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

The Trustees of the Spirent Communications Plc Retirement Cash and 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 their Statement of Investment Principles ("SIP") during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-11 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 12 below.

This Statement uses the same headings as the Plan's SIP dated September 2020 and should be read in conjunction with the SIP.

1. Introduction

The SIP was reviewed and updated during the Plan Year in September 2020 to reflect the requirements of the 2019 SIP regulations which implement the European Union Shareholder Rights Directive. The Trustees reviewed their investment beliefs in July 2019, and subsequently updated the SIP to include these beliefs in September 2020, further information is contained within Section 4 of the Statement. As part of these SIP updates, the employer was consulted and confirmed it was comfortable with the changes.

The Trustees have, in their opinion, followed the policies in the Plan's SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which they did this.

2. Investment objectives

No formal review of the default was undertaken in the Plan year, with the last formal review taking place in March 2017. As part of the performance and strategy reviews of the DC default arrangement the Trustees considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Plan.

Based on the outcome of this analysis, the Trustees concluded that the default option has been designed to be in the best interests of active members and reflects the demographics of the members.

Additionally, the Trustees recognise the key investment objective for the Plan is that it has sufficient assets to make provisions for 100% of its liabilities, taking into consideration that many members are moderately close to retirement and that the DC benefit is anticipated to be the higher benefit.

The Trustees review the membership demographics and any material changes on an triennial basis, or more frequently if required. The Trustees reviewed the membership demographics as part of the last formal strategy review.

3. Investment strategy

The Trustees, with the help of their advisers, review the strategy and performance of the default arrangement and strategy to meet the liabilities of the Plan over the period and on a quarterly basis. The Trustees concluded that the strategy remains appropriate for the Plan.

As part of their reviews the Trustees made sure the Plan's investment strategy and default arrangement was adequately and appropriately diversified between different asset classes.

The Trustees review retirement data provided in the administration reports to see how members access their benefits on a quarterly basis.

4. Considerations in setting the investment arrangements

When the Trustees review the investment strategy and default arrangement they consider the investment risks set out in "Risk Measurement and Management" section of the SIP. They also consider a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees reviewed their investment beliefs in July 2019. As part of this, the investment adviser held an ESG training session to discuss the options available to the Trustees and the Trustees reconsidered their investment beliefs.

As a result, the Trustees updated the investment beliefs in the SIP to include their policies on their approach to financially material considerations (including ESG issues and climate change) and the extent to which non-financial matters are considered and stewardship practices Following the addition of these beliefs, the Trustees keep under review their investment manager mandates to understand the extent to which ESG factors are incorporated in the funds currently held by the Plan.

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.

5. Implementation of the investment arrangements

The Trustees have not made any changes to their manager arrangements over the period.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of with regard to the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustees were comfortable with all of their investment manager arrangements over the Plan Year.

The Trustees monitor the performance of the Plan's investment managers on a quarterly basis, using the quarterly performance monitoring report. The report shows the performance of each manager over the quarter, 1 year and 3 years. Performance is considered in the context of the manager's benchmark and objectives.

The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term

The Trustees continue to view the fees payable to managers in respect of the DC Section to be reasonable when compared against schemes with similar sizes mandates.

Overall the Trustees believe the investment managers provide reasonable value for money.

6. Realisation of investments

The Trustees review the Plan's net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

It is the Trustees' policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. All of the funds which the Plan is invested in are daily priced.

7. Financially material considerations and non-financial matters

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.

Within the DC Section the Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and will consider how this could be further incorporated should there be demand from members.

8. Investment governance, responsibilities, decision-making and fees (Contained within the SIP)

As mentioned in Section 5, the Trustees assess the performance of the Plan's investments on an ongoing basis as part of the quarterly monitoring reports they receive.

The performance of the professional advisers is considered on an ongoing basis by the Trustees.

The Trustees have put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis. The last review took place in October 2020 and the Trustees were satisfied with their adviser, it is expected the Trustees will review a detailed review on a triennial basis.

The Trustees were satisfied that during the Plan Year they have an effective decision making and governance processes in place.

9. Policy towards risk (Contained withing the SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustees maintain a risk register and this is discussed at quarterly meetings.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustees by the Plan's investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

With regard to the risk of inadequate returns, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default option and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The Plan invests in bond funds to broadly match pensioner's liabilities and in equities and cash for non-pensioner liabilities.

Together, the investment and non-investment risks set out in SIP give rise generally to funding risk. The Trustees formally reviews the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis the Trustees review the funding position allowing for membership and other experience. The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

10. Investment manager arrangements

There are no specific policies in this section of the Plan's SIP.

11. 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:

- LGIM World Equity Index
- LGIM World Equity (GBP hedged) Equity Index

The Trustees have sought to obtain the relevant voting data for Sections 12.2 and 12.3, from all of the investment managers listed above

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 bond and liquidity funds. Holdings in these funds do not confer voting opportunities, hence they have not been included within this Statement.

12.1 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.

12.2 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
Total size of fund at end of reporting period	£3.7bn	£4.1bn
Value of Plan assets at end of reporting period (£ / % of total assets)	£2.3m (27.4%)	£2.0m (23.6%)
Number of holdings at end of reporting period	2,662	2,662
Number of meetings eligible to vote	3,421	3,421

Number of resolutions eligible to vote	40,987	40,987
% of resolutions voted	99.8%	99.8%
Of the resolutions on which voted, % voted with management	81.4%	81.4%
Of the resolutions on which voted, % voted against management	18.1%	18.1%
Of the resolutions on which voted, % abstained from voting	0.6%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	6.0%	6.0%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.3%	0.3%

12.3 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.