

Directors' statement on corporate governance

Principles of UK Corporate Governance Code 2018			Page
Board leadership and company performance	A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	Board of Directors The Board	58-59 61
	B The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	Chairman's statement	6-7
	C The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Internal control and risk management Internal control environment	68 74-75
	D In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Section 172 statement	50-54
	E The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	Workforce engagement Raising concerns at work	69 75-76
Division of responsibilities	F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	Chairman and CEO Independence Commitment Information flow	61 65 65 68
	G The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	Board composition Chairman and CEO	61 61
	H Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge and strategic guidance, offer specialist advice and hold management to account.	Non-executive Directors Independence Commitment	62 65 65
	I The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Information flow Board development	65 65
	Composition, succession and evaluation	J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds and cognitive and personal strengths.	Nomination Committee report
K The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.		Nomination Committee report	70-71
L Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluations should demonstrate whether each director continues to contribute effectively.		Board performance evaluation	66-67
Audit, risk and internal control	M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	Internal control and risk management External audit	68 76
	N The board should present a fair, balanced and understandable assessment of the company's position and prospects.	Fair, balanced, understandable	106
	O The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	Internal control and risk management	68

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Remuneration	P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	Directors' Remuneration Policy Chairman's introduction to remuneration	93-101 77-78
	Q A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	Directors' Remuneration Report Composition of Remuneration Committee	77-93 92
	R Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Chairman's introduction to remuneration	77-78

Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange, the Company is reporting in accordance with the UK Corporate Governance Code (the 2018 Code) published in July 2018 which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Code is published by the UK Financial Reporting Council (FRC) and a copy of the Code is available from the FRC website at www.frc.org.uk.

The Board confirms that the Company has complied in full with the 2018 Code throughout the period under review.

The Board

The Board of Directors is collectively responsible to the Company's shareholders for the direction and oversight of the Company to ensure its long-term success.

The Board met regularly throughout the year to approve the Group's strategic objectives, to lead the Group within a framework of effective controls which enable risk to be assessed and managed and to ensure that sufficient resources are available to meet the objectives set.

There are a number of matters which are specifically reserved for the Board's approval. These are set out in a clearly defined schedule which includes: matters relating to the Group's strategic plan; approving the annual business strategy and objectives; the nature and extent of principal risks to be taken to achieve the strategic objectives; changes relating to structure and capital; approval of trading statements, half year results, final results and Annual Report and Accounts; declaring interim dividends and recommending final dividends; the Group's policies and systems of internal control and risk management, approving capital projects, acquisitions and disposals valued at over \$2 million; and provision of adequate succession planning.

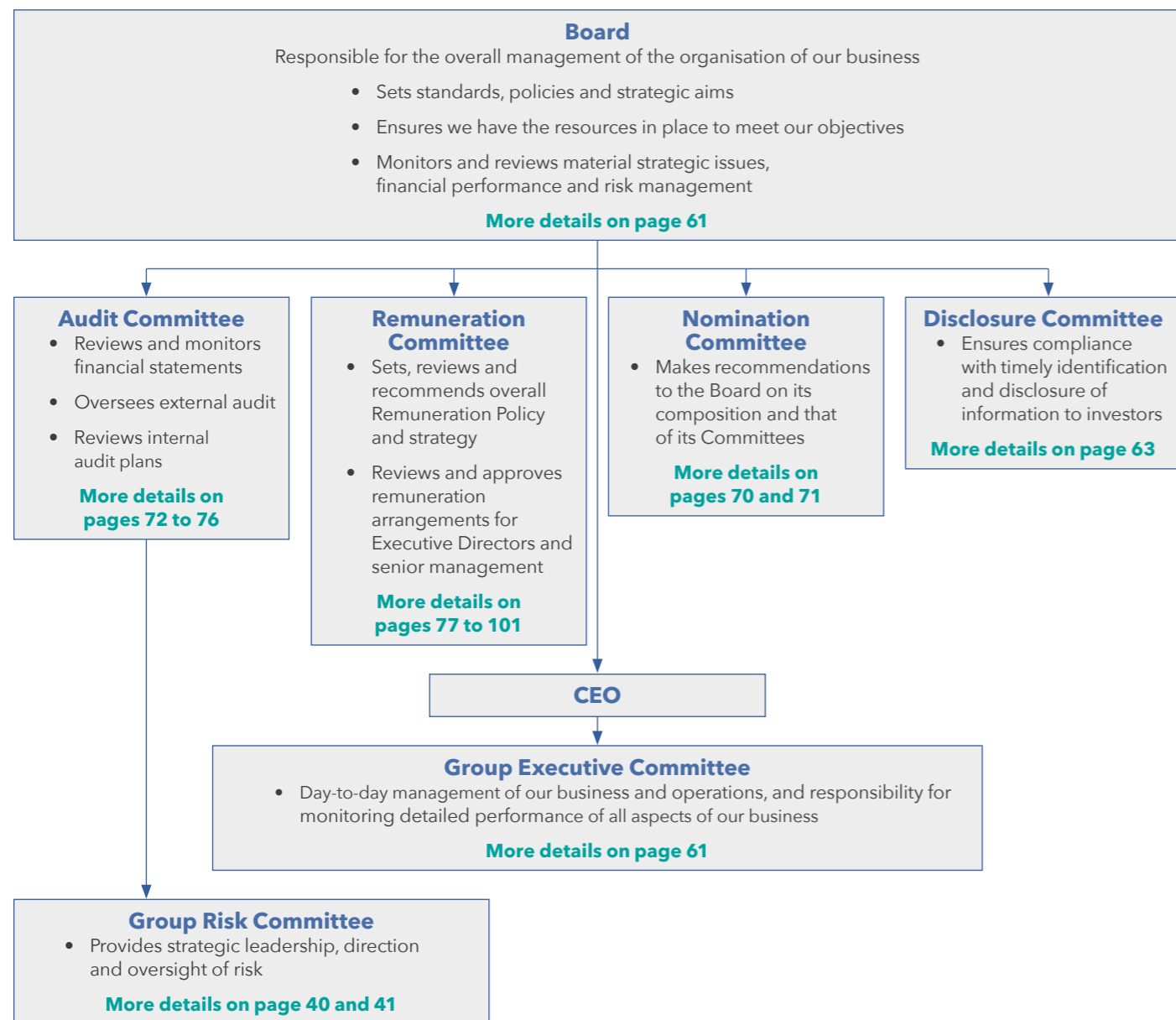
The schedule of matters reserved for the Board was reviewed during the year and approved and adopted at the December 2019 Board meeting.

Certain specific responsibilities are delegated to the Committees of the Board, notably the Audit, Nomination and Remuneration Committees, which operate within clearly defined terms of reference and report regularly to the Board. For further details, please see the reports of each Committee that follow this statement.

Chairman and CEO

The roles of the Chairman and the CEO are separately held and the division of their responsibilities is clearly established, set out in writing, and agreed by the Board to ensure that no one person has unfettered powers of decision. The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The CEO is responsible for leading and managing the Group's business within a set of authorities delegated by the Board and the implementation of Board strategy and policy.

Authority for the operational management of the Group's business has been delegated to the CEO for execution or further delegation by him for the effective day-to-day running and management of the Group. The Group Executive Committee, led by the CEO, consists of the CFO, EVP Global Sales, EVP Marketing, Strategy & Corporate Development, Company Secretary & General Counsel, and Global Head of Human Resources.



Senior Independent Director

The role of Senior Independent Director is to act as a sounding board for the Chairman and to serve as an intermediary for other Directors as necessary. He is also available to shareholders to convey concerns to the Board which they have been unable to convey through the Chairman or through the Executive Directors. During the year, led by the Senior Independent Director, the Non-executive Directors have met without the presence of the Chairman (including to appraise the Chairman's performance).

Non-executive Directors

In addition to their responsibilities for strategy and business results, the Non-executive Directors play a key role in providing a solid foundation for good corporate governance and ensure that no individual or group dominates the Board's decision making. They each occupy, or have occupied, senior positions in industry, bringing valuable external perspective to the Board's deliberations through their experience and insight from other sectors enabling them to contribute significantly to Board decision making. The formal letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office.

Board Committees

The Board has established three principal Board Committees, to which it has delegated certain of its responsibilities. These are the Audit Committee, the Nomination Committee and the Remuneration Committee. The membership, responsibilities and activities of these Committees are described later in this Directors' statement on corporate governance and, in the case of the Remuneration Committee, in the Report on Directors' remuneration beginning on page 77. Membership of these Committees is reviewed annually and minutes of Committee meetings are made available to all Directors on a timely basis.

In addition, in 2019 the Board established a formal Disclosure Committee, tasked with ensuring that adequate procedures, systems and controls are maintained to enable the Company to fully comply with its obligations for the handling of information which falls, or has the potential for falling, within the definition of inside information.

The Chairmen of the Audit, Nomination and Remuneration Committees intend to be present at the Annual General Meeting to answer questions on the work of their respective Committees.

The written terms of reference for the Audit, Nomination and Remuneration Committees and the Disclosure Committee, all of which were reviewed, updated where necessary and approved during the year, are available on the Company's website at <https://corporate.spirent.com>.

Election and re-election of Directors

Having been appointed a Director in the period since the 2019 Annual General Meeting, Eric Updyke will, in accordance with the Company's Articles of Association, submit himself for election by shareholders at the 2020 Annual General Meeting in April. In accordance with the 2018 Code's recommendations, all remaining Directors who wish to continue in their roles will be proposed for re-election at the 2020 Annual General Meeting.

The Board confirms that each of the Directors standing for election and re-election has been subject to a formal performance evaluation in relation to their duty to act in the long-term interests of the Company, while also having regard to other stakeholders.

Company Secretary

In his role of Company Secretary & General Counsel, Angus Iveson is responsible for advising and supporting the Chairman and the Board on corporate governance matters as well as ensuring that there is a smooth flow of information to enable effective decision making. All Directors have access to the advice and services of the Company Secretary and can take independent professional advice in respect of their duties, at the Company's expense.

Board meetings

The Board held ten meetings during the year, including a two-day strategy meeting held at the Company's site in Beijing, China.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Sir Bill Thomas	10/10	–	3/3	–
Paula Bell	10/10	–	–	–
Eric Hutchinson ¹	5/5	–	–	–
Eric Updyke ²	6/6	–	–	–
Gary Bullard	10/10	5/5	3/3	8/8
Wendy Koh ³	9/10	5/5	3/3	8/8
Edgar Masri	10/10	5/5	3/3	8/8
Jonathan Silver	10/10	5/5	3/3	8/8

Notes

1. Eric Hutchinson stepped down from the Board following the Annual General Meeting on 1 May 2019 and retired from the Company on 30 June 2019.
2. Eric Updyke joined the Company on 1 April 2019 and was appointed to the Board on 1 May 2019.
3. Ms Koh was unable to attend the ad hoc Board meeting held on 14 January 2019 but received all papers relating to the meeting and had the opportunity to discuss issues arising directly with the Chairman before the meeting.

Senior executives below Board level are invited, when appropriate, to attend Board meetings and to make presentations relating to the results and strategies of their business units and Group-wide responsibilities. Papers for Board and Committee meetings are provided to Directors in advance of the meeting. The attendance of the Directors at Board and Committee meetings during the year under review is shown in the table above. If a Director is unable to participate in a meeting either in person or remotely, the Chairman will solicit their views on key terms of business in advance of the relevant meeting, so that these can be shared with the meeting.

Corporate governance

Directors' statement on corporate governance continued

Directors' indemnity provisions

In accordance with its Articles of Association, the Company has granted a qualifying third party indemnity, to the extent permitted by law, to each Director. The Company also maintains Directors' and officers' liability insurance.

These provisions are qualifying third party indemnity provisions as defined in Section 234 of the Companies Act 2006. Neither the Company's indemnity nor the insurance provides cover in the event that a Director is proven to have acted dishonestly or fraudulently.

Board activities during 2019

At each Board meeting, the CEO presents an update on the performance, strategy and business issues across the Group and the CFO presents a detailed analysis of the financial performance of the business units. Senior executives below Board level attend relevant parts of Board meetings in order to make presentations on their areas of responsibility; this gives the Board access to a broader group of executives and helps the Directors make ongoing assessments of the Group's succession plans. The Board has a rolling programme of visits to business unit locations to deepen its appreciation of the different opportunities and challenges that each unit faces.

Key issues considered by the Board during 2019

	Governance/compliance	Finance	Business/strategy
January		<ul style="list-style-type: none"> CFO update 2018 Full Year trading update review 	
March	<ul style="list-style-type: none"> Stakeholder engagement 2018 Full Year compliance and Annual Report review Legal update Modern Slavery Statement review Diversity Policy review CEO succession update 	<ul style="list-style-type: none"> CFO update 2018 Full Year results review Viability Statement review Dividend Policy review Capital Policy review Receive Audit Committee report on internal controls and risk management 	<ul style="list-style-type: none"> CEO update M&A landscape review Leadership review Cyber strategy review
April	<ul style="list-style-type: none"> CEO succession update 		
April/May	<ul style="list-style-type: none"> AGM voting review Stakeholder engagement update 	<ul style="list-style-type: none"> CFO update 2019 Q1 results review 	<ul style="list-style-type: none"> CEO update EMEA Sales update
June		<ul style="list-style-type: none"> CFO update 	<ul style="list-style-type: none"> CEO update Strategy presentations
July	<ul style="list-style-type: none"> 2019 Half year corporate governance and compliance review Board effectiveness review kick-off Regulatory and legal review Legal and Trade compliance update 	<ul style="list-style-type: none"> 2019 Half year results review CFO update Risk review Tax update Insurance update 	<ul style="list-style-type: none"> CEO update
October	<ul style="list-style-type: none"> Intellectual property update 	<ul style="list-style-type: none"> CFO update 	<ul style="list-style-type: none"> CEO update CEO Change programme review
November	<ul style="list-style-type: none"> Governance compliance review Legal review Workforce engagement update 	<ul style="list-style-type: none"> CFO update 2019 Q3 results review Treasury Policy update 	<ul style="list-style-type: none"> CEO update Sales progress update
December	<ul style="list-style-type: none"> Board effectiveness review results Governance compliance review 	<ul style="list-style-type: none"> CFO update Budget 2020 	<ul style="list-style-type: none"> CEO update Business unit review Marketing effectiveness review

Board composition

At the date of this report, the Board comprises the Non-executive Chairman, four Independent Non-executive Directors and two Executive Directors.

The Chairman and the Non-executive Directors contribute entrepreneurial leadership and external expertise and experience in areas of importance to the Company, such as strategic investments, corporate finance, general finance and corporate governance. They also contribute independent challenge and rigour to the Board's deliberations and assist in the development of the Company's strategy, scrutiny of the performance of management in meeting agreed goals and targets, and satisfying themselves of the integrity of the Company's internal controls and risk management systems. The Board believes that all of the Directors devote sufficient time and attention as is necessary in order to perform their duties.

The Chairman holds regular discussions with the Non-executive Directors without the Executive Directors present to ensure a free and frank exchange of views on the effectiveness of the Executive Directors and senior management.

Independence

The independence of each Non-executive Director is reviewed on appointment and at least annually. The Board determined that the current Non-executive Directors are each independent in character and judgement, save for the Chairman who was deemed independent by the Board at the date of his appointment. None have been employed by the Company previously in any capacity or have any current material business relationship with any Group company.

Non-executive Directors at Spirent receive no remuneration from the Company other than their fees (detailed in the Report on Directors' remuneration on page 81) and each Non-executive Director has confirmed that they do not represent any significant shareholder in the Company. No individual or group of individuals dominates the Board's decision making and the 2018 Code requirement stating that at least half of the Board (excluding the Chairman) should comprise independent Non-executive Directors is satisfied.

Appointments to the Board

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. Details are available in the Nomination Committee report on pages 70 and 71 which also provides details of the Committee's role and activities.

Commitment

The letters of appointment for the Chairman and Non-executive Directors set out the expected time commitment required of them and are available for inspection at the Company's registered office and at the Annual General Meeting.

The full list of external appointments held by Directors can be found on page 58 and 59. All of our Non-executive Directors are considered to be independent.

Board development

On appointment, Directors are offered an induction programme on the operations and activities of the Group, the role of the

Board and the matters reserved to its decision, the Group's corporate governance practices and procedures and their duties, responsibilities and obligations as directors of a listed public limited company. This may be supplemented by visits to key locations and meetings with, and presentations by, senior executives.

Further training for Directors is available as required and can be provided by means of external courses, internal computer-based training, briefings from specific consultants or in-house presentations. In addition, the Board's knowledge and understanding of the legal and regulatory environment is updated through the provision of information by the Group's advisers and by means of regular updates from the Company Secretary.

New Directors are encouraged to take advantage of opportunities to meet with major shareholders and attend presentations to analysts where possible.

THE INDUCTION OF OUR NEW CEO



Eric Updyke joined Spirent as CEO in April 2019 and participated in a programme of internal and external meetings to help him to have a more detailed understanding of the frameworks that underpin Spirent's business and to get to know stakeholders to develop trust and improve cohesion.

With the assistance of the outgoing CEO, Eric Hutchinson, Eric built on his existing industry knowledge to understand the Company's key operations by meeting with senior managers and business unit managers to develop an operational overview of all business areas.

Eric also worked with the Company Secretary & General Counsel, with the support of relevant corporate advisers, to broaden his knowledge of the UK corporate governance environment to ensure knowledge of and compliance with Spirent's regulatory obligations.

In his first 100 days in the role, Eric engaged with various stakeholders of the Company, meeting major customers and investors and conducting an employee survey to "take the temperature" of the organisation and identify areas for future action.

Board performance evaluation

The effectiveness of the Board is reviewed at least annually and conducted according to the guidance set out in the 2018 Code and FRC Guidance on Board Effectiveness. An externally facilitated evaluation was conducted by Independent Audit Limited in 2018, with the next externally facilitated evaluation scheduled for 2021.

Evaluation process

Step 1 - Planning

The Company Secretary undertook a detailed review of the Board effectiveness evaluation process and made revisions to incorporate recommendations and areas of focus highlighted in the 2018 Code and FRC Guidance on Board Effectiveness.

A questionnaire was developed for the Board and each of its Committees, with questions structured on the basis of feedback from the 2018 evaluation, including areas for improvement and any additional observations.

Step 2 - Evaluation questionnaire

Board and Committee members completed a confidential online evaluation questionnaire, supplemented by discussions between each individual Director and the Chairman on their own performance and between the Directors and the Senior Independent Director on the Chairman's performance.

Step 3 - Evaluation and reporting

The Company Secretary compiled the individual responses, including analysis of themes and proposed actions. A detailed report, setting out the findings of the evaluation, was provided to the Chairman for consideration. The Company Secretary and Chairman discussed the findings, with the resulting report being presented to the Board at its meeting in December 2019.

Step 4 - Agree actions and monitor progress

The findings of the evaluation exercise were fully considered when making recommendations in respect of the election and re-election of individual Directors and included an assessment of their independence, time commitment and individual performance.



Evaluation findings

The evaluation concluded that excellent progress had been made in respect of areas for further focus identified in the 2018 review, as detailed below:

Evaluation action from 2018 review	Progress in 2019
Further develop the Board's understanding of the impact of emerging technology trends on Spirent's existing business model and on its longer-term strategic vision	The Board held a strategy meeting in Beijing which included presentations from the senior management on emerging trends relevant to our business, new growth vectors and evolution of the product portfolio. Senior executives have also presented to the Board on their key areas of responsibility and key industry trends.
Monitor the effectiveness of the Group's new approach to internal talent development	The new 'Leader. Assured.' talent programme was implemented for our next generation of business leaders during 2019. This is a rigorous programme to build core management and problem-solving capabilities. Further work remains to be done to strengthen the internal talent pipeline which is being taken forward as a key priority of the new CEO and the Board is scheduled to receive further updates in 2020.
Review key leading indicators of performance within Group	A review was undertaken at the start of the year to ensure the key leading indicators of performance were relevant to the growing needs of the Group. During the year, the Board reviewed and discussed the value propositions and go-to-market strategies of our main investments in our expected growth areas and the milestones to be met which are likely to indicate successful execution in those areas.
Undertake a deep review of the Group's IT strategy to ensure it meets the evolving needs of the business	The Board has received presentations on the key priorities for the IT department and its recommendations for further improvements in 2020. Detailed business continuity plans have been reviewed for all key Group sites and the results of the implementation of mock disaster planning scenarios have been presented. A partner has been identified to provide a further detailed cybersecurity threat analysis in 2019 to specifically address cyber threats to our business in 2020.
Evolve Spirent's culture and values to ensure that they meet the current and future needs of the business	Workforce engagement has been significantly enhanced during the year, with the new CEO building his visibility of engagement drivers across the Group through an all-employee engagement survey. Non-executive Directors have also met with employee focus groups at the Group's locations worldwide to discuss global and local issues, with feedback being discussed at Board level.

The evaluation also concluded that the Board, its Committee Chairs and Committees were effective and that all Directors were considered to have demonstrated considerable commitment and time to their roles, notwithstanding any other positions held by them outside Spirent. The Board is also satisfied that the contribution of each Director is, and continues to be, important to the Company's long-term sustainable success.

Areas for focus for 2020 are detailed below:

Growth strategy

Consider the long-term strategy of the Group

Culture and engagement

Consider employee engagement data and other workforce feedback to ensure promotion of a healthy corporate culture

People

Continue to review talent pipeline and build leadership and management capability, in particular in the Sales and Marketing group

Cyber threats

Continue to review the Group's ongoing programme to identify and mitigate cyber threats

Audit tender

Undertake tender programme for external audit provision and begin integration of selected provider

Directors' statement on corporate governance continued

Information flow

The Company Secretary manages the provision of information to the Board at appropriate times in consultation with the Chairman and CEO. In addition to formal meetings, the Chairman and CEO maintain regular contact with all Directors. The Chairman also holds informal meetings with Non-executive Directors, without any of the executives being present, to discuss any issues affecting the Group, if this is thought necessary. Regular management updates are sent to Directors to keep the Non-executive Directors informed of events throughout the Group between Board meetings and to ensure that they are kept fully advised of the latest issues affecting the Group.

Conflicts of interest procedures

The Company has procedures in place, which were reviewed and updated during the year, to deal with the situation where a Director has a conflict of interest.

As part of this process, the Board:

- considers each potential conflict situation separately on its particular facts;
- considers the potential conflict situation in conjunction with the rest of the Directors' duties under the Companies Act 2006;
- keeps records and Board minutes as to authorisations granted by Directors and the scope of any approvals given; and
- regularly reviews conflict authorisation.

Financial and business reporting

The Board recognises its responsibility to present a fair, balanced and understandable assessment of Spirent in all of its reporting obligations. This responsibility covers the Annual Report and extends to the half year report and other regulatory announcements. The Directors consider this Annual Report, taken as a whole, to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy. In arriving at this position, the Board asked the Audit Committee to review and confirm a process is in place to support this assessment. The Audit Committee confirmed that a robust approach is in place to support the fair, balanced and understandable assessment, details of which can be found in the Audit Committee's report on pages 72 to 76.

Business model

A description of the Company's business model for sustainable growth is set out in "Our business model" on pages 4 and 5.

This section provides an explanation of the basis on which the Group generates value and preserves it over the long term and its strategy for delivering its objectives.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, and consistent with the guidance contained in the document titled "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published by the FRC, they continue to adopt the going concern basis in preparing the annual financial statements.

Internal control and risk management

The Board acknowledges its responsibilities for the Group's system of internal control to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Group's assets. The Directors recognise that they are responsible for providing a return to shareholders which is consistent with the responsible assessment and mitigation of risks.

Effective controls ensure that the Group's exposure to avoidable risk is minimised, that adequate accounting records are maintained, that the financial information used within the business is reliable and that the consolidated accounts preparation and financial reporting processes comply with all relevant regulatory reporting requirements. The dynamics of the Group and the environment within which it operates are continually evolving, together with its exposure to risk. Internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors confirm that there is an ongoing, robust process for identifying, evaluating and managing the principal risks faced by the Group and the operational effectiveness of the related controls, which has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. They also confirm that they have regularly reviewed the system of risk management and internal controls utilising the review process set out below.

The Directors confirm that a robust assessment of the principal risks facing the Company has been carried out, including those risks that would threaten its business model, future performance, solvency or liquidity. More details are set out in the Principal risks

and uncertainties section on pages 40 to 45 of this Annual Report.

Management and control of US subsidiary

Spirent Federal Systems Inc ("Spirent Federal"), which contributed approximately \$52.5 million to the Group's revenue in 2019 (2018 \$46.9 million), operates under a Proxy agreement, as detailed below, with the remainder of the US business operating outside the Proxy regime and therefore allowing the same reporting lines and processes as the Group's other, non-regulated businesses.

Spirent Federal and the Proxy arrangement

Spirent Federal Systems Inc is a wholly-owned subsidiary of Spirent in the United States. It has been placed under a Proxy arrangement as it is required by the US National Industrial Security Program to maintain facility security clearances and to be insulated from foreign ownership, control or influence for the business it undertakes. Under the Proxy agreement, Spirent Federal and the US Department of Defense (DoD) are parties to a Proxy agreement that relates to the management and operation of Spirent Federal.

In addition to their powers as Directors, the Proxy holders have power under the Proxy arrangements to exercise all prerogatives of share ownership of Spirent Federal. The Proxy holders have a fiduciary duty, and agree, to perform their interests in the best interests of Spirent as a shareholder (including the legitimate economic interest), and in a manner consistent with the national security interests of the United States. Spirent may not remove the Proxy holders other than for acts of gross negligence or wilful misconduct or for breach of the Proxy agreement (and always only with the consent of the US Defense Security Service).

In terms of the power to govern, the Proxy agreement vests certain powers solely with the Proxy holders and certain powers solely with Spirent. For example, the Proxy holders cannot carry out any of the below without Spirent's express approval:

- sell or dispose of, in any manner, capital assets or the business of Spirent Federal;
- pledge, mortgage or encumber assets of Spirent Federal for purposes other than obtaining working capital or funds for capital improvements;
- merge, consolidate, reorganise or dissolve Spirent Federal; and
- file or make any petition under the federal bankruptcy laws or similar law or statute of any state or any foreign country.

Spirent can require the above to be carried out and these are, therefore, considered to be significant participative features.

Spirent maintains its involvement in Spirent Federal's activities through normal business interaction and liaison with the Chair of the Proxy Board. Members of Spirent's senior management team attend meetings of the Proxy Board periodically.

Standards

Guidelines on the minimum Group-wide requirements for health and safety and environmental standards are set out in policy documents and procedures. There are also guidelines on the minimum level of internal control that each of the business units should exercise over specified processes. Each business has developed and documented policies and procedures to comply with the minimum control standards established, including procedures for monitoring compliance and taking corrective action.

High level controls

All businesses prepare annual operating plans and budgets which are supplemented by regular forecasts throughout the year. Performance against budget is monitored at operational level and centrally, with variances being reported promptly. The cash position at Group and operational level is monitored constantly and variances from expected levels are investigated thoroughly. Clearly defined guidelines have been established for capital expenditure and investment decisions. These include the preparation of budgets, appraisal and review procedures, and delegated authority levels.

Financial reporting

Detailed management accounts are prepared every month, consolidated in a single system and reviewed by senior management and the Board. They include a comprehensive set of financial reports and key performance indicators covering commercial and operational issues. Performance against budgets and forecasts is discussed regularly at Board meetings and at meetings between operational and Group management. The adequacy and suitability of key performance indicators is reviewed regularly.

Internal audit

All of the internal audit activities are co-ordinated by the Head of Risk & Internal Audit, who has direct access to the Board Chairman and to the Audit Committee Chairman and is accountable to the Audit Committee.

All Group businesses are required to comply with the Group's financial control framework that sets out minimum control standards. A key function of the Group's internal audit resource is to undertake audits to ensure compliance with the financial control framework and make recommendations for improvement in controls where appropriate.

Senior members of the Group finance team meet with the Chairman of the Audit Committee as appropriate but at least annually, without the presence of Executive management, and have direct access to the Chairman.

Remuneration

The Directors' report on remuneration is set out on pages 77 to 101 and provides details of our Remuneration Policy and how it has been implemented, together with the activities of the Remuneration Committee.

Articles of Association and share capital

Information in relation to share capital, the appointment and powers of Directors and the issue and buyback of shares and significant interests in share capital is set out in the Directors' report on pages 102 to 105.

Relations with shareholders

The Board is committed to maintaining good communications with shareholders. The Chairman, CEO and CFO have regular face-to-face contact with individual institutional shareholders in order to develop an understanding of their views which are then discussed with the Board. Key themes for discussion in 2019 have included the appointment of the new CEO and the Company's plans for further developing its growth strategy.

All Directors are offered the opportunity to develop a dialogue with major shareholders to listen to their views and Executive Directors receive regular reports prepared by an independent capital markets advisory firm which provides comprehensive information relating to the Company's major shareholders.

Presentations are made to analysts, investors and prospective investors covering the full year and half year results and the Company seeks to maintain a dialogue with the various bodies which monitor the Company's governance policies and procedures.

The Company is always keen to hear the views of its private shareholders and we encourage them to access our website at <https://corporate.spirent.com> for our

Company reports and business information and to use our shareholder mailbox at investor.relations@spirent.com for detailed enquiries.

Any concerns raised by shareholders or their representatives, whether expressed directly or through voting patterns at the Company's AGM, are discussed by the Directors and an appropriate response is given either specifically to the concerned party or, if it is felt to be of wider benefit, made available to all shareholders via the Company's website.

Workforce engagement

In 2019, feedback from employees was gathered in a number of ways including a resumption of regular employee engagement surveys throughout the year and management roadshows at Company locations.

In light of the 2018 Code, the Board has also introduced a programme of Board-level engagement with the workforce. The Board decided that rather than designate any single Non-executive Director to lead the engagement, it was more practical for a Non-executive Director to be designated as the liaison point for employees in the three geographical areas in which the Company operates:

- Americas - Edgar Masri
- APAC - Wendy Koh
- EMEA - Gary Bullard

Meetings in each of the three areas began during H2 2019, with feedback being reported to the Board at their regular meetings.

Annual General Meeting

The Company's 2020 Annual General Meeting (2020 AGM) will be held at 10.30am on Wednesday 29 April 2020 at the registered office of Spirent Communications plc at Origin One, 108 High Street, Crawley, West Sussex RH10 1BD.

The Board views the AGM as a valuable opportunity to communicate with private shareholders in particular, for whom it provides the opportunity to hear about the general development of the business and to ask questions of the Chairman and, through him, the Chairmen of the key Committees and other Directors.

The Board looks forward to welcoming all our shareholders to our 2020 AGM and to updating them on our business developments.