Implementation Statement, covering the Plan Year from 1 April 2020 to 31 March 2021

The Trustees of the Spirent Communications Plc Staff Pension & Life Assurance Plan (the "Plan") are required to produce a yearly statement to set out how, and the extent to which, the Trustees have followed the voting and engagement policies in their Statement of Investment Principles ("SIP") during the Plan Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

1. Introduction

No changes were made to the voting and engagement policies in the SIP during the Plan Year. The last time these policies were formally reviewed was July 2019, when the Trustees included their policies on financially material considerations (including ESG issues and climate change), the extent to which non-financial matters are considered and stewardship practices.

The Trustees have, in their opinion, followed the Plan's voting and engagement policies during the Plan Year, by continuing to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took a number of steps to review the Plan's new and existing managers and funds over the period, as described in Section 2 (Voting and engagement) below.

2. Voting and engagement

As part of its ongoing manager research programme and review of the investment managers, the Fund's investment adviser, LCP, incorporates into its investment manager rankings an assessment of the nature and effectiveness of managers' approaches to Responsible Investment (RI), including voting and engagement. Should LCP become concerned about the way in which the investment managers were conducting RI they would notify the Trustees and suggest a course of action to take, which may include more detailed engagement with a manager to improve its policies or possibly to review the manager.

The Trustees also received a training session from LCP in July 2020, including a review and discussion of the investment managers' Responsible Investment scores from LCP's survey.

The Trustees invested in two new pooled funds, the Legal & General Buy & Maintain Credit Fund and Insight Maturing Buy & Maintain Credit Fund in September 2020. In selecting and appointing these managers, the Trustees reviewed LCP's RI assessments of the shortlisted managers. At the selection day, voting and engagement were discussed with each manager and was included explicitly in the Trustees' decision-making process.

3. Description of voting behaviour during the Plan Year

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated to their investment managers the exercise of voting rights. Therefore the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the Plan Year.

In this section we have sought to include voting data on the Plan's funds that hold equities as follows:

- Legal & General Investment Management ("LGIM") World Equity Index Fund
- LGIM World Equity (GBP Hedged) Index Fund
- LGIM Diversified Fund

In addition to the above, the Trustees investment adviser, LCP, contacted the Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the period. The Plan holds further investments with Insight and LGIM in a range of Liability Driven Investment, investment-grade corporate bond, asset-backed securities and liquidity funds. Holdings in these funds do not confer voting opportunities, hence they have not been included within this Statement.

3.1 Description of the voting processes

LGIM

LGIM's voting and engagement activities are driven by ESG professionals and its assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. Its voting policies are reviewed annually and takes into account feedback from clients. Every year, LGIM holds a stakeholder roundtable event where clients and other stakeholders are invited to express their views directly to the members of the Investment Stewardship team. The views expressed by attendees during this event form a key consideration as LGIM continues to develop its voting and engagement policies and define strategic priorities in the years ahead.

All decisions are made by LGIM's Investment Stewardship team and in accordance with its relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and it does not outsource any part of the strategic decisions. Its use of ISS recommendations is purely to augment its own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services ("IVIS") to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure its proxy provider votes in accordance with its position on ESG, it has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which it believes all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. It has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by its service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform it of rejected votes which require further action.

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association (PLSA) guidance.

3.2 Summary of voting behaviour over the Plan Year

A summary of voting behaviour over the period is provided in the table below.

	LGIM World Equity Index Fund	LGIM World Equity (GBP Hedged) Index Fund	LGIM Diversified Fund
Total size of fund at end of reporting period	£3.7bn	£4.1bn	£11.1bn
Value of Plan assets at end of reporting period (£ / % of total assets)	£20.3m (9.4%)	£19.9m (9.3%)	£23.1m (10.8%)
Number of holdings at end of reporting period	2,662	2,662	6,642
Number of meetings eligible to vote	3,421	3,421	11,362
Number of resolutions eligible to vote	40,987	40,987	115,604

% of resolutions voted	99.8%	99.8%	99.0%
Of the resolutions on which voted, % voted with management	81.4%	81.4%	81.7%
Of the resolutions on which voted, % voted against management	18.1%	18.1%	17.7%
Of the resolutions on which voted, % abstained from voting	0.6%	0.6%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	6.0%	6.0%	6.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.3%	0.3%	0.2%

3.3 Most significant votes over the Plan Year

Commentary on the most significant votes over the period, from the Plan's asset managers who hold listed equities, is set out below. The investment managers provided multiple examples of their most significant votes over the year, of which we have included five examples. We have interpreted "most significant votes" to incorporate:

- Potential impact on financial outcome on future company performance;
- Potential impact on stewardship outcome;
- Size of holding in the fund/mandate
- Whether the vote was high-profile or controversial, that could be based on level of media interest; level of political or regulatory interest; level of industry debate; and
- Where the manager was subject to a conflict of interest.

LGIM

- **Qantas Airways Limited, Australia, October 2020. Vote: For. Outcome of the vote: For**

  Summary of the resolution: To approve the Remuneration Report.

  Rationale: The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from L&G as they wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. L&G's Investment Stewardship team engaged with the Head of Investor Relations of the company to express their concerns and to understand the company's views. They supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan.

  Criteria against which this vote has been assessed as "most significant": It highlights the challenges of factoring in the impact of the COVID situation into the executive remuneration package.

- **Whitehaven Coal, Australia, October 2020. Vote: For. Outcome of the vote: Against**

  Summary of the resolution: Approve capital protection. Shareholders are asking the company for a report on the potential wind-down of the company's coal operations, with the potential to return increasing amounts of capital to shareholders.

  Rationale: L&G's rationale for voting for the resolution is due to the role of coal in the future energy mix is increasingly uncertain, due to the competitiveness of renewable energy, as well as increased regulation. In

Q4 2020 alone three of Australia's main export markets for coal - Japan, South Korea and China - have announced targets for carbon neutrality around 2050. L&G has publicly advocated for a 'managed decline' for fossil fuel companies, in line with global climate targets, with capital being returned to shareholders instead of spent on diversification and growth projects that risk becoming stranded assets. As the most polluting fossil fuel, the phase-out of coal will be key to reaching these global targets.

Criteria against which this vote has been assessed as "most significant": The vote received media scrutiny and is emblematic of a growing wave of 'green' shareholder activism.

- **International Consolidated Airlines Group, UK, September 2020. Vote: Against. Outcome of the vote: For.**

  Summary of the resolution: Approve Remuneration Report' was proposed at the company's annual shareholder meeting held on 7 September 2020.

  Rationale: The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. At the end of March 2020, LGIM addressed a private letter to the company to state their support during the pandemic and to encourage the board to demonstrate restraint and discretion with its executive remuneration. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. LGIM were concerned about the level of bonus payments. They noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders).

  Criteria against which this vote has been assessed as "most significant": LGIM considers this vote significant as it illustrates the importance for investors of monitoring investee companies' responses to the COVID crisis.

- **Olympus Corporation, Japan, July 2020. Vote: Against. Outcome of the vote: For.**

  Summary of the resolution: Elect Director Takeuchi, Yasuo at the company's annual shareholder meeting held on 30 July 2020.

  Rationale: Japanese companies in general have trailed behind European and US companies, as well as companies in other countries, in ensuring more women are appointed to their boards. The lack of women is also a concern below board level. LGIM have for many years promoted and supported an increase of women on boards, at the executive level and below. On a global level they consider that every board should have at least one female director. They deem this a de minimis standard. Globally, they aspire for all boards comprising 30% women. Last year in February they sent letters to the largest companies in the MSCI Japan which did not have any women on their boards or at executive level, indicating that they expect to see at least one woman on the board. One of the companies targeted was Olympus Corporation. In the beginning of 2020, LGIM announced that they would commence voting against the chair of the nomination committee or the most senior board member (depending on the type of board structure in place) for those companies included in the TOPIX100. LGIM opposed the election of this director in his capacity as a member of the nomination committee and the most senior member of the board, in order to signal that the company needed to take action on this issue.

  Criteria against which this vote has been assessed as "most significant": This vote is deemed significant as LGIM considers it imperative that the boards of Japanese companies increase their diversity.

- **ExxonMobil, USA, May 2020. Vote: Against. Outcome of the vote: For.**

  Summary of the resolution: Elect Director Darren W. Woods

  Rationale: In June 2019, under LGIM's annual 'Climate Impact Pledge' ranking of corporate climate leaders and laggards, LGIM announced that they will be removing ExxonMobil from their Future World fund range, and will be voting against the chair of the board. Ahead of the company's annual general meeting in May 2020, LGIM also announced they will be supporting shareholder proposals for an independent chair and a report on the company's political lobbying. Due to recurring shareholder concerns, LGIM's voting policy also sanctioned the reappointment of the directors responsible for nominations and remuneration.

Criteria against which this vote has been assessed as “most significant”: LGIM voted against the chair of the board as part of LGIM’s 'Climate Impact Pledge' escalation sanction.