

## DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE

### 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 "2016 Code") published in April 2016 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](http://www.frc.org.uk).

The Board confirms that the Company has complied in full with the 2016 Code throughout the period under review.

The Board acknowledges the revised UK Corporate Governance Code published by the FRC in July 2018 (the "2018 Code"), and, in line with reporting requirements, will report to shareholders on the Company's compliance with the 2018 Code in its 2019 Annual Report.

Index to 2016 Code disclosures			Page
<b>Leadership</b>	Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.	Board of directors	56-57
		The Board	59
	There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for running of the company's business.	Chairman and CEO	59
	The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.	Chairman and CEO	59
	As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.	Non-executive Directors	59
<b>Effectiveness</b>		Board composition	62
	The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.	Board of directors	56-57
		Nomination Committee Report	66-67
	There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.	Election and Re-election of directors	60
		Appointments to the Board	62
		Nomination Committee Report	66-67
	All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.	Commitment	62
	All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.	Board development	63
	The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.	Information flow	63
	The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	Board performance evaluation	62
<b>Accountability</b>	All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.	Election and Re-election of directors	60
		Re-election of directors	67
	The board should present a fair, balanced and understandable assessment of the company's position and prospects.	Strategic Report	2-53
		Directors' Report	96-100
	The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.	Risk Management	24-25
<b>Remuneration</b>		Internal control and risk management	71
		Audit Committee Report	68-73
	The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.	Audit Committee Report	68-73
<b>Relations with shareholders</b>	Executive directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.	Directors' report on remuneration	74-95
	There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.	Directors' report on remuneration	74-95
<b>Relations with shareholders</b>	These should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.	Relations with shareholders	64-65
	The board should use general meetings to communicate with investors and to encourage their participation.	Stakeholder engagement	65

## LEADERSHIP

### 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 March 2018 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, the EVP Global Sales, the EVP Strategic Marketing and the

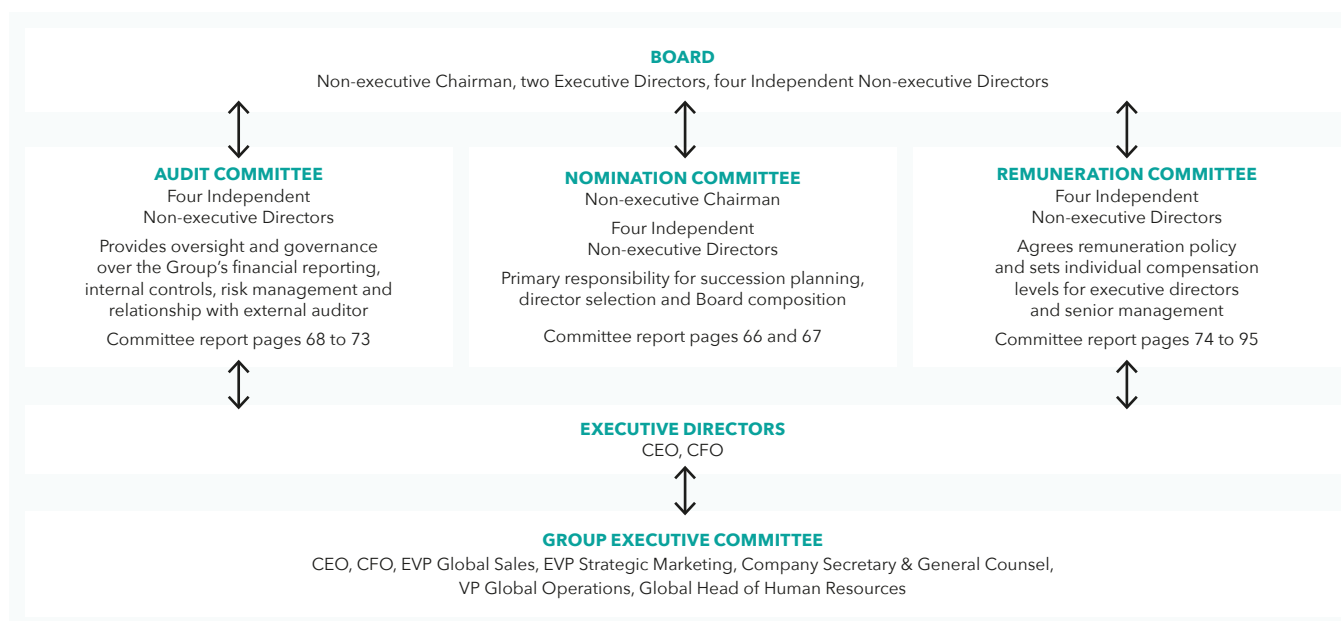
Company Secretary & General Counsel, with the VP Global Operations and Global Head of Human Resources joining the Executive Committee in December 2018.

### 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.



## DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE CONTINUED

### 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 Corporate Governance statement and, in the case of the Remuneration Committee, in the Report on directors' remuneration beginning on page 74. Membership of these committees is reviewed annually and minutes of committee meetings are made available to all directors on a timely basis.

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, 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

In accordance with the 2016 Code's recommendations, all Directors who wish to continue in their roles will be proposed for election or re-election at the 2019 Annual General Meeting to be held in May.

The Board confirms that each of the Directors standing for 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 and 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 eight meetings during the year, including a two-day strategy meeting held at the Company's site in Calabasas, California.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Bill Thomas	8/8	-	3/3	-
Paula Bell	8/8	-	-	-
Eric Hutchinson	8/8	-	-	-
Gary Bullard	8/8	4/4	3/3	8/8
Wendy Koh <sup>1</sup>	7/7	4/4	2/2	8/8
Edgar Masri <sup>2</sup>	7/7	4/4	2/2	8/8
Jonathan Silver	8/8	4/4	3/3	8/8

#### Notes

1. Wendy Koh was appointed to the Board on 11 January 2018.
2. Edgar Masri was appointed to the Board on 11 January 2018.

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.

#### 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 2018

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 2018

	Governance/Compliance	Finance	Business/Strategy
<b>January</b>	<ul style="list-style-type: none"> <li>NED succession update</li> </ul>		
<b>March</b>	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>2017 Full Year compliance and Annual Report review</li> <li>Legal review</li> </ul>	<ul style="list-style-type: none"> <li>2017 Full Year results review</li> <li>Viability Statement review</li> <li>Dividend policy review</li> <li>Capital policy review</li> <li>Receive Audit Committee report on internal controls and risk management</li> </ul>	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Sector/industry review</li> <li>Business initiatives update and review</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>AGM voting review</li> <li>Stakeholder engagement update</li> </ul>	<ul style="list-style-type: none"> <li>2018 Q1 results review</li> <li>Tax strategy update</li> </ul>	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Strategic benchmarking</li> </ul>
<b>June</b>	-	-	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Strategy presentations</li> </ul>
<b>August</b>	<ul style="list-style-type: none"> <li>2018 Half-year compliance review</li> <li>Board evaluation kick-off</li> <li>Regulatory and legal review</li> <li>Succession planning and leadership programme review</li> </ul>	<ul style="list-style-type: none"> <li>2018 Half-year results review</li> <li>CFO update</li> <li>Insurance review</li> </ul>	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Channel strategy review</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>Stakeholder engagement update</li> <li>Governance Code update</li> </ul>	-	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Sales organisation review</li> <li>Strategic Marketing review</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>Board evaluation results review</li> <li>Governance compliance review</li> <li>Legal review</li> <li>CEO succession planning</li> </ul>	<ul style="list-style-type: none"> <li>2018 Q3 results review</li> <li>Treasury policy review</li> <li>Pension update</li> </ul>	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Sales organisation review</li> <li>M&amp;A landscape review</li> </ul>
<b>December</b>	<ul style="list-style-type: none"> <li>Governance compliance review</li> <li>Workforce engagement review</li> <li>CEO succession update</li> </ul>	<ul style="list-style-type: none"> <li>Budget 2019</li> </ul>	<ul style="list-style-type: none"> <li>Group performance review</li> <li>Sales organisation review</li> <li>Future investments review</li> <li>Cyber security review</li> </ul>

## DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE CONTINUED

### EFFECTIVENESS

#### 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 80) 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 2016 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 66 and 67 which also provides details of the Committee's role and activities.

### BOARD PERFORMANCE EVALUATION

An evaluation to assess the performance of the Board as a whole, its committees and that of the individual directors is conducted annually.

In accordance with the 2016 Code requirement that the evaluation should be conducted by an external facilitator at least every three years, in 2018 Independent Audit Limited ("IAL") was engaged to undertake a review of the Board and its Committees. IAL is independent, with no other connection with the Company.

#### Process

Following a scoping exercise with the Chairman, Company Secretary and IAL to agree the priority areas and issues to be addressed in the review, the Directors and Company Secretary completed an online questionnaire, centring on themes including the strengths and values of the Board, the quality of succession planning, the interaction of the Board members with the Group's various business units, the process of managing strategic planning and the management of risk. A report setting out details of the responses received was provided to the Board by IAL for discussion and to support the target-setting process for 2019 objectives.

During the period, the Chairman held one-to-one sessions with each of the Directors following which feedback was shared on performance and contribution. Alongside the wider evaluation process, the Senior Independent Director led a session with the other Directors without the Chairman present to discuss and reflect on the Chairman's performance. Feedback from this session was discussed with the Chairman.

The implementation of a number of recommended action points arising from the 2017 evaluation was overseen by the Chairman and included the following actions:

#### 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.

#### 2018 actions

- Further explore the articulation of Spirent's strategic vision;
- Continue to review the effectiveness of research and development spend;
- Deepen visibility of product development investment decisions and understanding of progress of such investments;
- Increase exposure to senior management for the purposes of developing internal talent pipeline;
- Monitor effectiveness of revised internal control procedures; and
- Review 'Go To Market' approach.

All respondents to the 2018 evaluation agreed that the conduct of Board meetings allows for an open and constructive communication style and that the appointment of new Non-executive Directors would continue to expand the breadth of market and sector experience to the benefit of the Company.

The Board members agreed that the Board and its principal committees continued to perform effectively.

The Board concluded that the actions arising from the 2018 review would continue to be developed through 2019, with the addition of the following areas of focus:

#### 2019 Objectives

- 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;
- Monitor the effectiveness of the Group's new approach to internal talent development;
- Review key leading indicators of performance within Group;
- Undertake a deep review of the Group's IT strategy to ensure it meets the evolving needs of the business; and
- Evolve Spirent's culture and values to ensure that they meet the current and future needs of the business.

Other significant commitments of the Chairman and Non-executive Directors are disclosed on appointment and require approval thereafter.

### 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, directors' 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.

### 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.

### ACCOUNTABILITY

#### 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 68 to 73.

#### Business model

A description of the Company's business model for sustainable growth is set out in "Our business model" on pages 18 and 19. 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 26 to 29 of this Annual Report.

### Management and control of US subsidiary

Spirent Federal Systems Inc ("Spirent Federal"), which contributed approximately \$46.9 million (2017 \$40.8 million) to the Group's revenue in 2018, 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.



## DIRECTORS' STATEMENT ON CORPORATE GOVERNANCE CONTINUED

### 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 arrangements 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 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;
- 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 74 to 95 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 buy back of shares and significant interests in share capital is set out in the Directors' report on pages 96 to 100.

### 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 2018 have included the appointment processes for the new Non-executive Directors and the Remuneration Committee's review of the executive remuneration policy.

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](mailto: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 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.

#### ANNUAL GENERAL MEETING

The Company's 2019 Annual General Meeting ("2019 AGM") will be held at 12.30pm on Wednesday 1 May 2019 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD.

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 2019 AGM and to updating them on our business developments.

Stakeholder	Why is it important to engage?	Ways Spirent engages	Shareholders' key interests
<b>Customers</b>	Understanding our customers' needs and behaviours allows us to deliver relevant products and services, retain customers and also attract new ones. It also identifies opportunities for growth.	<ul style="list-style-type: none"> <li>• Social media engagement</li> <li>• Product website</li> <li>• Customer relevant events</li> <li>• Industry forums and customer groups</li> </ul>	<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Customer service</li> <li>• Reliability</li> </ul>
<b>Colleagues</b>	Interactions with our colleagues are the main ways that customers experience the brand of the Company. Our colleagues are fundamental to the achievement of our customer experience ambitions and are the cornerstone of our service and services proposition.	<ul style="list-style-type: none"> <li>• Training and development programme</li> <li>• Recognition and reward</li> <li>• Apprenticeship and intern programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Career opportunities</li> <li>• Pay and conditions</li> <li>• Training and development</li> <li>• Innovation</li> <li>• Colleague engagement</li> </ul>
<b>Suppliers</b>	Engaging with our supply chain means that we can ensure security of supply and speed to market. Our brand relies heavily on the high standards of our carefully selected suppliers, in order for us to deliver market-leading products and services.	<ul style="list-style-type: none"> <li>• Logistics efficiencies and environmental management</li> <li>• Supplier audits</li> </ul>	<ul style="list-style-type: none"> <li>• Quality management</li> <li>• Cost efficiency</li> <li>• Ethical business model</li> </ul>
<b>Investors</b>	As a publicly listed company we need to provide fair, balanced and understandable information to instil trust and confidence and allow informed investment decisions to be made.	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Regulatory news releases</li> <li>• Annual General Meetings</li> <li>• Investor presentations</li> <li>• Corporate website</li> <li>• One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Future-oriented information</li> <li>• Risk information</li> <li>• Operating and financial performance</li> <li>• Dividend</li> <li>• Access to management</li> </ul>
<b>Communities</b>	Ensures continued viability of the business into the long-term. We aim to contribute positively to the communities and environment in which we operate.	<ul style="list-style-type: none"> <li>• Community investment initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Impact of Group activities on the wider community</li> </ul>
<b>Media and industry analysts</b>	Ensures transparency of information on the business and Spirent's brand position in the various markets we serve.	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Media and analyst events</li> <li>• Participation in industry reports</li> </ul>	<ul style="list-style-type: none"> <li>• Reliable product information</li> <li>• Transparency of reliable and timely Group information</li> </ul>
<b>Government</b>	Policies and regulatory changes may provide opportunities and pose risk to our operations.	<ul style="list-style-type: none"> <li>• Participation in government funded/sponsored smart technology initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> reduction strategies</li> <li>• Ethical business model</li> <li>• Socially responsible strategy</li> </ul>