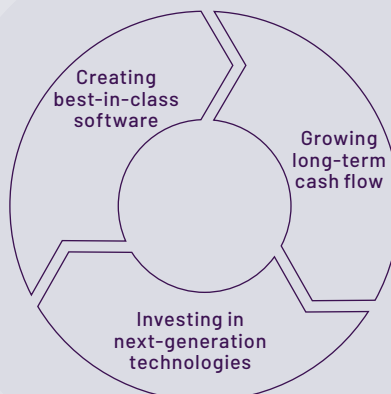
Chief Executive's Review More on pages 8-13

Our commercial strategy

To achieve our vision we work with our customers to deliver best-in-class software solutions, which grows our profits and cash generation. This allows us to invest continually in new technologies, fuelling our development of best-in-class software, completing the cycle.

Key to this strategy in the medium term is the transition to a subscription-led business. This revenue model will bring greater value to AVEVA over the long term by building sustainable, recurring revenue streams. These are more stable to manage, and easier to grow. The subscription model benefits our customers too. It adds flexibility, gives greater insight into how our software is used, and enables customers to derive maximum benefit. Subscriptions also give the agility needed to respond to market fluctuations.

We continue to deliver more software via the Cloud, which leads to enhanced features, more rapid deployment and greater mobility for our customers.



Strategic Framework More on pages 22-23

Who we create value for

Our key stakeholders are



our employees



our partners



our customers



our investors



and the communities in which we operate.

We listen to and work with our stakeholders to evolve our business, supporting the continuing digital evolution of the industries we serve.

Find out more about stakeholder engagement, and AVEVA's commitment to sustainable growth See pages 20-21

Stakeholder Engagement

How they benefit

Our stakeholders are customers, partners, employees, investors and our wider communities, and we take their feedback seriously. We consult each group regularly to ensure that we are satisfying their needs and working towards our shared goals, in accordance with our AVEVA LIFE values.

The Board regularly reviews its engagement with all key stakeholders to ensure there are appropriate mechanisms in place to understand their views and take them into account in all discussions and decision making. The various initiatives undertaken by the Group all happen with the Board's full support and stakeholder feedback is a regular feature of the Board meeting agenda.



Customers and partners

We are proud to work with some of the most innovative companies on the planet, partnering with them to help craft and realise their digital transformation vision. To achieve this, we work with our trusted network of over 5,000 partners, from system integrators and distributors to our major strategic partners like Microsoft and Schneider Electric.

We continuously engage with and listen to our customers, and we are excited to work

in partnership with many of them to develop new technologies that advance the capabilities of industry as a whole. On pages 30–31 you can read more about how we are working with Suncor to deliver their Digital 4.0 vision, and how we helped the city of Nava Raipur in India become a lighthouse for Prime Minister Narendra Modi's 100 Smart Cities programme. These are just two examples of how we are enabling customers to unify their data and analytics to work more efficiently and leverage the power of AI and the Cloud to increase productivity, reduce waste and emissions, and cut downtime.

Our partners are a true extension of our team. Through them, we can drive innovation deeper throughout the global marketplace, ensuring we deliver value for money for more companies. Our partner ecosystem is key to our long-term success.

>16,000

Customers

>100

Countries

>5,000

Partners

For more information See pages 26–31



Employees

Our people are our most valuable asset. They are dedicated to creating, selling and supporting our software, and ensuring our operations run smoothly behind the scenes. Our long-term success depends on their commitment, and how they live our values every day. We are delighted to invest in our teams, from apprenticeships to development programmes for the next generation of our leaders. We believe that each individual is critical to our success.

We engage with employees at all levels, from the live-streamed 'Meet and Greet' events from the Board and Executive Leadership Team (ELT), to management appraisals and all-employee engagement surveys. The Board initiated an all-employee engagement survey, which we launched in March along with an engagement tool to be able to provide real-time feedback. The survey had an excellent response rate with an engagement score in the mid-range for the technology sector.

Ultimately, feedback from our people help to shape how we run our business and we are introducing more programmes in the coming year that employees have been asking for, such as an employee recognition platform and a new benefits platform.

>4,600

Employees

>20

Apprentices

>80%

Response rate from engagement survey

For more information See pages 33–34



Wider communities

We have environmental responsibilities to the world in which we live, and societal responsibilities to the communities where we live, work and operate.

Environmentally, within our own offices, we have removed single-use plastics, are switching to green energy suppliers and taken steps to reduce air travel. Our software also helps our customers reduce emissions and wastage, by allowing for greater remote working and better preventative maintenance schedules.

We subscribe to the UN's Sustainable Development Goals (SDGs) and the Board are working hard towards formalising our sustainability strategy in this context. We have initiated market research and positioning to identify our current position with respect to sustainability.

Societally, we are committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities.

Finally, but by no means least, the first full year of our programme of giving back to the communities in which we operate, Action for Good, has been a resounding success, with over 1,500 people participating, more than 50 separate activities organised, and £272k donated to worthwhile causes in local communities.

1,536
Action for Good days

£523k
Of time and cash donated through our Action for Good programme

£39.3m
Total corporate taxes paid

For more information See pages 35-37



Investors and regulators

We have an ongoing dialogue with existing and potential new investors. Over the last year we had over 500 meetings and calls with investors based in the UK, Europe, North America, Asia and Australia.

We strictly adhere to market regulations and consult our advisors as required to ensure that we are compliant with them.

Our aim is to discuss AVEVA with investors with a high degree of availability and openness. The Head of Investor Relations is

always available to speak at short notice and the CEO and CFO also place high importance on investor communications.

We explain AVEVA's customer proposition, competitive positioning and financial strategy to investors. Our investor base is supportive of AVEVA's strategy to create long-term value through leading the digitalisation of industry and transition to a recurring revenue business model.

We value feedback from investors and frequently ask for it. Sustainability is becoming an area of increasing focus for the investor community and we aim to give greater disclosure around the work that we do in this area on an ongoing basis.

The Chair of the Remuneration Committee consulted with our leading investors to help shape our new Remuneration Policy ahead of the 2020 AGM.

7.8%
Adjusted diluted EPS CAGR over a 5-year period

29.0p
Final dividend

8.8%
Revenue growth

For more information See our Governance Report, part 2

Focus on: Covid-19 response

The Covid-19 pandemic has presented unique challenges for all stakeholders. The Board and ELT have ensured that all stakeholder groups have been engaged with and supported throughout this time of crisis.

Customers and partners: To help ensure business continuity and support the rapid deployment of remote teams, we are offering complimentary access to our relevant Cloud offers.

Employees: With the transition to remote working, we have introduced a variety of flexible working arrangements and virtual tools to support our teams, and are pleased to have avoided furloughs and reductions in headcount. We have rolled out an employee assistance programme as part of taking care of employee wellbeing during the Covid-19 lockdown.

Wider communities: We committed £150,000 to be spent on local community responses to the pandemic, on medical and food supplies in the areas where the need is greatest. We are being led by our employees and the areas in which they live and work.

Investors: We are working closely with our investors, ensuring they understand how we are responding to the pandemic and ensuring the long-term prospects of the Group are protected.

Strategic Framework

Delivering sustainable growth in long-term free cash flow

AVEVA creates industrial software that inspires people to shape the future. We believe industry advancement should enhance the human experience. Our solutions deliver business value by transforming the engineering, operations and performance of industries. We work with our unique ecosystem of partners from distributors to system integrators and strategic alliance partners, to deliver sustainable growth for customers in more than 100 countries worldwide. The power of our network, combined with our software's unique capabilities, drives long-term value for our business and our investors.

Our strategic priorities

Creating best-in-class industrial software that inspires people to shape a more sustainable future

Growing our long-term free cash flow

Investing in next-generation software to sustain long-term growth

Progress during the year

Our transformational progress continued this year with over 140 new software solutions launched across our portfolio. These new solutions increase process, production and workforce efficiency, reduce operating costs, and empower customers to achieve their sustainability targets. Together with our customers and partners, we showcased these solutions and the value delivered at many of our AVEVA World Summit and AVEVA World Conference global events.

We demonstrated advanced integrated engineering, simulation, and plant design software, created to optimise the entire life cycle of an asset. We improved production planning, scheduling and operations to enable a more efficient and cost-effective value chain. Our capabilities in asset maintenance, performance, and reliability were accelerated through new predictive and prescriptive analytics. We also improved visibility across customers' day-to-day operations with enhanced real-time visualisation, connectivity and control.

We continued to focus on achieving our medium-term targets to drive AVEVA's longer-term cash flows, by:

- growing constant currency revenue at least in line with the industrial software market;
- increasing recurring revenue as a proportion of total revenue; and
- growing our adjusted EBIT margin towards 30%.

Our revenue growth target is based on a view that we have a responsibility to ensure that AVEVA performs at least as well as its peers.

Our recurring revenue reached 62% of total revenue, as a result of accelerating our progress through new subscription programmes. We intend to continue this momentum by growing software revenue faster than services revenue, and prioritising the growth of subscription revenue in our software mix throughout the year.



You can read more about our progress towards our medium-term targets in our Chief Executive's Review on pages 8-13

Significant progress was made during the year as a result of our technology investments of over £120m, improving our portfolio and empowering our customers and partners to meet the changing needs of the market.





For more on this, please see the Chief Executive's Review on pages 8-13

In addition to new releases and ongoing product integration programs, we continue to track technological megatrends and selectively apply them across the portfolio, enabling the digitalisation of the industrial world. Key areas for AVEVA include Cloud and the IIoT, visualisation, and applied AI.



For definitions of and our focus on these Technology Megatrends on pages 16-17

Link to KPIs	Principal risks	Link to remuneration	Objectives for the year ahead
<p>Creating best-in-class software generates business value for our customers. This enables AVEVA to win more market share and deliver revenue growth.</p> <p>We include total revenue growth as a KPI.</p>	<p>Continued development of best-in-class software and solutions is tied to many of our principal risks, from cybersecurity to acquiring and retaining strong talent.</p> <p> Principal Risks More on pages 40-47</p>	<p>Revenue growth drives profitability. Both of these measures represent key elements of the short-term incentive plans for management.</p> <p> Remuneration Report More on pages 80-108</p>	<p>We will continue to increase the integration between our products and expand our capabilities in adjacent areas.</p> <p>This will ensure we can help our customers navigate their digitalisation journeys in a safe and sustainable way.</p>
<p>Additional financial KPIs include recurring revenue as a proportion of total revenue, adjusted EBIT margin, and cash conversion (a measure of how much adjusted EBIT is converted into operating cash flow).</p>	<p>The move to a subscription-based licence model may fail to create the improved recurring revenue and cash flow generation expected or may cause a short-term detrimental effect on revenue and earnings.</p> <p>To grow long-term free cash flow, AVEVA has a more tolerant appetite towards risks associated with subscription licensing. To mitigate, we will in some cases continue to offer perpetual licences.</p>	<p>Revenue and margin growth drive growth in adjusted EBIT and adjusted Earnings Per Share (EPS).</p> <p>Increasing recurring revenue drives Total Shareholder Return (TSR), despite the short-term impact that it can have on total revenue and earnings. This is because it increases the net present value of the business, by increasing longer term cash flows.</p> <p>Adjusted EBIT is a key metric for short-term incentive plans and both EPS growth and TSR form a key part of long-term incentive plan (LTIP) management remuneration.</p>	<p>We will continue to focus on winning new business, as well as effective cost control.</p> <p>This will increase both revenue and margin, helping achieve our medium-term targets.</p>
<p>Our software is increasingly delivered via the Cloud. This means customers can deploy it more rapidly and access data from the field, the office or at home.</p> <p>We track the number of new Cloud customers as a KPI.</p>	<p>We have recognised the risks associated with investing in our Cloud product initiatives and our Digital Transformation Agenda.</p> <p>We have put in place dedicated teams and are working closely with customers and external parties to understand the challenges and requirements.</p>	<p>Reinvesting in technologies that will sustain long-term growth will, over time, also drive EPS growth and in relation to that, TSR growth.</p> <p>Both EPS growth and TSR form a key part of long-term incentive plan (LTIP) management remuneration.</p>	<p>We will continue our investment in R&D.</p> <p>This will ensure we remain at the forefront of cutting-edge technologies such as AI, and further develop our Cloud capabilities.</p>

Key Performance Indicators

How we measure our progress

We track and report both financial and non-financial KPIs to measure progress against our strategy. These KPIs help to highlight AVEVA's short-term performance, progress towards longer-term goals and progress against

Corporate and Social Responsibility (CSR) objectives, which we see as being important in the context of the long-term sustainability of AVEVA's business.

Strategic Framework: pages 22-23
 CSR: pages 32-38

Financial

AVEVA has three key medium-term targets that are designed to drive longer-term cash flows. These are to grow constant currency revenue at least in line with the industrial software market; to increase recurring revenue as a percentage of total revenue; and to grow our adjusted EBIT margin to 30%. These are discussed in more detail on page 22.

In addition to progress against these targets, we track growth of adjusted diluted EPS, which we see as being the most accurate measure of total earnings growth for shareholders, and conversion of adjusted diluted EPS into cash, to track AVEVA's sustainable cash generation.

Total revenue growth¹

8.8%
(FY19: 57.6%)



AVEVA's revenue growth performance was positive in the context of our medium-term targets during the year. This was due to strong sales execution, an ongoing trend towards digitalisation of industry and stable conditions in AVEVA's end markets on a sector basis.

Adjusted EBIT margin

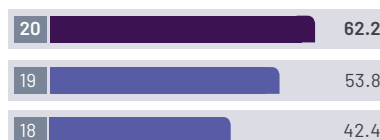
26.0%
(FY19: 22.9%)



Adjusted EBIT margin increased 310 bps versus the prior year. This improvement was driven by revenue growth, combined with cost control, leading to operational leverage.

Recurring revenue as a proportion of total revenue

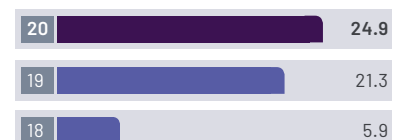
62.2%
(FY19: 53.8%)



The proportion of total revenue considered as recurring increased 840 bps versus the prior year. This improvement was driven by growth in subscription revenues as AVEVA moves away from selling perpetual licences.

Growth in adjusted diluted EPS

24.9%
(FY19: 21.3%)



Adjusted diluted EPS grew over 20% to 108.15 pence. This growth was primarily driven by the increase in adjusted EBIT.

¹ Revenue in FY18 was during the year of the merger and subsequently did not represent a full year's revenue from both businesses combined.

Non-financial

We use collaborative innovation to empower people and industries, enabling the planet to thrive. Our non-financial KPIs are designed to capture AVEVA's innovation and empowerment of our people.



Cash conversion

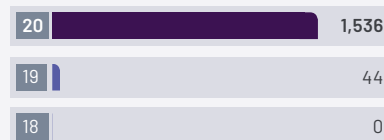
74.4%
(FY19: 96.1%)



This is a measure of how much of adjusted EBIT is converted to operating cash flow before tax. We target conversion of 100%, but the result was impacted by exceptional items paid relating to restructuring and the integration of the heritage AVEVA and SES businesses, as well the impact of timing of revenue recognition on multi-year subscription contracts.

AVEVA Action for Good charity days used

1,536
(FY19: 44)



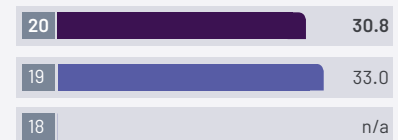
AVEVA Action for Good is a Group-wide initiative designed to harness the limitless possibilities of our people within our communities and involvement in social wellbeing activities. We have pledged the equivalent of 1% of our net profits each year through paid time off and charitable donations. Read more on pages 36–37.



AVEVA's Culture and Values
Read more on page 32

Women as percent of all new hires

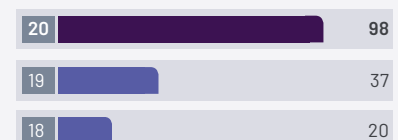
31%
(FY19: 33%)



AVEVA is committed to supporting and encouraging women in all areas of the business, from new graduates in STEM (Science, Technology, Engineering & Maths) careers, to senior management roles. Women are 25% of the current workforce, and we have a goal to increase this every year. 2018 data is unavailable.

New Cloud customers

98
(FY19: 37)



Cloud represents a key area of innovation. During the year we won 98 new Cloud customers.

How we make it happen

Customer case study
Schneider Electric

Theme



Smart Manufacturing



Schneider Electric delivers its Smart Factory vision at scale in Batam, Indonesia

Business challenge

Schneider Electric in Batam needed a digital platform to unify the factory's operational data in order to identify and adjust for anomalies within its manufacturing processes.

Solutions provided

AVEVA Asset Performance Management and AVEVA™ Manufacturing Operations Management Solution help to optimise performance, reduce costs, and improve customer delivery.

AVEVA™ Enterprise Asset Management unifies asset performance data enabling teams to optimise performance and pinpoint opportunities to increase asset utilisation.

AVEVA Discrete Lean Management ensures efficient operation of the discrete manufacturing process and rapid response to production issues.

AVEVA™ Insight provides performance data, KPIs and visualisations that are shared throughout the operating teams via the Cloud to continuously improve productivity.

Our industrial

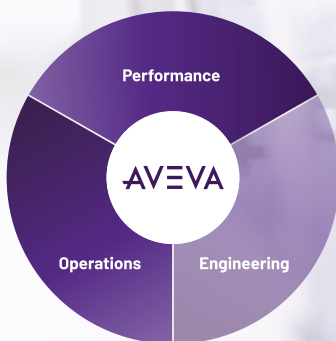
Customer benefit

Batam's Maintenance 4.0 implementation has enabled the team to reduce machine downtime by 44% over one year. Specific process gains include:

- Digital performance management tools – 12% increase in operational efficiency, 5% increase employee engagement
- 40% decrease in scrap costs for some critical machines
- Integrated supply chain – 70% increase in supplier service rate
- 40% improvement in on-time delivery
- The Batam Smart Factory is recognised by the World Economic Forum as an Advanced Fourth Industrial Revolution (4IR) Lighthouse and by the Ministry of Industry of the Republic of Indonesia as the first 'National Lighthouse' that showcases the real implementation of Industry 4.0 in manufacturing.

Future plans

By enabling quicker responses and faster decision making, operational efficiency has improved and the team can make more agile decisions. Transparent, trusted, and shared data has improved collaboration throughout the team, reducing informal communication and increasing productivity. The success of this Smart Factory is now being replicated across Schneider Electric's global supply chain.



A woman with dark hair pulled back, wearing clear safety glasses and a white lab coat, looking directly at the camera with a slight smile. The background is a blurred industrial or laboratory setting.

software...

“Working with AVEVA we increased our efficiency in real-time performance tracking, working ‘from shop floor to top floor’, using digital escalation and introducing the capacity to stop the line if quality issues arose. This almost halved our machine downtime and boosted collaboration across the global team.”

Anthony Loy

Smart Supply Chain Programme Director,
Global Supply Chain, Schneider Electric

How we make it happen

Customer case study
Nava Raipur

Theme



Urban Resilience



Nava Raipur, smart capital of Chhattisgarh, India, becomes a beacon for Narendra Modi's 100 Smart Cities programme

The digital opportunity

The Nava Raipur Development Authority worked with us to develop a first-of-its-kind Integrated Command and Control Centre (ICCC) using our Unified Operations Centre solution. The ICCC unifies all data on city operations, critical incident management, events, transportation and collaboration tools across the different municipalities. The shared hub enables the authority to increase operational efficiency, boosting the city's liveability index ranking and improving services for and communication with the local community.

Solutions provided

Real-time system visibility and control of city services with swifter incident response using AVEVA Unified Operations Centre.

- Asset Performance Management software cut infrastructure downtime and boosted overall efficiency, using AVEVA Enterprise Asset Management.
- Aquis software enables the water operation team to maintain water pressure throughout the city distribution network, reducing energy consumption and leakage.

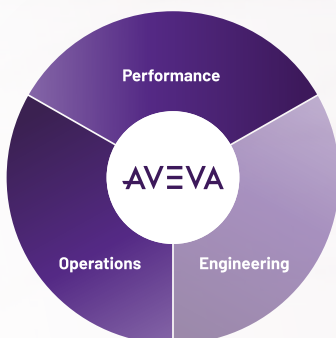
...inspires

Customer benefit

The municipal authority worked with us to design a system that would ensure smooth delivery of civic services from water and electricity supply to wastewater management, law and order, transportation and traffic management, and other civic services. The ICCC has helped teams to collaborate better, building trust between disciplines and enabling the municipal leaders to proactively manage the city's infrastructure using real-time data and insight.

Future plans

As Nava Raipur grows, new smart systems will be integrated into the ICCC. The city has been lauded by Prime Minister Narendra Modi as a role model for India and a live reference for other municipal corporations, several of whom are already working with AVEVA to achieve their vision.



people...

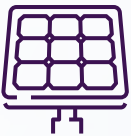
"Using the ICCC we now have real-time insight into all critical infrastructure systems across the city. This enables us to match supply and demand with greater accuracy, and respond to emergencies as they arise, cutting response times by an average of 60%. During the recent Covid-19 lockdowns, the ICCC, together with the smart city portal and app, made it easier for municipal authorities to communicate with the general population and respond to the needs of affected citizens, supporting the containment process."

Mr. N. N. Ekka
CEO, Nava Raipur

How we make it happen

Customer case study
Suncor

Theme



Operational Efficiency

Suncor leverages predictive analytics to optimise process and improve asset reliability

Business challenge

Suncor, Canada's leading integrated energy company, turned to AVEVA and our predictive analytics to support their proactive asset performance management goals. This includes using the analytics for advance early warning detection and equipment monitoring systems across North American operations to improve asset reliability and reduce overall maintenance costs.

Solutions provided

AVEVA Predictive Analytics and AVEVA™ Process Optimisation use AI-infused process simulation and machine learning to drive an early warning detection for Suncor's critical and cogeneration assets.

AVEVA's Asset Performance Management helps Suncor gain better insights into assets' health, share information and empowers leaders to make informed and timely decisions to improve performance.

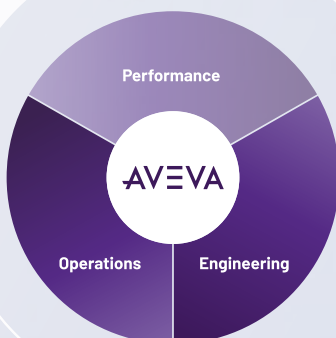
...to shape

Customer benefit

Our predictive analytics platform is helping Suncor proactively manage risk and maintenance operations costs across its assets. Our software provides overall equipment reliability data and information on individual asset performance. This improves operational resilience and reduces maintenance costs. Benefits realised from the initial enterprise-wide deployment exceeded the implementation cost within the first year.

Future plans

Suncor has used the data and analytics from our software to build greater decision-making flexibility, improve asset performance and generate additional business value from existing equipment. With unified data, the team identified immediate efficiency gains and improved collaboration, leading to meaningful productivity improvements.



A woman with blonde hair and safety glasses, and a man with dark hair and safety glasses, both wearing light blue lab coats over dark blue collared shirts, are looking at a computer monitor in a factory setting. The woman is pointing at the screen. The background shows industrial equipment and a bright, slightly blurred environment.

the future

"By using AVEVA's open architecture, we are positioning our company to proactively use data to manage operational performance, productivity and reduce maintenance costs."

Mike Krayacich

Vice President Transformation Management Office, Suncor

Corporate and Social Responsibility

Our values

Our AVEVA LIFE values underpin everything we stand for and do at AVEVA. Established in 2018, our AVEVA LIFE values are our collective DNA and continue to help us align all of our activities to our shared corporate ethos and aspirations.

Whether we are matching new talent to our organisation, collaborating on new projects or defining future ambitions, our AVEVA LIFE values provide us with a consistent cultural benchmark and blueprint for all that we do.

With our values in place, we moved to formalise an internal framework to ensure the alignment of our business practices and processes and the behaviours that define AVEVA's work environment. We surveyed employees and engaged in discussions to gain perspectives and ideas on living the AVEVA LIFE values across the company. Our senior leadership team collaborated on inputs and together defined a new in-house standard. Our Business Conduct Guidelines were introduced in 2019. These help us unite our employees under a common ethical code, ensuring we continue to advocate and embrace our AVEVA LIFE values in all we do.

“Our shared AVEVA LIFE values are not just a powerful statement of who we are. They also have profound implications for how we conduct business. Our sights are set on true long-term results. We strive for sustainable prosperity; it matters that we obtain results in the right way, benefiting all our stakeholders. We must consider not just getting results but journeying along the right path to get those results.”

Craig Hayman
Chief Executive Officer

To articulate our values and target culture, in 2019 we formulated an in-house cultural workshop model and commenced the roll-out of these to our teams around the world. Using the Spencer Stuart Culture Alignment Framework, the workshops focused on animating the foundations of our AVEVA LIFE values while offering insights into employees' individual style profiles and contextualising the value of diverse psychological and cultural approaches. To date, 1,234 of our employees have actively participated in 84 cultural workshops held in a variety of regional locations. With Covid-19 putting an end to hosting face-to-face events, we have transitioned to virtual workshops to ensure all of our people will continue to have the opportunity to participate.

Covid-19

In response to Covid-19, we dedicated our intranet landing page to an internal hub where people were able to post public messages. What started out as a way to keep our people connected has turned into a vibrant social tool, where people are sharing thousands of photos, stories, messages of support and tips around homeworking life, recipes, mental health, and inspirational ideas for how we can help others in our communities during this difficult time.

It is an incredible embodiment of all of our values to see our colleagues respond to this crisis with such positivity and imagination.

AVEVA LIFE

Limitless Possibilities

We understand the limitless potential of true innovation, we are creative and curious, constantly challenging ourselves to help our customers create a better world.

Integrity Always

We do the right thing, leading by example. Our respect for everyone we connect with is why we're trusted to help our customers work smarter, and why we work and act as one.

Flexibility Together

By working flexibly and collaboratively across our diverse internal and external teams, we foster close connections and ensure we achieve our goals together.

Excellence Every Day

Our people are amazing. Smart, pragmatic, humble, and always welcome a challenge. We're incredibly proud of what we deliver and help our customers achieve.

Employees

Putting our people first

At AVEVA, employees are the foundation of our long-term viability and success.

Our people helped to devise and animate our new set of corporate values which underpin our renewed culture, following our successful merger with the Schneider Electric Software business. In the 18 months since the merger, we developed and hosted global culture workshops, empowering our teams to appreciate their role in AVEVA's new culture and help shape our future aspirations.

We have continued to introduce a number of new policies throughout the year focused on clarifying and enhancing our position on topics such as parental leave, flexible working and social wellbeing paid leave.

We introduced new Business Conduct Guidelines in 2019, outlining our agreed conduct standards that epitomise our AVEVA LIFE values, and promoting a collaborative, respectful, safe and equitable working environment that is sustainable for all. In addition to employee conduct, the Guidelines address key policy areas including human rights, anti-bribery and corruption, environmental considerations, sexual harassment and digital / cybersecurity awareness. Released across a variety of employee channels, the Guidelines are supported through a number of dedicated training activities including a video introduction from our CEO.

Employee engagement

We are committed to enhancing our engagement with employees at all levels to ensure we continue to communicate information on emerging developments,

innovations and future growth ambitions of our business. From monthly management meetings to hosted 'Meet and Greet' employee events synchronised with relevant Leadership and Board Meetings around the world, interactive Q&A sessions with the Executive Leadership and our ongoing CEO monthly podcasts, we recognise the importance of using a variety of communication platforms and activities to maximise employee engagement.

Our intranet site, OneSpace, continues to be an extremely popular employee communication, interaction and engagement platform with over a dozen various topic sites and our current dedicated Covid-19 employee wellbeing hub amassing hundreds of employee posts during the first six weeks of the pandemic.

Recognition and Reward

Employee recognition and reward continues to be of utmost importance to us and our people. In April, we introduced our new employee benefits platform in the UK, and hope to be rolling this out globally over the coming months. We will also be introducing a recognition platform, which empowers managers to acknowledge the great work their teams do with messages of support, thanks and small gifts. Later this year, subject to AGM approval, we plan to roll out an all-employee share scheme, which will allow our people to share in the success of AVEVA.

In FY20, we harmonised the bonus schemes between the heritage AVEVA and heritage SES employees. This required significant collaboration and consultation to develop and assign consistent job levels and bonus ranges, with all employees now aligned on a single bonus scheme offering fair and equitable reward for performance across the organisation.

We issued an engagement survey to all 4,700 employees during March 2020. It achieved a response rate of 82% and constructive feedback. The results and other employee inputs continue to help shape our leadership's decision-making and internal practices, acting as a benchmark for ongoing continuous improvement in future years.

Talent development

We are committed to attracting and nurturing new talent, as well as supporting and developing our people and enhancing the skills of future leaders within our organisation.

By encouraging hands-on experience and idea sharing, we nurture a culture of collaboration, continuous learning and improvement. From structured academic and graduate programs to professional, technical and leadership training and career paths, we are passionate about supporting the development and success of our people to help them expand their horizons and realise their full potential.



7.4

Engagement score (mid-range for technology sector)

>30,000

Individual comments received from the employee engagement survey

Corporate and Social Responsibility continued

Diversity & Inclusion

AVEVA recognises the importance of embracing Diversity and Inclusion (D&I) as being essential to our continued innovation, prosperity and success.

We have a framework in place to help us make AVEVA a great place to work and ensure our employees all feel uniquely and equally valued. An inclusive culture is vital in helping our people feel a sense of belonging and respect, and motivated and encouraged to bring their full selves to work every day.

Some examples of why D&I is important to AVEVA include:

- Our people and their passion are what make us leaders in industrial software and AVEVA a great place to work
- Attracting the best possible talent is our unwavering ambition and widening the potential candidate pool for greater diversity can only help us achieve this
- We have seen first hand how an inclusive culture positively impacts our organisation and helps us empower our people to feel inspired to contribute their utmost.

Below are some of the ways that show our continued commitment to encouraging and promoting D&I.

Recruitment

We seek, recruit and promote on candidates' potential rather than prior experience, and are committed to removing biases from the hiring process by ensuring our teams remain skilled and abreast of our equitable recruitment framework and industry best practices.

We continue to build, foster and promote a diverse, inclusive and fair workplace that provides equal opportunities to all regardless of gender, sexual orientation, race or disability.

Programme sponsorship

We remain focused on Science, Technology, Engineering and Maths (STEM) industry opportunities and have continued our involvement in the Women in Science and Engineering (WISE) initiative sharing our

best practices with other industry peers and association members.

In ensuring that women have the same opportunities as their male counterparts to progress in their chosen careers, we have also partnered with the Girls in Tech initiative as well as the Society of Women Engineers, sending a number of our female employees to attend their annual conference.

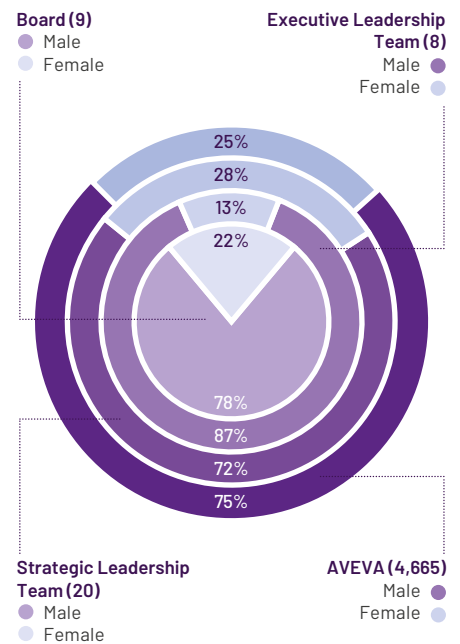
Gender

We have a comprehensive approach to gender diversity with an externally-reported KPI to help us formally measure our progress in filling 30% of technical roles with women.

In recognising that one of the most effective ways to address our gender pay inequity is to hire and progress women in senior and technical positions, our gender pay gap has reduced from 26% to 21% since 2017.

Additionally, to help encourage more females to return to work after maternity leave, we offer flexible working and part-time working arrangements, and provide due career growth and an attractive maternity policy.

Group gender diversity



International Women's Day

Celebrating International Women's Day is nothing new to AVEVA, and our activities this year saw a complex round-the-clock timetable of over 20 live-streamed events, with action starting in Sydney, and ending in California, with events comprising group activities, presentations, guest speakers both internal and external to AVEVA, and panel interviews with senior management.

Many offices held an event to mark the occasion and Board members Jennifer and Paula attended group sessions in our Lake Forest office. In total we had over 100 "selfies" shared on social media by colleagues celebrating #EachForEqual.



Wider communities

AVEVA Social Wellbeing

Our corporate social responsibility framework is set out in our ‘Social Wellbeing’ statement. It encompasses everything that we do to serve, support and nurture the wellbeing and sustainability of the communities in which we work and live.

We aspire to a world where economic growth supports environmental sustainability, with better living standards for the communities where we and our customers operate. Through our software, we enable industries to achieve more efficiency and drive towards higher productivity. Over time, we work with customers to help them achieve a more sustainable future.

Our social wellbeing framework is based on the UN’s Sustainable Development Goals. Of the 17 goals, we have identified four areas of alignment for AVEVA, with value creation and positive outcomes for society and the environment.



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation: We build leading solutions across the asset and operations life cycles that turn opportunity into business value, evolving the industries that power our world. Increasing efficiency and output, while decreasing waste.



Ensure availability and sustainable management of water and sanitation for all: AVEVA supplies software to the water and wastewater industries. For example, Anglian Water saves over 10 million litres a day in losses using AVEVA technology.



Ensure access to affordable, reliable, sustainable and modern energy for all: AVEVA supplies software to increase design and operational efficiency of power generation and distribution. We supply traditional power generators such as EDF, plus wind farms, solar and hydroelectric operators.



Make cities and human settlements inclusive, safe, resilient and sustainable: AVEVA Unified Operations Centre helps enhance the lives of residents, workability of businesses and sustainability of the environment, e.g. in managing water and power supplies.

“AVEVA is committed to being a leader in industrial software for a sustainable future, working with our employees, our customers, our partners and the wider communities where we do business.”

Lisa Johnston
Chief Marketing Officer and Chief Sustainability Officer

Corporate and Social Responsibility continued

Wider communities

Other activities

At AVEVA, we strive to financially support a variety of global issues and crises. Specific financial support this year has been provided to the Australian bushfire relief efforts and the World Health Organisation for Covid-19 assistance.

Our people have taken part in countless charitable fund-raising activities, from ultra-marathons to cake sales. AVEVA operates a fund-matching programme to make all money raised in this way go further. This year, help included aiding victims of Taal Volcano in the Philippines, assembling dozens of handheld solar lanterns for children in Malawi and collecting and wrapping hundreds of presents for children in need, to donate to non-profit organisations that provide relief after natural disasters. There were also numerous activities in aid of homeless shelters, and cancer, heart disease and other medical research foundations.

We also partner with several universities globally, sponsoring PhD research programmes in fields that overlap with our technology, such as AI and Machine Learning.

Covid-19

As part of our response to the global pandemic, AVEVA offered significant financial aid to support charities in our local communities, including an initiative to help live-stream classroom learning from schools and providing food and medical supplies to those in need. Our people continue to share their experiences and stories of how they have been able to help others, inspiring other colleagues to consider how they too can respond and help more vulnerable and affected communities.

In addition to complimentary software offers that promote business continuity and help our customers to rapidly deploy remote teams, we also offered free student licences as part of our Academic programme.

Our AVEVA Board and ELT also elected to donate 10% of their salary for a six-month period from April 2020, to communities directly impacted by the pandemic.

Action for Good and Pledge 1%

AVEVA subscribes to the Pledge 1% movement, committing to donate the equivalent of 1% of our net profits after tax to support employee-led programmes, initiatives and causes in the non-profit sector.

Our AVEVA Action for Good programme is inspired by the UN's SDGs. It was launched in 2018 with one simple aim: to give colleagues time to get involved with a worthwhile activity. We do so by giving colleagues one day of paid leave per year to take part in such activities, individually or collectively, in one of three categories: serving our local communities, helping the environment, or improving health and wellbeing. In addition to the paid leave, we have also contributed financially, funding many charitable activities this year, ranging from the local to the international.

Our target for the year was to have 40% of our people using a day of paid leave. We achieved 34% uptake, with the Covid-19 pandemic impacting some local activities in recent months.

The response from our colleagues in asking for their involvement with activities in their communities, the environment and supporting the wellbeing of others has been inspirational with employees collectively using 1,536 days of paid leave, and combined with £272k in financial contributions equates to a total of £523k, equivalent to 0.75% of our net profits after tax. This shortfall of our 1% pledge by £175k will be added to next year's target.

Action for Good days



Action for Good donations, £



Below are just a few examples of how colleagues have made a huge difference in their local communities around the world. We have countless inspiring stories just like them, with our Action for Good dedicated intranet hub abuzz with stories and photos of employees' experiences and activities. Opposite is a photo collage of a small selection of our people highlighting the range of activities they participated in throughout the year.

Christmas in Colombia

One of the most inspiring stories follows the efforts of one of our Colombian employees who has relocated to the UK. She set out to do a sponsored run to raise money for an orphanage in an area of Colombia ravaged by natural disasters. Fundraising started small, but as word spread, colleagues from all over the world pitched in, determined to contribute to the cause. Colleagues based in Colombia then used the money raised to buy gifts, which they then personally delivered in time for Christmas.

India tree planting

In July 2019, 300 people from our Hyderabad office in India spent a day planting over 1,500 saplings in the local community. This activity was chosen to combat the problem of poor air quality, an issue faced by many Indian cities due to increased traffic and industrial activity.

Prosthetic hand building

Almost 50 of our colleagues gathered in Brisbane to support the Helping Hands programme, an initiative set up to provide prosthetic hands to amputee landmine victims throughout the developing world. Access to prosthetics is both limited and expensive, however the charity has devised a prosthetic limb which is easy to fit and distribute throughout the world.

AVEVA
ACTION FOR
GOOD

83%
of target days reached

>50
charities supported



Corporate and Social Responsibility continued

Environment

We are committed through our sustainability vision to powering industries by empowering people. We seek to continually reduce the negative impact of our operations on the environment, both from our own and from our customers' activities. Through our technology, we help companies worldwide to boost energy efficiency, minimise noxious emissions and use valuable natural resources as effectively as possible. In 2020, we reduced our scope 2 and 3 emissions, even while incorporating Schneider Electric software data which was not previously within our reporting. We strive continually to improve how we capture and record our emissions data.



Our vision is to:

- Seek to continually improve the environmental and sustainability performance of our operations;
- Develop collaborative relationships with suppliers, vendors and other interested parties at a local, regional and global level to facilitate knowledge exchange;
- Devise an internal environmental standard to enable ongoing performance measurement;
- Reduce the consumption of energy and reliance on fossil fuels, adopting, where possible, renewable energy sources;
- Minimise and actively manage waste aiming to send zero waste to landfill;
- Purchase sustainable goods and services where practicable;
- Reduce water consumption;
- Encourage colleagues to commute to work by sustainable modes of transport;
- Implement procedures for sustainable construction, refurbishment and maintenance of buildings;
- Foster a collaborative culture to maximise the expertise and abilities of colleagues;
- Provide appropriate sustainability training for colleagues and encourage them to apply sustainability practices at work, home and in the wider community; and
- Comply with relevant regulations and in-country legislative requirements.

Initiatives and actions

This year, Craig Hayman outlined his pledge to drive AVEVA's sustainability agenda. To support this vision, our CMO, Lisa Johnston was appointed Chief Sustainability Officer for AVEVA at the turn of the new financial year, with a mission to define and build our sustainability agenda.

- This year we reduced the amount of business air travel by instigating restrictions on non-essential travel, and further upgrading our video conferencing capabilities and virtual tools.
- Following the Covid-19 pandemic, AVEVA quickly pivoted to work remotely. No international travel was permitted from late February onwards and we anticipate that all our teams will continue to work using digital tools and virtual platforms for much of the calendar year. We expect our new ways of working remotely to permanently reduce our travel pattern even once borders reopen fully.

Our FY19 emissions data has been restated to include flight emission data from SES entities, which was not available for the previous year's reporting. The reason for the decrease is due to restrictions on air travel both prior to and post Covid-19.

Our intensity measurement has fallen primarily because our revenue has increased 9% whilst overall emissions have fallen 2%.

Tonnes of CO₂e

Emissions from:	2020		2019	
	UK and offshore	Other	UK and offshore	Other
Scope 1 – Combustion of fuel from direct operation of facilities	295	1,898	221	1,008
Scope 2 – Electricity, heat, steam and cooling purchased for own use	773	8,491	943	7,076
Scope 3 – Mainly business air travel	2,467	17,262	2,826	19,867
Total	3,535	27,651	3,990	27,951
Intensity measurement – Tonnes CO ₂ e/£m revenue	47.75	36.39	67.54	39.50
Energy consumption / mWh¹				
Energy used to calculate CO ₂ e	2,273	17,251	2,177	14,442

1 1 mWh is 1,000 kWh. Methodology was to take all directly incurred emissions (scope 1) and those purchased for own use (scope 2) and convert into mWh using published conversion tables.

Non-Financial Information Statement

To consolidate our reporting requirements under sections 414CA and 414CB of the Companies Act 2006 in respect of non-financial reporting, the table below summarises our policies and indicates where additional information can be found.

Focus area	Policies and guidelines	Enabling	Further reading
Environmental	Environmental Sustainability Statement	Minimisation of the Group's environmental impact, particularly conservation of energy and waste reduction.	Our environmental impact: page 38
Employees	AVEVA LIFE values	A shared culture and set of values.	Our values: page 32
	AVEVA 'Speak Up' Policy	Awareness on how to 'Speak Up' to raise concerns over suspected wrongdoing.	AVEVA Speak Up Portal: sw.aveva.com/legal/speak-up
	Dignity at Work Policy	A healthy working environment free from bullying and harassment.	Diversity & Inclusion: page 34
	Business Conduct Guidelines	Ethical business conduct.	
	Dealing Code Policy	Compliance by Directors and certain employees with insider dealing regulations.	Our commitment to employees: page 33
	Disclosure Policy	Disclosure of accurate, relevant, timely information, fairly and non-selectively to the market.	
	Equal Opportunities Policy	Provision of equal opportunities across all aspects of employment.	
	Health & Safety Statement	Acknowledgement of the Group's health and safety obligations to employees and others.	
	Procurement Policy	'Know Your Supplier' due diligence, ensuring suppliers meet our conduct guidelines.	
	Share Dealing Policy	Compliance by all employees with applicable laws regarding securities dealing.	
	Travel Policy	Traveller safety, security and wellbeing.	
Social and community	Pledge 1%	Pledging of 1% of our profit after tax to support employee-led programmes, initiatives and causes.	Our commitment to wider communities and AVEVA Action for Good: page 36
Human rights	Anti-Slavery and Human Trafficking Policy	Compliance with modern slavery regulations.	Our Modern Slavery Statement: www.aveva.com/About/Slavery_and_Human_Trafficking_Statement/
	Data Protection Policy	Compliance with the European Union's General Data Protection Regulations (GDPR).	Trust centre: sw.aveva.com/trust
Anti-bribery and anti-corruption	Anti-Bribery and Anti-Corruption	Compliance with applicable anti-bribery and anti-corruption laws.	
	Corporate Gifts and Hospitality	Ethical offering and acceptance of corporate gifts and hospitality.	
	Group Export Policy	Compliance with worldwide export control and sanction laws.	
	Related Party Transaction Policy	Identification and reporting of related party transactions in compliance with the Listing Rules.	
Non-financial key performance indicators		Understanding the key metrics in measuring our non-financial performance.	Page 25
Management of principal risks and uncertainties		Understanding the key risks we face.	Page 40
Business model		Understanding how we create value for our stakeholders.	Page 18

Management of Principal Risks and Uncertainties

Risk management approach

Whilst the Board of Directors has overall responsibility for risk management, the Executive Leadership Team actively monitor and manage risks as a core part of operational management. The ELT's approach to risk management continued to evolve and improve during FY20 and a new Executive Risk Committee (ERC) was established.

Developing our framework – Executive Risk Committee

During September 2019, an internal progress review of our risk management framework was undertaken. Because of this review, a decision was made to establish an Executive Risk Committee. Good risk management progress had been made with demonstrable value, hence introducing an ERC with formal terms of reference would:

- Further increase formal Executive agenda time and focus for corporate risk management
- Progress demonstration of due process to the Audit Committee and improve ability to explain risk status clearly to the Board
- Mature risk processes further towards FTSE 100 best practices
- Optimise the individuals involved and focus discussions
- Allow strategic risks to continue to be reviewed within the SLT forum

The ERC met for the first time in January 2020, is chaired by the Chief Executive Officer, includes all ELT members, the Chief Information Officer, the Head of Global Services, the Head of Strategy, the SVP Portfolio Management, the VP Customer Support and the Head of Internal Audit & Risk.

The main risk responsibilities of the ERC are to monitor the management and mitigation activities of principal and key Group risks and to ensure the effectiveness of business unit and functional risk management. The ERC will meet not less than four times per year.

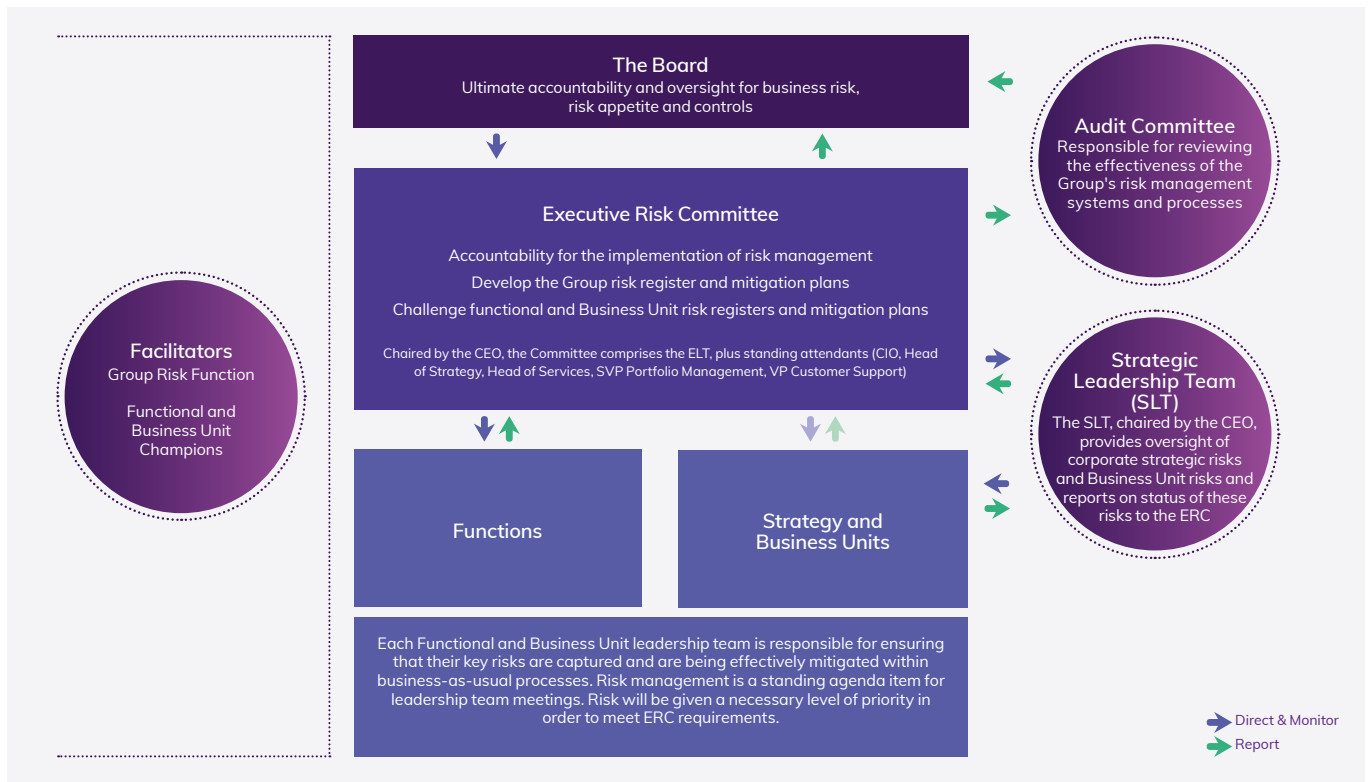
In the year to March 2020, two dedicated risk management sessions were held with the Board which included reviews of principal risks, emerging risks and risk appetites. Two dedicated risk management sessions were held with the SLT and one with the ERC. Alongside general reviews of risk status, dedicated updates were provided on cybersecurity, Brexit and regulatory compliance.

Each business unit and functional leadership team remain responsible for ensuring that their key business unit and functional risks are captured and are being effectively mitigated within business-as-usual processes.

Risk management will be given a necessary level of priority at business unit and functional levels to meet ERC and Board risk management requirements.

The Audit Committee continues to focus on ensuring that refreshed risk management processes are being successfully embedded.

The below diagram represents the AVEVA 2020 updated risk governance structure.



Risk appetite

Each principal risk has a risk appetite formally set by the Board. To demonstrate a balance of both value protection and value enhancement, appetites towards principal risks are spread across a range of categories from 'Risk Tolerant' to 'Risk Averse'. These appetites then set a necessary tone from the Board throughout the Company for all enterprise category related risks. For example, the Board-set

appetite towards cybersecurity or Cloud initiatives dictates how these areas are managed operationally. The management of each principal risk against its appetite is measured and reported using key risk indicators. In addition to the principal risks, many other corporate risks now have defined risk appetites and this is increasing as the risk management programme extends into the business.

Principal Risks

Management continually assess and monitor risks

Fourteen risks are considered by the Board to be the principal risks to AVEVA over the next 12–18 month period.

Management continue to use the following four risk category headings when identifying these risks.

1. **Strategic Internal** – Risks identified as threats to the strategic goals of AVEVA and which influence internal decision-making
2. **External** – Risks which could materialise externally and impact AVEVA such as competitors, the regulatory environment, key customer markets and cybersecurity

3. **Operational** – Risks that could materially disrupt the day-to-day operations of AVEVA
4. **Disruptive** – Risks that threaten AVEVA's value offering such as alternative business models or viable new technologies

Emerging Risks

The Board and the Executive Risk Committee recognise the value of identifying emerging risks and longer-term threats to the AVEVA business model, and held dedicated sessions in the year to March 2020, with further sessions planned throughout 2020 for both of these forums. Emerging risks will continue to be discussed and closely monitored alongside principal risks as regular agenda items.

Whilst risks associated with Brexit continue to be discussed and are captured within risk management processes, Brexit itself is not considered to be a principal risk for AVEVA at this time. As a technology business, many major threats to businesses associated with Brexit such as labour mobility, supply chain friction, and customs tariffs do not apply. However, other threats such as macroeconomic, legal, tax changes and regulation do and therefore Brexit risk is being monitored and managed internally.

Key changes in the year

Integration and Synergies This is no longer considered by the Board to be a principal risk for the Group. It has been two years since the merger of the heritage AVEVA and SES businesses. Synergy targets have been met and many key integration activities successfully completed. Residual and more specific risks remain in relation to integration however these are captured and managed as functional or programme risks and not principal risks.

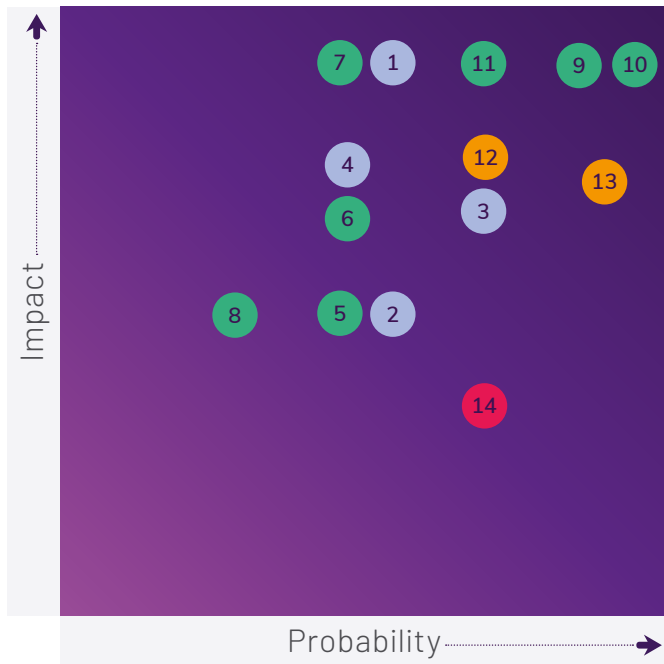
Sustainability This has been determined by the Executive Risk Committee to be a new principal risk for AVEVA. Increased focus on sustainability – environment, societal, economic – and AVEVA's response to it could either deter or encourage employees/talent (existing & potential), investors, customers and other key stakeholders from or towards AVEVA.

In response, the Chief Executive Officer has stated that "AVEVA is committed to being a leader in industrial software for a sustainable future, working with our employees, our customers, our partners and the wider communities where we do business. Industrial technology has a key role to play in realising a sustainable future. AVEVA will continue to support the evolution of the marketplace, helping our industrial customers achieve their sustainability objectives and ensuring sustainability in our own operations".

Covid-19 – The pandemic has become a significant global issue towards the very end of AVEVA's FY20 reporting period and continues to be into FY21 and beyond. The magnitude of the issue and its far-reaching impacts combined with high levels of uncertainty in the world make clear risk management judgements difficult. The Executive Risk Committee has met early in April 2020 to review and update the principal risks and uncertainties position of AVEVA and articulate it in the most effective way. Key outcomes can be summarised as follows:

- Two new principal risks have been added to the pre-existing set of twelve principal risks. These are explained in more detail in the following pages and are titled Global Economic Disruption and Declined GDP's and Extended Period of Remote Working (Operational Resilience).
- Six of the twelve pre-existing principal risks have increased because of the pandemic, some significantly. These are: Talent Acquisition & Retention, Cloud Initiatives, Competitors, Dependency on Cyclical Markets, Cyber Attack; and Internal Systems (Suitability & Continuity). Again, further detail is provided.
- The Executive Risk Committee and the Board will now implement the management of these new and increased risks into enterprise risk management processes and continue to monitor them closely as the world responds and adapts to the outcomes of the pandemic.

Principal risks presented below have been graded for likelihood and impact on a gross basis (i.e. without accounting for existing mitigation) and are not presented in any priority order.



- Risks**
- Strategic
 - External
 - Operational
 - Disruptive

Ref	Risk
1	Talent acquisition and retention
2	Move to subscription model
3	Cloud (strategy and SaaS security)
4	Digital transformation agenda strategy
5	Sustainability
6	Competitors
7	Regulatory compliance
8	AVEVA products implicated in industrial accidents or customer cyberattack
9	Cyberattack (corporate systems)
10	Dependency on cyclical markets
11	Global economic disruption and declined GDPs
12	Internal systems (suitability and continuity)
13	Extended period of remote working
14	Disruptive technologies










<p>Strategies</p> <ul style="list-style-type: none"> ① Creating industrial software that inspires people to shape the future ② Growing AVEVA's long-term free cash flow ③ Re-investing in technologies that will sustain long-term growth <p>∨ Risk included in Viability Statement working</p>	<p>Risk level</p> <ul style="list-style-type: none"> ● Low ● Medium ● High 	<p>Risk change from 2019</p> <ul style="list-style-type: none"> ➡ No change ⬇ Risk decreased ⬆ Risk increased ★ New
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Strategic Internal Risks

Risk	Description	Mitigation	Strategy and viability
<p>Talent acquisition and retention</p> <p>Gross Probability: ●</p> <p>Gross Impact: ●</p> <p>Change in risk level: ⬆</p> <p>Ownership: Chief Human Resources Officer</p> <p>Categorisation: Industry General</p>	<p>AVEVA is heavily reliant on the people it employs and if we are unable to attract or retain the niche skills and experience we need to drive the business forward, creating innovation and growth, this could materially impact the success of our business.</p> <p>The technology sector is competitive when seeking talent and the AVEVA brand must remain attractive, particularly to niche skills such as developers, technical sales, services, consultants and leadership.</p> <p>Impacts from the Covid-19 pandemic have increased this risk. There are now further challenges involved in protecting, retaining and acquiring talent during an extended period of disruption and where continued remote working and social distancing is required.</p>	<p>Mitigating activities include in-house talent acquisition expertise, partnerships with universities, an employee referral programme and communicating our culture.</p> <p>AVEVA endeavours to ensure that employees are motivated in their work and there are regular appraisals, with staff encouraged to develop their skills. Annually there is a Group-wide salary review that rewards strong performance and ensures salaries remain competitive. Commission and bonus schemes help to ensure the success of AVEVA and individual achievement is appropriately rewarded.</p> <p>Throughout the initial period of Covid-19 disruption, leadership have continually supported and communicated with employees, enabling them and providing the tools to work from home as effectively as possible whilst staying connected with colleagues and customers. Effective processes such as interviews via video conferencing are being used to support and fulfil recruitment needs. HR and the ELT are continually reviewing the best approaches to employee and talent support.</p>	<p>①</p> <p>③</p>

Principal Risks continued

Strategic Internal Risks continued

Risk	Description	Mitigation	Strategy and viability
<p>Move to subscription model</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Head of Corporate Strategy</p> <p>Categorisation: Industry General</p>	<p>AVEVA's strategic move towards a subscription-based licence model is designed to offer customers improved flexibility when addressing their software needs. It could however fail to create the improved recurring revenue and cash flow generation expected for AVEVA if customers do not utilise the subscription offering as anticipated.</p>	<p>Whilst AVEVA is ambitious to gain the benefits of more widely adopting subscription-based licensing and to provide the benefits of this model to its customers, the expansion of the offering remains within the Monitoring & Control business unit of AVEVA currently. This continues to allow AVEVA to both manage the risk and refine the model.</p> <p>AVEVA will continue to offer traditional licensing models throughout as further mitigation.</p> <p>A transition strategy is in place and continues to be closely monitored.</p>	<p>①</p> <p>②</p> <p>∨</p>
<p>Cloud (strategy and SaaS security)</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Chief Cloud Officer</p> <p>Categorisation: Industry General</p>	<p>AVEVA is committed to providing market leading value-adding, reliable and secure cloud services to its customers and is therefore investing in this initiative. This investment requires careful management otherwise AVEVA risks not realising anticipated returns in addition to reputational damage.</p> <p>This risk has increased from the prior year for two main reasons.</p> <p>1) Due to increased demand and corresponding security requirements surrounding cloud products and the criticality for AVEVA to meet these demands.</p> <p>2) Due to global disruption caused by the Covid-19 pandemic and the increased necessity of remote working, AVEVA is accelerating its shift to digital and cloud services which, in turn, increases risk around consistent and quality provision of Cloud services to customers (including security threats).</p>	<p>AVEVA has recently announced the appointment of a Chief Cloud Officer responsible for driving the Cloud portfolio and go-to-market strategy. This appointment has been made principally to address the rapid shift in consumption patterns in industrial software and position AVEVA both during the period of global disruption and in a 'new normal' environment.</p>	<p>①</p> <p>②</p> <p>∨</p>
<p>Digital transformation agenda strategy</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Head of Corporate Strategy</p> <p>Categorisation: Industry General</p>	<p>AVEVA's strategy to capitalise on the opportunities of digital transformation could ultimately fail or not provide the expected levels of return, leading to increased costs, reputational damage or lost market positions.</p> <p>There is no change in this risk level for AVEVA reflecting the continuing digitalisation of industry trend and the importance of AVEVA in being strategically aligned with it.</p>	<p>Alongside careful management of the right Digital Transformation strategy, AVEVA further mitigates this risk by having in place a dedicated Sales and Consulting team, targeted marketing campaigns, continued portfolio rationalisation and use case prioritisation.</p>	<p>①</p> <p>②</p>

External Risks







Risk	Description	Mitigation	Strategy and viability
<p>Sustainability</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Chief Marketing Officer and Chief Sustainability Officer</p> <p>Categorisation: Industry General & Company Specific</p>	<p>Increased international focus on Sustainability – Environment, Societal, Economic – and AVEVA’s response to it could deter employees/talent (existing and potential), investors, customers and other key stakeholders from AVEVA leading to:</p> <ul style="list-style-type: none"> – loss of existing customers and/or failure to acquire new customers; – reputational impact including loss of investment; and – failure to attract and/or retain knowledge and talent in the business (niche dependency skills). 	<p>The AVEVA Sustainability pledge includes many key mitigating steps which the Company is executing including:</p> <ul style="list-style-type: none"> – commitments to minimising carbon emissions via increasing the use of recycling opportunities, removal of single use plastic, and the use of valuable natural resources; – continually improving tracking of AVEVA’s emissions data; – AVEVA Action for Good; – donation of 1% of AVEVA profit after tax towards initiatives; and – serving industries that are of environmental importance, e.g. water, and the ability to increase efficiency across a range of industries. 	<p>①</p> <p>②</p> <p>V</p>
<p>Competitors</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Head of Corporate Strategy</p> <p>Categorisation: Industry General</p>	<p>AVEVA operates in highly competitive markets. Other technology companies could acquire, merge or move into AVEVA’s market space to compete with AVEVA’s offering creating a material threat, or existing competitors could respond quicker to market demands and trends resulting in reduced market share and missed growth opportunities for AVEVA.</p> <p>The risk is increased where there is more uncertainty in the marketplace caused by the Covid-19 pandemic. It may be that competitor strategies change or that there are consolidations in the industry which could impact AVEVA.</p>	<p>AVEVA carefully monitors customer requirements, trends and other suppliers operating within our chosen markets. We invest in innovation and strive to offer superior products to meet these market trends.</p> <p>Other areas of specific mitigation include leveraging our relationship with Schneider Electric, attractive proposals for additional complementary products for existing customers and flexibility to meet changing market demands and competitive forces.</p> <p>Further, AVEVA has recently announced the appointment of a Chief Cloud Officer as previously referred to in the Cloud principal risk.</p>	<p>①</p> <p>③</p>
<p>Regulatory compliance</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Finance Director & Company Secretary</p> <p>Categorisation: Industry General</p>	<p>AVEVA is required to comply with both international and local laws in each of the jurisdictions in which it operates. If one or more AVEVA employees or persons acting on AVEVA’s behalf commit, or are alleged to have committed, a violation of law, as a result, AVEVA could face substantial investigative, defence and/or remediation costs, and be exposed to severe financial penalties and reputational damage.</p> <p>Specific regulatory risk areas this applies to are trade compliance, data protection and privacy (including GDPR, anti-trust, anti-bribery and corruption (including corporate gifts and hospitality), child and forced labour and people trafficking, failure to prevent facilitation of tax evasion (CCO), anti-money laundering, failures in Know Your Customer (KYC) and Know Your Supplier (KYS) (including indirect sales partners), related party transactions, whistleblowing procedures, market abuse regulations and corporate governance. There is no change in the threat level for this principal risk from the prior year.</p>	<p>Local management are supported by local professional advisers and further oversight is maintained from the corporate legal and finance functions.</p> <p>In addition, AVEVA uses compliance policies and guidance materials, communications & training platforms for its employees and external partners.</p> <p>As a further step dedicated Compliance resource is being added to enhance management and monitoring of this principal risk – this includes both people and systems.</p>	<p>①</p> <p>②</p>

Principal Risks continued




External Risks continued

Risk	Description	Mitigation	Strategy and viability
<p>AVEVA products implicated in industrial accidents or customer cyberattack</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Head of R&D</p> <p>Categorisation: Industry General</p>	<p>Our software products are complex and new products or enhancements may contain undetected errors, failures, performance problems or defects which may impact our strong reputation with our customers or create financial implications.</p> <p>This is no change in the threat level for this principal risk from the prior year which continues to reflect the portfolio of products in the AVEVA range, their functionality and increasing threats in the external cyber-environment.</p>	<p>AVEVA products are extensively tested prior to commercial launch. In addition, AVEVA has a robust Security Development Lifecycle as a key component of our overall software development process and has created formal and collaborative relationships with third-party security researchers and security organisations to proactively ensure our software is as safe and secure as is reasonable.</p>	<p>①</p> <p>②</p>
<p>Cyberattack</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Chief Information Officer</p> <p>Categorisation: Industry General</p>	<p>Threats within the global cyber-environment continue to grow. AVEVA depends on its IT systems and should we be specifically targeted by a cyberattack or be impacted by a general global cyber-incident, this could potentially lead to suspension of some operations, regulatory breaches and fines, reputational damage, loss of customer and employee information and loss of customer confidence.</p> <p>This principal risk is increased from the previous year due to increased cyberthreats associated with remote working because of the Covid-19 pandemic.</p>	<p>AVEVA has a low tolerance to this risk and utilises multiple layers of cybersecurity threat defences including access control, encryption, firewalls, etc. Additionally, regular external penetration testing is conducted across critical corporate and online services.</p> <p>Further steps have been taken to increase security measures whilst AVEVA's workforce operates remotely. These will permanently remain in place.</p>	<p>①</p> <p>②</p> <p>∇</p>
<p>Dependency on cyclical markets</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Head of Strategy</p> <p>Categorisation: Company Specific</p>	<p>AVEVA's revenue is materially derived from customers operating in markets which are mainly cyclical in nature such as Oil & Gas and Marine. As and when those markets reach downturn stages, our customers have less funding available for capital projects, including the purchase of AVEVA's software products. Significant end market downturns could materially impact AVEVA's revenues and profits.</p> <p>The risk is considered to have increased since the prior year. Global disruption caused by the Covid-19 pandemic has led to significant volatility in oil markets and subsequently within AVEVA's customer base. A longer period of volatility increases risk of revenue impacts to AVEVA.</p>	<p>AVEVA products deliver Capex certainty and Opex reduction and thus deliver meaningful efficiency in downturn environments. An extensive global presence also provides some mitigation from over-reliance on key geographic markets.</p> <p>Over half of AVEVA's revenue is derived from customers operating in non-cyclical markets such as Food & Beverages and Utilities. A new strategic approach and rationalisation programme was launched during the year for the Food & Beverages and Infrastructure markets and there is continued leveraging of Schneider Electric relationships into non-cyclical markets.</p> <p>AVEVA's strategic move towards a subscription based licensing model also further mitigates this risk as it can offer customers greater flexibility over their expenditure. Three of AVEVA's business units are more Opex than Capex focused.</p>	<p>①</p> <p>②</p> <p>∇</p>
<p>Global economic disruption and declined GDPs</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Deputy CEO & CFO</p> <p>Categorisation: Industry General</p>	<p>Because of the global Covid-19 pandemic, AVEVA must now operate in an environment where there is economic disruption and declined GDPs. This could have many impacts including significantly decreased demand for our products and services from our customers, unexpected disruptions in the industries that we serve or limited access to funding should it be necessary.</p>	<p>AVEVA has entered the period of global economic disruption in a strong cash and financial position. Further mitigations which have already been announced by executive leadership include employee pay and recruitment freezes, plus cuts to discretionary spending. Leadership continue to review AVEVA's position and are prepared to take further mitigating steps as and when considered necessary.</p> <p>Further, as mentioned above, AVEVA products deliver Capex certainty and Opex reduction and thus deliver meaningful efficiency in downturn environments. AVEVA intends to orientate completely around supporting its valued customers and deliver this meaningful efficiency.</p>	<p>∇</p>

Operational Risks

Risk	Description	Mitigation	Strategy and viability
<p>Internal systems (suitability and continuity)</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Chief Information Officer</p> <p>Categorisation: Company Specific</p>	<p>AVEVA depends on its many IT systems for day-to-day operations and to meet its customers' expectations. If they fail to operate effectively and efficiently then this could result in reputational damage, negative employee engagement or poor customer experiences.</p> <p>As in the prior year, this remains a high gross risk for AVEVA, reflecting both range of legacy IT systems in the AVEVA IT estate and the ongoing significant programmes that are in place to consolidate, improve, create competitive advantage and maintain business-as-usual processes. These programmes could become more complex or delayed because of continued global disruption caused by the Covid-19 pandemic.</p>	<p>AVEVA has appointed an experienced Chief Information Officer and additional people resources to lead and drive the various IT initiatives, including a new Enterprise Resource Planning (ERP) implementation project designed to provide and support industry best practice processes. This includes respective governance frameworks and support from expert external advisors and integration specialists.</p>	<p>①</p> <p>③</p>
<p>Extended period of remote working</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Deputy CEO & CFO</p> <p>Categorisation: Company Specific</p>	<p>Because of the Covid-19 pandemic, there could be an extended period during which AVEVA must successfully operate remotely. This includes employees continuing to work at home and being unable to physically visit our customers.</p> <p>If AVEVA fails to operationally adapt to an efficient and effective distance business model, which includes continuing to provide the value our customers demand and giving our people the support they need, this could impact AVEVA's results and reputation.</p>	<p>AVEVA have announced its dedication to shifting to a digital business model and operating successfully in a 'new world'.</p> <p>In addition to providing the necessary tools to enable our employees to be effective remotely, innovative ways of working are being introduced and refined. For example, the ability for our Global Services team to operate remotely and run customer integration projects has already been successfully demonstrated. Innovation will continue to allow long-term and sustainable remote and digital working models.</p>	<p>V</p>

Disruptive Risks

Risk	Description	Mitigation	Strategy and viability
<p>Disruptive technologies</p> <p>Gross Probability: </p> <p>Gross Impact: </p> <p>Change in risk level: </p> <p>Ownership: Head of R&D</p> <p>Categorisation: Industry General</p>	<p>New and unforeseen technology, software or business models which threaten AVEVA's value offering could be developed and become significantly commercially viable resulting in material impacts to AVEVA's profits and prospects.</p> <p>This is no change in the threat level for this principal risk from the prior year reflecting the increased potential threats from disruptive forces which seek to capitalise on digitisation of industry trends.</p>	<p>AVEVA largely mitigates this threat through its own leading innovation initiatives and remaining at the forefront of technological advances. This a core strategic strength of AVEVA. In addition, AVEVA continually scans the disruptive technology environment to ensure it is well informed and placed to respond to any material threats.</p>	<p>①</p> <p>③</p>

Viability Statement

The Group assesses its prospects primarily through its three-year strategic planning cycle and annual budgeting process.

The strategic planning process is led by the Executive Directors (Directors), with responsibility for business functions and the regions delegated to the appropriate senior management. The Board reviews the business plans and annual budget each year to determine whether the plans continue to be appropriate in the light of market conditions and industry changes.

In line with the Group's strategic planning cycle, the Directors have assessed the Group's prospects and viability over a three-year period, significantly longer than the outlook of the Going Concern statement of 12 months. The Directors determine three years to be an appropriate time horizon, aligned to both the period covered by the Group's business planning cycle, as well as the length over which the long-term incentive plan performance is measured. Whilst the Directors have no reason to believe that the Group would not be viable over a longer period, a shorter timeframe provides greater certainty and reliability over the forecasts and stress-testing used to assess the Group's viability.

The Directors considered the principal risks in severe and plausible scenarios and assessed the potential impact of differing scenarios. A consistent approach to the scenarios used within the going concern assessment have been applied across the three-year Viability Statement period. Please see details of the specific scenarios in the going concern statement below and in the basis of preparation note (note 2a) to the consolidated financial statements.

The results of the various scenario stress-testing showed that despite significant drops in gross revenue, the Group is projected to remain viable over the three year period.

The Group has £114.6 million of cash and cash equivalents at 31 March 2020 and access to a £100 million revolving credit facility (RCF). Consequently, the Directors did not consider this combination of scenarios to present a threat to the liquidity of the Group, nor to any financial covenant compliance.

The Directors have identified a number of factors which support their assessment:

- AVEVA operates in diverse industries including Food & Beverages and Infrastructure;
- AVEVA products deliver capital expenditure certainty and operating expenditure reduction, and thus deliver meaningful efficiency in downturn environments;
- An extensive global presence provides mitigation from over-reliance on key geographic markets;
- AVEVA has strong cost control mechanisms; and
- There is considerable headroom available in both cash balances and the revolving credit facility.

Based on this assessment, the Directors have considered the Group's current position and principal risks, and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 March 2023.

In making this statement, the Directors have also made the following assumptions:

- there will be increased diversification and strength of product offering into non-cyclical markets;
- there will be strong leverage for increased opportunities via the Schneider Electric relationship;
- AVEVA has a strong reputation, an established customer base and an established portfolio of products; and
- AVEVA would be able to recover relatively well from any IT system issues or cyber-incidents and would have the necessary skills and experience available to assist.

Going Concern Statement

£114.6m

Net cash

£100.0m

Undrawn borrowings available

The Consolidated financial statements of AVEVA Group plc and all its subsidiaries (the Group) have been prepared in accordance with IFRS, as adopted by the European Union, and with the Companies Act 2006.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities and the Group's principal risks and uncertainties in the context of the current operating environment. This includes possible impacts of the global Covid-19 pandemic on the Group and reviews of liquidity and covenant forecasts.

The Group's business planning cycle has taken account of potential impacts of Covid-19 to create a base case going concern model, reflecting the current business disruption, deterioration in economic conditions and the resulting impact on customers and ability to operate effectively during a period of remote working.

The Directors have considered sensitivities in respect of potential downside scenarios over and above the Covid-19 base case going concern model and the mitigating actions available in concluding that the Group is able to continue in operation for a period of at least twelve months from the date of approving the financial statements.

The sensitivities are designed to model potential downside scenarios relating to Covid-19, whereby the Group experiences:

- A period of depressed economic activity across the entire going concern period, with resulting reduction in revenues as a result of reduced conversion of the revenue pipeline, lower new customer demand and impacts on pricing;

- Business disruption including the impact of stay-at-home orders on the ability to operate efficiently as well as the ability to deliver project services work remotely; and
- Delays in the working capital cycle, including the impact of customer failures, credit defaults and delays in customers making contractual payments.

The specific scenarios modelled are:

Scenario 1 stresses the base going concern model further with materialisation of principal risks linked to continued pandemic disruption. Scenarios 2–4 also use the Covid-19 adjusted business plans as a base model, upon which further materialisation of a combination of various of the principal risks identified on pages 42 to 47 are considered. Each scenario assumes delays in the working capital cycle, including the impact of customer failures, credit defaults and delays in customers making contractual payments, as well as the following other assumptions:

- Scenario 1:** Given the current risk environment in relation to the global Covid-19 pandemic, this scenario incorporates the impact of the following three principal risks reducing base model revenue by circa 9% across the three-year forecast period:
- (10) Dependency on cyclical markets;
 - (11) Global economic disruption and declined GDPs; and
 - (13) Extended period of remote working (operational resilience).

Scenario 2: A 'severe but plausible' scenario which models materialisation of all the following principal risks being applied to the Covid-19 adjusted financial forecasts, reducing base

model revenues by circa 15–20% across the three-year forecast period:

- (2) Move to subscription model;
- (3) Cloud; and
- (5) Sustainability.

Scenario 3: A 'severe but plausible' scenario which models materialisation of all the following principal risks being applied to the already Covid-19 adjusted financial forecasts, which also reduces base model revenues by circa 15–20% across the three-year forecast period:

- (2) Move to subscription model;
- (3) Cloud; and
- (9) Cyberattack.

Scenario 4: A further scenario was created to model circumstances required to breach AVEVA's credit facilities. This scenario assumes severe cash collection delays and does not include any mitigating actions that the Group would take. It is overall considered very unlikely.

Under the base case scenario, there is no expected requirement to draw down on the RCF across the going concern period. Under the four downside scenarios, the Group would utilise the RCF, but within the current liquidity levels available.

Throughout all the four downside scenarios, the Group continues to have liquidity headroom on existing facilities and against the RCF financial covenants during the period under assessment. Should a more extreme downside scenario occur, additional mitigating actions could be taken such as the cancellation or deferral of dividend payments and reductions in other discretionary operating costs. The financial statements for the year ended 31 March 2020 have therefore been prepared under the going concern basis of accounting.

Finance Review

Continued good progress against all key targets

Overview

Revenue was £833.8 million, which was up 8.8% versus the previous year (FY19: £766.6 million on a statutory basis). Adjusted EBIT grew by 23.3% to £216.8 million (FY19: £175.9 million), primarily due to revenue growth, higher gross margin and operational leverage. For the same reasons, on a statutory basis, profit before tax increased by 97% to £92.0 million.

Organic constant currency revenue grew 7.4%, adjusted for a currency translation benefit of £7.6 million in FY20, and the effects of the deferred revenue haircut, disposal of Wonderware Italy, Germany and Scandinavia and the acquisition of MaxGrip.

Year ended 31 March	FY20 £m	FY19 £m	Change
Revenue	833.8	766.6	8.8%
Cost of sales	(190.1)	(191.3)	(0.6)%
Gross profit	643.7	575.3	11.9%
Operating expenses	(426.9)	(399.4)	6.9%
Adjusted EBIT	216.8	175.9	23.3%
Net interest	(3.0)	(0.5)	500%
Adjusted profit before tax	213.8	175.4	21.9%
Tax charge	(38.8)	(35.4)	9.6%
Adjusted profit after tax	175.0	140.0	25.0%
Profit before tax	92.0	46.7	97.0%
Adjusted diluted EPS (pence)	108.15	86.60	24.9%
Gross margin	77.2%	75.0%	220 bps
Adjusted EBIT margin	26.0%	22.9%	310 bps
Tax charge	18.1%	20.2%	(210)bps

“Revenue growth was driven by strong sales execution in the context of stable end market conditions for the majority of the year and an ongoing trend towards digitalisation.”

James Kidd
Deputy CEO and CFO



8.8%

Growth in total revenue

25.7%

Growth in recurring revenue

23.3%

Growth in adjusted EBIT

Revenue overview

Revenue growth was driven by strong sales execution in the context of stable end market conditions for the majority of the year and an ongoing trend towards digitalisation.

Revenue by type is set out below:

£m	FY20	% of total	FY19	% of total	Change	Organic constant currency
Subscription	316.8	38.0%	218.2	28.4%	45.2%	43.2%
Maintenance	201.7	24.2%	194.4	25.4%	3.8%	(0.6)%
Total recurring revenue	518.5	62.2%	412.6	53.8%	25.7%	22.8%
Perpetual licences	179.3	21.5%	211.6	27.6%	(15.3)%	(16.8)%
Services	136.0	16.3%	142.4	18.6%	(4.5)%	(5.0)%
Total	833.8	100.0%	766.6	100.0%	8.8%	7.4%

Business model transition

As previously highlighted, AVEVA is driving a business model transition with the strategy to increase levels of recurring revenue. There are two aspects to this switch: increasing subscription revenue, and the transformation of the services business.

Recurring revenue

Strong progress was made during the year on our strategy to increase the level of recurring revenue as a proportion of total revenue with the medium-term target of 60% surpassed. Overall recurring revenue grew by 25.7% to £518.5 million (FY19: £412.6 million) driven by very strong growth in subscription resulting in recurring revenue of 62.2% (FY19: 53.8%).

Subscriptions revenue, which includes rental contracts, token contracts and subscriptions, grew 45.2% to £316.8 million (FY19: £218.2 million). There was consistent growth in subscriptions across all regions. This reflected a change in customer buying behaviour from perpetual licences to subscription, helped by the introduction of AVEVA Flex, the increased number of multi-

year contracts and a switch from maintenance contracts to subscription. Furthermore, the new salesforce incentives to promote subscription over perpetual licences and services contributed significantly to the growth.

The introduction of the AVEVA Flex subscription offering for products in the Monitoring & Control business unit was successful with growth of over 150%, with several large enterprise accounts, particularly in North America and EMEA opting for the new subscription offering. Many of these contracts were closed through the indirect channel. AVEVA Flex is being enabled for the entire portfolio.

Across all three regions there were customers on maintenance contracts who successfully transitioned to higher annual value subscription contracts. This compressed our maintenance revenue growth to 3.8%, equivalent to £201.7 million (FY19: £194.4 million).

Perpetual licences

The corresponding impact from the business model transition to subscription was seen in perpetual licences, which reduced 15.3% year-on-year to £179.3 million (FY19: £211.6 million) as more customer orders moved to subscription.

Services

Services revenue reduced by 4.5% to £136.0 million (FY19: £142.4 million). Services are sold alongside the software licence to ensure efficient deployment and to generate value faster for customers. This planned reduction was driven by AVEVA's focus on increasing the proportion of higher gross margin software as part of its overall revenue mix and the implementation of the change in sales incentives at the beginning of the financial year to drive this.

Adjusted EBIT and cost management

Together with cost control, the revenue growth delivered an increase in adjusted EBIT of 23.3% versus the prior year. Adjusted EBIT margin improved to 26.0% (FY19: 22.9%).

Finance Review continued

+310 bps

Improved adjusted EBIT margin

£33m

Annualised cost savings
Target: £25m

Total adjusted costs were £617.0 million (FY19: £590.7 million), an increase of 4.5% over the previous year and 3.3% on a constant currency basis. This was broadly in line with AVEVA's target of inflationary cost increases due to a reduction in cost of sale and controlled operating cost increases despite incremental investment in sales, marketing and R&D.

On an underlying basis, AVEVA has been implementing a cost synergies programme through rationalisation of duplicated

functions, the implementation of common systems, shared services for back office functions, real estate consolidation and enhanced R&D effectiveness. The Group targeted annualised cost synergies as part of the combination with SES and by the end of the financial year achieved annualised savings of circa £33 million compared to the target of £25 million. These savings have been re-invested in capabilities to drive future revenue growth, such as R&D and sales.

Cost of sales decreased by 0.6% to £190.1 million (FY19: £191.3 million) and the gross margin improved to 77.2% (FY19: 75.0%).

To improve efficiency, the Services team have focused on higher margin projects together with initiatives to increase standard, repeatable solutions, which reduce the need for configuration and customisation. We have also used more offshore service delivery teams in Mexico, Spain and India to deliver projects. As part of the services transformation programme, AVEVA has embarked on

An analysis of total expenses is summarised below:

£m	Cost of sales	R&D	Selling and distribution	Admin. expenses	Net impairment loss from financial assets	Other income	Total
Statutory	190.7	184.6	240.1	127.7	7.6	(11.9)	738.8
Amortisation excl. other software	–	(63.5)	(27.1)	–	–	–	(90.6)
Share-based payments	–	–	–	(12.0)	–	–	(12.0)
Loss on FX contracts	–	–	–	(0.4)	–	–	(0.4)
Exceptional items	(0.6)	(0.4)	(3.9)	(25.8)	–	11.9	(18.8)
Adjusted costs	190.1	120.7	209.1	89.5	7.6	–	617.0
FY19	191.3	114.5	196.7	81.9	6.3	–	590.7
Change	(0.6)%	5.4%	6.3%	9.3%	20.6%	–	4.5%
Constant currency	(1.6)%	3.9%	5.6%	7.1%	20.6%	–	3.3%

“Revenue grew 8.8% to £833.8 million whilst adjusted EBIT grew 23.3% versus last year to £216.8 million.”

James Kidd
Deputy CEO & CFO

a strategy to strengthen its network of system integrators and provide them with the capability and skills to successfully implement AVEVA's products with a number of projects started in the year.

Research & Development costs were £120.7 million (FY19: £114.5 million) representing an increase of 5.4% due to investment in areas including Cloud and AI.

Selling and distribution expenses were £209.1 million (FY19: £196.7 million), a 6.3% increase versus the prior year. The increase represents investments made during the year in sales and in strengthening the marketing team and in customer events to showcase AVEVA's enlarged product portfolio.

Administrative expenses were £89.5 million (FY19: £81.9 million) an increase of 9.3%. This was due investment in support functions, such as Human Resources, IT and Finance as the transitional services from Schneider Electric were exited and replaced with in-house capabilities.

Net impairment loss from financial assets represents the impairment of accounts receivable and contract assets during the year of £7.6 million (FY19: £6.3 million). This included an incremental provision amount for possible increased risk resulting from Covid-19 related macroeconomic disruption.

Cost management in FY21

In the context of this challenging growth environment, AVEVA is managing its cost base appropriately, while continuing to invest to support longer-term growth.

Cost of sales: Approximately 50% of AVEVA's cost of sale relates to the delivery of services. This is expected to reduce during the current financial year as Services revenue is further

reduced. The largest part of the remainder of cost of sale relates to the cost of delivering support to customers as part of the support or subscription contracts. Other elements of cost of sale include royalties and payments to third parties, such as cloud hosting fees.

Operating costs: AVEVA is protecting investments in strategic areas within Research & Development such as Cloud and AI, whilst significantly reducing costs to support operating margins and cash generation. Actions being taken include pay and recruitment freezes and a reduction in travel and event costs. The annual bonus scheme is also dependent on sales and profitability. Overall, these actions are expected to result in a reduction in costs of approximately £50–60 million versus AVEVA's pre-Covid-19 plans for FY21.

Normalised and exceptional items

The following normalised and exceptional items have been excluded in presenting the adjusted results:

Acquisition and integration activities principally related to contractors working on functional integration, consultancy costs paid to advisers for integration support, investment in new systems and deal-related executive retention costs.

Other income includes a £7.7 million gain on sale of three distribution businesses and £3.8 million received from Schneider Electric in reimbursement for capital expenditure incurred as part of the migration from activities covered by TSAs following the Combination.

Restructuring costs related to severance payments for employees as part of the continuing cost synergy programme started in FY19, following completion of the combination with SES.

Amortisation mainly relates to the amortisation of the fair valued heritage AVEVA intangible assets under acquisition accounting, following the combination with SES.

£m	Year ended 31 March	
	2020	2019
Acquisition and integration activities	29.0	23.0
Restructuring costs	1.7	5.9
Other income	(11.9)	–
Total exceptional items	18.8	28.9
Amortisation (excl. other software)	90.6	88.1
Share-based payments	12.0	11.2
Loss on FX contracts	0.4	0.5
Total normalised items	103.0	99.8

Finance Review continued

Taxation

The statutory tax charge was £22.2 million (FY19: £12.9 million). The effective rate of tax of 24.1% is in line with the US effective corporation tax rate of 24%. This rate was affected by the cost of increase in the rate of UK corporation tax from 17% to 19% on the calculation of deferred tax liabilities for intangible fixed assets, but this cost was offset by the benefit of tax incentives for intellectual property in the current and prior periods.

The adjusted tax rate was 18.1% (FY19: 20.2%), benefiting from tax incentives for intellectual property in the current and prior periods.

Earnings per share

Statutory diluted EPS was 43.13 pence (FY19: 20.90 pence). Adjusted diluted EPS grew 24.9% to 108.15 pence (FY19: 86.60 pence).

Dividends

AVEVA's Board intends to maintain a final dividend of 29.0 pence per share at a cost of £46.8 million (FY19: 29.0 pence per share at a cost of £46.8 million). Subject to approval at AVEVA's AGM on 21 July 2020, the final dividend will be payable on 11 August 2020 to shareholders on the register as at 10 July 2020.

Balance sheet and cash flow

The Group continues to maintain a strong balance sheet, with net cash and treasury deposits of £114.6 million and no debt. As at 31 March 2020 non-current assets were £1,956.0 million (31 March 2019: £1,923.0 million) reflecting goodwill and intangible assets that arose from the combination with SES.

Trade and other receivables at 31 March 2020 were £242.2 million (31 March 2019: £238.7 million). Contract assets increased to £142.4 million from £100.5 million at 31 March 2019, largely due to the impact of the multi-year contracts closed in the period. Contract liabilities representing deferred revenue were £177.0 million (31 March 2019: £174.6 million).

Cash generated from operating activities before tax was £161.4 million, compared to £169.1 million in the previous year, resulting in conversion of adjusted EBIT to operating cash flow of 74.4%. This reflects the impact of multi-year contracts and particularly those contracts where customers pay in annual instalments, but revenue is recognised earlier under IFRS 15, as well as the impact of exceptional costs.

Integration

The integration of the heritage AVEVA business and SES is largely complete and has been successfully delivered in line with the plans.

The areas still being completed are in real estate and IT. There are office consolidations to complete in Sydney, Beijing, and Tokyo together with some smaller sites. The IT transitional arrangements with Schneider Electric which are still to be fully exited, are in two main areas: the transition of heritage SES offices onto the new AVEVA IT infrastructure, and the implementation of the new ERP system which will replace the legacy systems in both businesses. These areas are progressing well and are in execution phase for end-user computing, applications, data, security, connectivity, systems and hosting. However, the Covid-19 pandemic has disrupted activities with staff not being able to physically visit offices and alternative plans have been created and are now in place. As a result, agreement has been reached with Schneider Electric to extend the transitional services agreement in those areas to 1 March 2021.

The merger of the two businesses has delivered value to our customers and our shareholders. As such, we aim to participate in further consolidation of the industrial software industry, as and when value-creating opportunities arise.

James Kidd
Deputy CEO and CFO
9 June 2020

Section 172(1) Statement

Promoting sustainable success

Section 172(1) statement

The Directors are aware of their duty under section 172 of the Companies Act 2006 to act in the way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

They consider:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

Our stakeholders

To operate effectively it is important to understand the impact upon the stakeholders we interact with most. We have identified our key stakeholders to be:

- our customers and partners;
- our employees;
- the wider communities in which we operate; and
- our investors.

The Board will sometimes engage directly with certain stakeholders. However, most engagement takes place at the operational level. Where direct engagement is not possible, the Directors receive reports from senior managers on key areas on a regular basis, for use in its decision-making.

Two of our Non-Executive Directors were appointed by a major shareholder, Schneider Electric. However, all Directors understand their responsibility under the Companies Act to act fairly in respect of all members of the Group.

Find out about

Our stakeholders, their importance, interests, and how we engage with them pages 20–21

Our employees pages 32–33

Our customers and how we help them to shape a sustainable future pages 26–31

How we induct and train Directors page 67

How shareholders were considered in drafting the new Remuneration Policy in the year pages 80–81

This Strategic Report has been approved by the Board of Directors and is signed on its behalf by:

Philip Aiken AM
Chairman
9 June 2020

Glossary

AGM	Annual General Meeting	Industry 4.0	The name given to the fourth industrial revolution; this includes cyber-physical systems, the Internet of Things, cloud computing and artificial intelligence
AI	Artificial Intelligence	KPI	Key Performance Indicator
APM	Asset Performance Management	LTIP	Long-Term Incentive Plan
AVEVA LIFE	AVEVA's values	MES	Manufacturing Execution Systems. Computerised systems used in manufacturing to track and document the transformation of raw materials to finished goods
CEO	Chief Executive Officer	R&D	Research & Development
CFO	Chief Financial Officer	RCF	Revolving Credit Facility
CIO	Chief Information Officer	SaaS	Software as a Service
CIS	Commonwealth of Independent States	SCADA	Supervisory Control and Data Acquisition. A control system architecture comprising computers, networked data communications and graphical user interfaces for high-level process supervisory management of process plant or machinery
CMO	Chief Marketing Officer	SDGs	Sustainable Development Goals
CO2e	Carbon Dioxide Equivalent	SES	Schneider Electric industrial software business
CSR	Corporate Social Responsibility	SLT	Strategic Leadership Team
D&I	Diversity and Inclusion	STEM	Science, Technology, Engineering and Mathematics
Digital Twin	A digital replica of a physical asset that can understand the asset's state, respond to changes, improve business operations and add value	TCV	Total Contract Value
Discrete Manufacturing	The manufacture of individually distinct items	TSR	Total Shareholder Return
EBIT	Earnings Before Interest and Tax	WISE	Women in Science and Engineering
ELT	Executive Leadership Team		
EMEA	Europe, Middle East & Africa		
EPC	Engineering, Procurement and Construction		
EPS	Earnings Per Share		
ERC	Executive Risk Committee		
ERP	Enterprise Resource Planning		
GDPR	General Data Protection Regulations		
ICCC	Integrated Command and Control Centre		
IFRSs	International Financial Reporting Standards		
IIoT	Industrial Internet of Things		

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