SPIRENT®

UNLOCKING A SUSTAINABLE FUTURE

Spirent Communications plc
SUSTAINABILITY REPORT 2016

Reporting scope and boundaries

This Sustainability Report provides an account of the management approach and performance trends of the material environmental, social and governance issues for Spirent Communications plc. The Report focuses on the 2016 calendar year but also includes historical performance data.

This Report sets out activities and impacts that are under the control or significant influence of Spirent Communications plc.

This Report contains standard disclosures from the Global Reporting Initiative G4 Reporting Guidelines. Report content has been independently assured by Henriques and Co. Limited.

Contents

Cautionary statement

This Report may contain forward-looking statements which are made in good faith and are based on current expectations or beliefs, as well as assumptions about future events. You can sometimes, but not always, identify these statements by the use of a date in the future or such words as "will", "anticipate", "estimate", "expect", "project", "intend", "plan", "should", "may", "assume" and other similar words. By their nature, forward-looking statements are inherently predictive and speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. You should not place undue reliance on these forward-looking statements, which are not a guarantee of future performance and are subject to factors that could cause our actual results to differ materially from those expressed or implied by these statements. The Company undertakes no obligation to update any forward-looking statements contained in this Report, whether as a result of new information, future events or otherwise.

> **"**
> **Our long-term aim is to create a better future for our business, our customers and our communities by making sustainability part of everything we do.**
> **"**

Eric Hutchinson
Chief Executive Officer

At Spirent, we believe that managing sustainability issues effectively is essential to our success so I'm pleased to present our second annual Sustainability Report, explaining our current actions and setting out our longer-term goals in this area.

The standards we set
As a global business, we are expected to meet high standards of environmental management, social practices and corporate governance and we are committed to doing so. We see these, however, as minimum requirements. Our long-term aim is to create a better future for our business, our customers and our communities by making sustainability part of everything we do.

We need to consider sustainability issues in the way that we design our own products and how trends towards greater sustainability are important to our customers and markets. We recognise the need for robust and transparent reporting and ensuring the same high standards we set ourselves are achieved throughout our supply chain.

This Report sets out our approach, the progress Spirent has made since we started our journey in 2011, and the challenges we continue to face.

Unlocking a sustainable future
Through our products and solutions, we can deliver tangible sustainability benefits for our customers; the case studies in this Report demonstrate how we have achieved this in the areas of virtualisation, active testing in service providers' live networks, and through testing of connected cars.

Eric Hutchinson
Chief Executive Officer
2 March 2017

We have made good progress in all areas of our Sustainability programme.

Sustainability areas

Reporting
Continued improvement in sustainability reporting

We have worked hard to improve the quality of our sustainability reporting with this Report significantly expanding on the scope of the 2015 Sustainability Report. We have also improved our Carbon Disclosure Project ("CDP") disclosures, achieving a score of A- this year.

Product
Improved energy efficiency of our products

Since introducing sustainability metrics into our product development process at our Positioning business, we have reduced energy consumption in the new GSS 7000 product by 22 per cent compared to the GSS 8000.

Procurement
Expanded supplier assessment and audits

In 2016 we made significant improvements to our supply chain sustainability management. We introduced a new supplier code of conduct which sets out the standards we expect all suppliers to meet on quality, health and safety, environmental management, social practices and labour rights.

We upgraded our supplier assessment and audit programme, expanding our vendor assessments and conducting on-site audits at six of our most important suppliers that account for 39 per cent of our direct supply chain spend. We have set a target to audit suppliers that represent 80 per cent of our direct supply chain spend by 2020.

In a world where environmental and social impacts are often increasingly hidden in supply chains, we are aware of the need to collaborate at the industry level. We have set up initiatives with our contract manufacturers to share information about the sustainability management and performance of our Tier 2 and 3 suppliers through their own audits and the Electronic Industry Citizenship Coalition's Validated Audit Process.

Property
Total carbon footprint down 5.4 per cent

We have reduced our total carbon emissions across the Group by 5.4 per cent from 2015, with significant reductions at San Jose (47 per cent), Eatontown (15 per cent), Paignton (10 per cent) and Beijing (9 per cent). This has been achieved through our programme of site moves and refurbishments, including significant improvements to the efficiency of our engineering labs and a reduction in the total area we occupy.

People
Recognition of our work on STEM education

Science, Technology, Engineering and Mathematics ("STEM") education is critical to our business and our sector as a whole and we collectively face a challenge to engage young people, in particular women and girls.

Our teams have worked hard to develop a programme that gives young people encouragement and opportunities to get involved, with our achievements recognised by being shortlisted for the Business in the Community ("BITC") Awards.

2016 highlights		2017 and beyond
We improved our Carbon Disclosure Project ("CDP") score to A- from C in 2015.	**Read more P8**	Enhance the quality of Sustainability Report and management.
Our new Global Navigation Satellite System simulator consumes 22 per cent less power than the previous model.	**Read more P12**	Roll out product sustainability metrics to all business units.
We introduced a new supplier code of conduct, setting expectations for environmental management and human rights.	**Read more P16**	Expand supplier audit programme and undertake at least eight audits, working towards a target of auditing suppliers that represent 80 per cent of direct supply chain spend by 2020.
Our supplier assessment and audit process has been upgraded, including new on-site audits at our largest suppliers.	**Read more P16**	Set targets for coverage of sub-tier suppliers through third party audits, including those conducted by EICC VAP and our contract manufacturers.
We have introduced a building engineering sustainability standard for significant refurbishment and relocation projects.	**Read more P18**	Drive energy use and carbon emissions down further by expanding energy metering programme and focusing on energy efficiency in labs.
We carried out our first sustainability skills training for engineers, helping them to incorporate sustainability in product design and production.	**Read more P21**	Expand STEM programmes and volunteering initiatives to US and APAC.
We were shortlisted in the Business in the Community ("BITC") Awards for our work with STEM skills in schools and universities.	**Read more P23**	Expand sustainability training programme for each strategy area: product, procurement, property and people.

Spirent is a global business serving customers around the world. We have development centres with teams of experts and highly specialised sales teams in every region.

**Corporate
Head Office**
Sussex, UK

**Operational
Head Office**
San Jose, CA

⭕ Head office   ⬤ Offices

Revenue

$457.9m

— Networks & Applications   57%
— Wireless & Positioning   26%
— Service Assurance   17%

Adjusted operating profit[1, 2]

$46.5m

— Networks & Applications   47%
— Wireless & Positioning   31%
— Service Assurance   22%

Number of employees

1,564

— Networks & Applications   64%
— Wireless & Positioning   20%
— Service Assurance   16%

Notes
1   Adjusted operating profit is before charging exceptional items, acquisition related costs, acquired intangible asset amortisation and impairment, goodwill impairment and share-based payment.
2   Percentages calculated by reference to adjusted operating profit before corporate costs.

Networks
& Applications

The Networks & Applications business develops performance and security test systems for next-generation networks and applications, simulating real-world high-capacity conditions in the lab and in the network, and also provides test automation, orchestration and management systems.

Focus
- High-speed Ethernet and IP performance testing for data centers and networks
- Cloud and network virtualisation performance testing
- Applications performance testing
- Security testing
- Mobile infrastructure emulation and performance testing
- Test automation, orchestration and management

Customer use
- Develop and test the performance and security of new devices, network equipment and applications

Customer value
- Ensure product quality and performance
- Accelerate the time to deliver their products to market
- Reduce development and test costs

📖 **Read more in our Annual Report on pages 26 to 29**

Wireless &
Positioning

The Wireless & Positioning business develops functional and performance test systems for 4G LTE and 3G mobile devices and services and for satellite positioning devices and systems, and products and services for assessing the service quality on real networks and for detecting interference in global navigation satellite systems.

Focus
- Wireless devices (such as smartphones, tablets and Internet of Things)
- Wireless services, including voice over LTE and video
- Satellite navigation and global positioning simulation and vulnerability detection and assessment

Customer use
- Develop and test new wireless connected devices (smartphones, Internet of Things)
- Measure service experience of new services over different real networks
- Develop and test the robustness of global navigation satellite systems

Customer value
- Ensure product quality and performance
- Accelerate the time to deliver their products to market
- Reduce development and test costs

📖 **Read more in our Annual Report on pages 30 to 33**

Service
Assurance

The Service Assurance business develops distributed systems for service assurance and analytics for network operators to turn-up new services, understand network performance and customer experience, and diagnose and troubleshoot network and customer problems. The business also provides portable test tools for field service organisations.

Focus
- Service assurance system for Ethernet business services
- Network and customer experience management analytics
- Field service test tools

Customer use
- Measure and improve network performance and customer experience
- Turn-up new subscribers and services

Customer value
- Reduce time and costs to turn-up new services and subscribers and to troubleshoot problems
- Reduce customer churn and improve customer experience

📖 **Read more in our Annual Report on pages 34 to 37**

Spirent is an expert in understanding customers' complex technical requirements and business imperatives and developing innovative products and services to meet their challenges and expectations.

1

The markets we target
We target large, fast-growing, complex markets, driven by a major disruption or challenge.

We serve customers who develop products and services and who operate and manage networks.

2

Continuing demand for our products and solutions
We operate in a fast-moving, technologically demanding environment in which everyone and everything is connected. Faster data speeds, complexity, security and the innovation of our customers and their customers' drives the demand for our products and solutions.

2 **3**

Competitive advantage
We aim to be first to market and to register intellectual property to create high barriers to entry for competition and maintain our high margin and high value position in the market.

Our competitive differentiation comes from the test methodologies we develop and our active test, automation and analytics expertise and technologies.

Maintenance and support
We have professional services for installation and training. We also sell annual maintenance and support.

7

Follow-on business
Much of our revenue is business from current customers. Long-term customer retention is key to our success.

8

We are experts in understanding and addressing our customers' complex technical requirements and business imperatives

Business planning
We target attractive business opportunities and we organise and focus our business units on these opportunities.

1

2

Understanding of customer needs
We work closely with our customers and participate in industry groups to understand our customers' technology, operational and business direction, challenges and expectations.
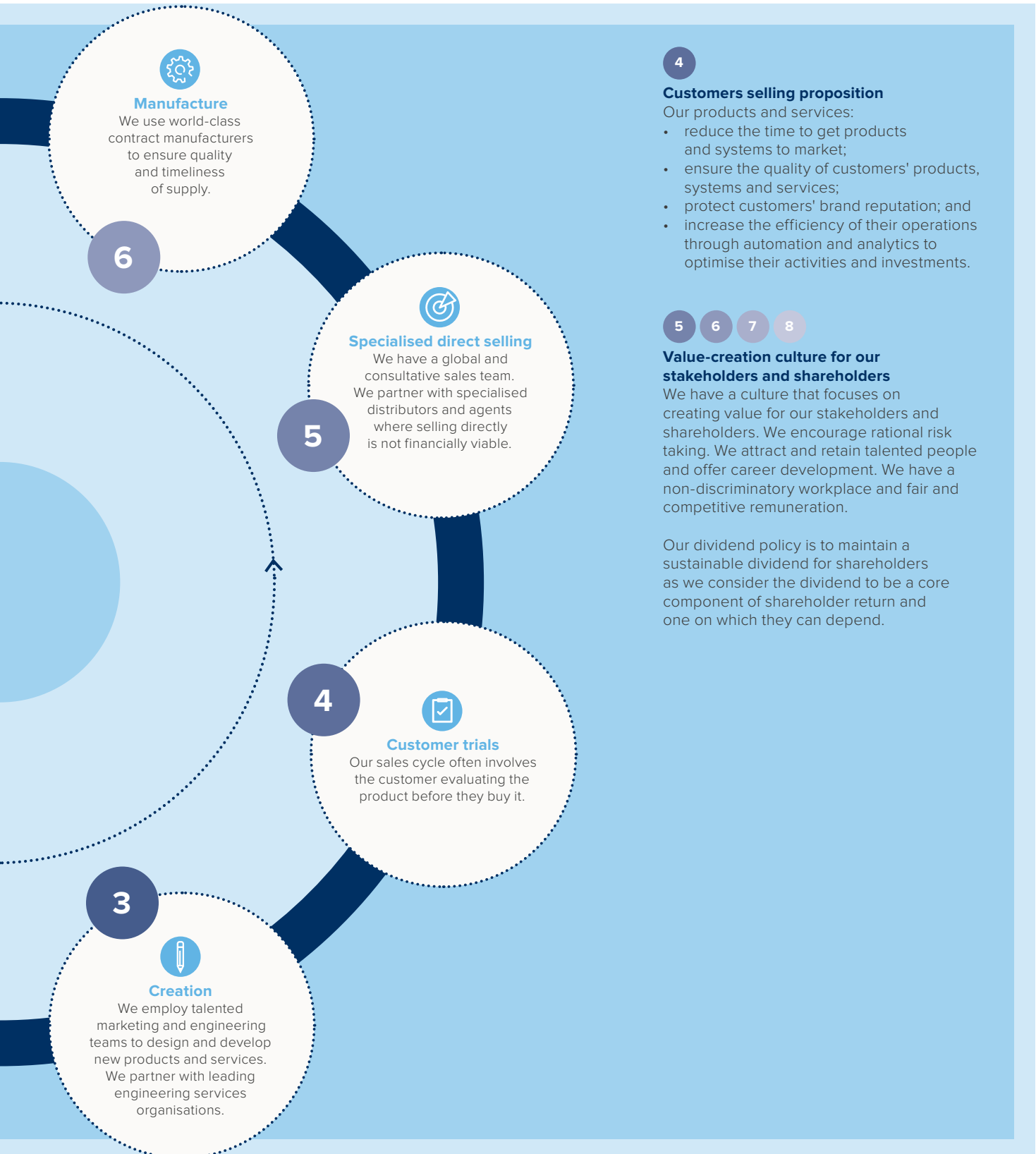
Our strategy
Work closely with customers to understand their emerging plans and challenges, and develop first to market products and services to fulfill their requirements and exceed their expectations.

How our strategy and business model work together
Our business model embodies our critical success factors of working closely with customers and designing innovative first to market products and services.

Read more in our Annual Report on pages 18 and 19

Manufacture
We use world-class contract manufacturers to ensure quality and timeliness of supply.

6

Specialised direct selling
We have a global and consultative sales team. We partner with specialised distributors and agents where selling directly is not financially viable.

5

4

Customer trials
Our sales cycle often involves the customer evaluating the product before they buy it.

3

Creation
We employ talented marketing and engineering teams to design and develop new products and services. We partner with leading engineering services organisations.

4

Customers selling proposition
Our products and services:
- reduce the time to get products and systems to market;
- ensure the quality of customers' products, systems and services;
- protect customers' brand reputation; and
- increase the efficiency of their operations through automation and analytics to optimise their activities and investments.

5 6 7 8

Value-creation culture for our stakeholders and shareholders
We have a culture that focuses on creating value for our stakeholders and shareholders. We encourage rational risk taking. We attract and retain talented people and offer career development. We have a non-discriminatory workplace and fair and competitive remuneration.

Our dividend policy is to maintain a sustainable dividend for shareholders as we consider the dividend to be a core component of shareholder return and one on which they can depend.

Our objective is to help our customers create the technologies needed to secure a sustainable future, embedding the highest standards of environmental management, social practices and corporate governance throughout our business and supply chain.

We look to create long-term value by:

- developing innovative test solutions needed to develop new communications technologies to address global sustainability challenges;
- building better relationships with our stakeholders and improving our understanding of their needs and expectations;
- enhancing our operational efficiency;
- creating a safe, fair and supportive work environment;
- attracting and retaining talent and nurturing engineering skills and interest in young people;
- reducing the whole-life environmental impacts of our products;
- protecting our reputation and ability to grow; and
- assessing and managing risks and opportunities from significant sustainability issues.

Our material sustainability issues
The Board has appointed external advisers, Brite Green Limited ("Brite Green"), to review and prioritise the material sustainability issues for the Group. The analysis is refreshed at least every two years.

In 2016, Brite Green reviewed the sustainability issues considered to be material to Spirent using the five criteria set out in the AccountAbility ("AA") 1000 standard:

- direct financial impacts;
- policy related performance;
- peer-based norms;
- stakeholder behaviour; and
- concerns and social norms (including legislation).

The review included desk based research as well as direct correspondence and interviews with some stakeholder groups.

This revised analysis reaffirmed the importance among our stakeholders of anti-corruption measures and strong business ethics and highlighted the importance to customers of our product functionality in unlocking sustainable performance.

As part of the materiality analysis, Brite Green have identified the needs and expectations of four main external stakeholder groups: customers, investors, industry peers and regulators. selected to represent the most significant influencers of opinion in sustainability management in Spirent's market:

**Material issues**

Governance
1. Corruption and business ethics
2. Disclosure and reporting

Environmental
3. Resource and energy efficiency
4. Product design for the environment
5. Environmental management
6. Greenhouse gas emissions and climate change
7. Waste
8. Hazardous materials (REACH, RoHS)
9. Environmental impacts of supply chain and distribution
10. Impacts at product end-of-life
11. Sustainability impact through product functionality

Social
12. Customer privacy and data security
13. Human and labour rights
14. Diversity and equality
15. Conflict materials
16. Skills development
17. Health and safety
18. Supporting local communities
19. Social impacts of supply chain distribution
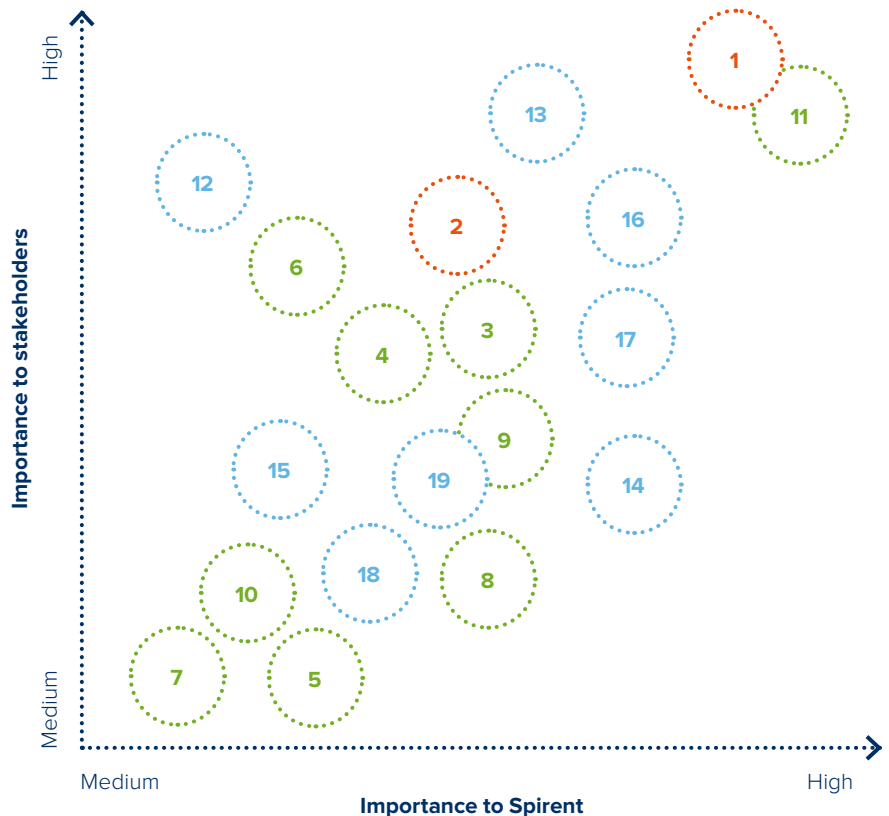
Sustainability Management and Governance

We have robust structures to manage sustainability at Spirent, including a mature and effective corporate governance structure. We have strong leadership from throughout the business and resource in place to manage sustainability issues effectively.

We are committed to reporting our sustainability management and performance and set objectives and targets to drive continual improve.

Product

We aim to embed sustainability thinking in the way we design products and provide test services.

We want our products and services to help our customers develop the technologies needed to unlock a sustainable future.

Procurement

We aim to ensure our suppliers maintain high standards of environmental management, social and labour practices and corporate governance.

People

We aim to support our people with the skills, knowledge and opportunity to deliver our sustainability vision.

We want a culture that strives for equality and diversity, and promotes interest and opportunities in STEM for all.

Property

We aim to create inspiring workplaces and minimise the environmental impact of our properties.

Key issues
- Governance: corruption and business ethics
- Sustainability reporting

We have developed a robust structure to manage sustainability issues at Spirent. This section sets out our leadership structures, our approach to non-financial reporting and stakeholder engagement and sustainability governance. Corporate governance issues are covered in our Annual Report 2016 which can be found at http://corporate.spirent.com

Management
The Chief Executive Officer is ultimately responsible for sustainability at Spirent and oversees how we manage our material environmental, social and governance issues. A Sustainability Steering Committee was established in 2016, comprising senior management representatives with responsibility for each aspect of the sustainability strategy. External advisers (Brite Green) have been appointed to support the Committee in designing and implementing our sustainability programme, FuturePositive.

The Sustainability Steering Committee meets four times each year to coordinate and maximise our sustainability activities.

Policies
Our sustainability approach is governed by an overarching Sustainability Policy. It can be found at: https://www.spirent.com

The Policy applies to the Company and all subsidiaries worldwide and commits the Group to compliance with high standards of ethics and business integrity, environmental management and employee and community welfare.

The sustainability strategy is supported by specific policies and programmes related to management of environmental, social and governance issues.

Risk management
The Group acknowledges its responsibility for its system of internal control to facilitate the identification, assessment and management of risk, the protection of shareholder's investments and the Group's assets.

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 reporting requirements. The dynamics of the Group and the environment within which is operates are continually evolving, together with its exposure to risk. Internal controls can only provide reasonable and not absolute assurance against misstatement or loss.

The directors confirm that there is an ongoing, robust process to identifying, evaluating and managing the principal risks faced by the Group and the operational effectiveness of the related controls, which have been in place. They also confirm that they have regularly reviewed the system of risk management and internal controls utilising the review process set out in the Annual Report. There are guidelines on the minimum Group-wide requirements for health and safety and environmental management. There are also guidelines on the minimum level of internal control that each of the divisions should exercise of 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. The management of each business is required to confirm twice yearly that it has complied with these policies and procedures.

Compliance
Communication & "whistleblowing"
Any critical concerns can be communicated to the Board through the Group's "whistleblowing" procedure. The policy, which forms part of the Business Ethics Policy, contains arrangements for a confidential reporting facility for reporting to the Audit Committee as appropriate.

Sustainability Steering Committee
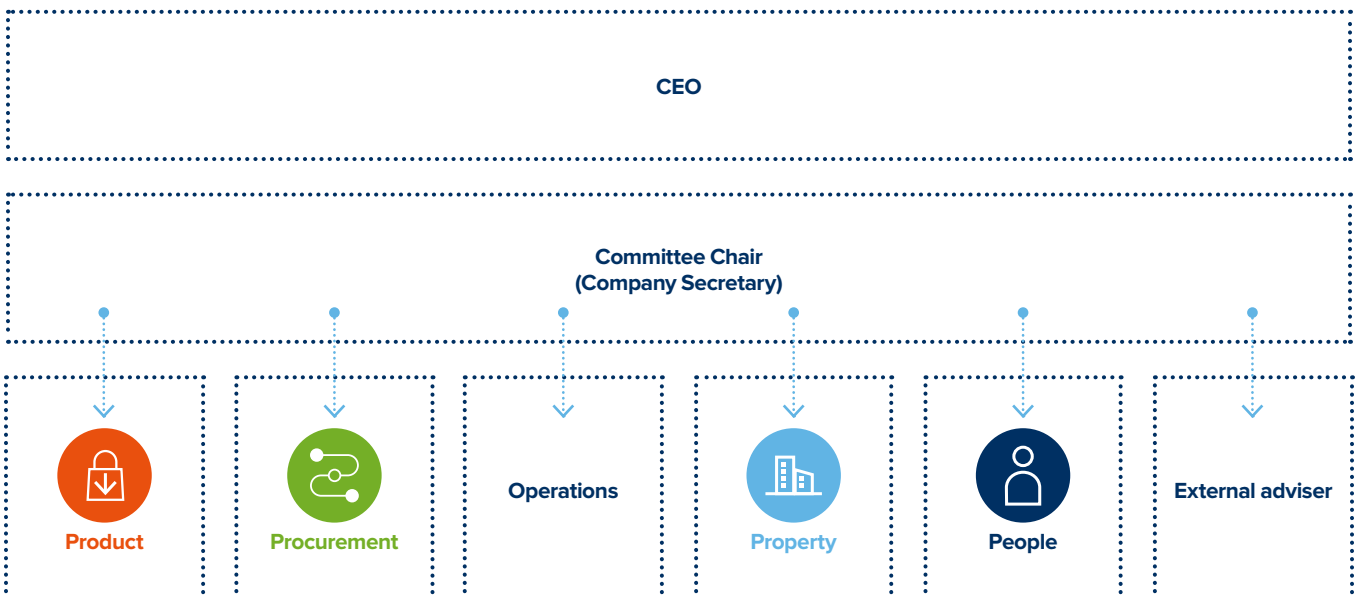
The Audit Committee review any reports and the recommended actions.

Ethics and integrity
The Group's Business Ethics Policy sets clear standards of professionalism and integrity for all employees and operations. The policy can be found at www.spirent.com/corporate

Anti-bribery and corruption
The Ethics Policy includes sections relating to bribery and corruption with the aim of ensuring that all of Spirent's systems, controls and training comply with the anti-bribery and corruption legislation in the countries where we operate, and that a culture of prevention and detection of all forms of bribery and corruption is in place.

The policy has been communicated to all employees and states that employees have a responsibility for the prevention and detection of bribery and corruption. Any suspicion of corruption should be reported immediately and will be investigated vigorously. Concerns can be reported through line management structures, through the Group's "whistleblowing" procedures or directly to a member of the Board.

Data protection
Spirent takes data security and privacy seriously. We continually review the security of our data systems and procedures in order that we can react to areas of heightened risk promptly and effectively.

Reporting and stakeholder engagement
Non-financial reporting
We aim to give stakeholders visibility of the non-financial risks and opportunities we face and how they are being managed. We do so principally through this Sustainability Report, but we also participate in the Carbon Disclosure Project ("CDP"), complete customer sustainability questionnaires, respond to environmental, social and governance ("ESG") rating agency assessments and disclose information in the corporate responsibility section of our Annual Report 2016.

This is our second dedicated report on sustainability management and performance. We have improved the quality of reporting this year covering more of the standard disclosures in the Global Reporting Initiative ("GRI") G4 Reporting Guidelines.

The CEO reviews and approves the Sustainability Report.

Assurance
Our Sustainability Policy sets out our commitment to robust and transparent reporting and external assurance of data and claims is a key component. We obtain external assurance of our sustainability reports to ensure the data and statements we make are reliable and robust.

Stakeholder engagement
We respond to stakeholder sustainability requests and questions and have started a process to actively engage with customers and suppliers on sustainability issues.

In 2016 we responded to all requests for information from customers relating to our management of environmental, social and governance issues. Greenhouse gas emissions and diversity are also of interest to some customers; in response, we have completed the CDP supply chain questionnaire and disclosed key diversity data.

Our investors have engaged with us directly on climate change through the CDP, and we have also received and responded to questions relating to our disclosure and emissions performance from individual investors and to ESG rating agencies.

We launched a customer sustainability engagement programme and began research on key issues for our customers. This research included desk-based research and structured interviews.

We have also initiated closer collaboration with our contract manufacturers to improve our understanding of sustainability management and performance in our Tier 2 and 3 suppliers.

In addition, we engage with our employees on sustainability issues in our regular 'town-hall' meetings and employee surveys. In 2017 we are rolling out monthly sustainability communications for our employees using emails, posters and the company intranet, InsideSpirent.

Stakeholder group	Customers	Investors	Industry peers	Regulators
Methodology	Structured interviews and desk-based research	Direct correspondence and desk-based research	Desk-based research	Desk-based research
Issues of concern:				
Energy use	✓	✓	✓	✓
Energy use in products			✓	
Climate change	✓	✓	✓	✓
Greenhouse gas emissions	✓	✓	✓	✓
Hazardous materials	✓		✓	✓
Material use in products			✓	
Labour rights	✓		✓	✓
Equality and diversity	✓		✓	✓
Restricted materials (including conflict minerals)	✓		✓	✓
Business ethics	✓		✓	✓

Product

Key issues
- Sustainability impact through product functionality
- Product design for the environment
- Hazardous materials (REACH, RoHS)
- Impacts at product end-of-life
- Conflict minerals

Spirent Communications is a global leader in test and measurement inspiring innovation within development labs, communication networks and IT organisations. We enable today's communication ecosystem as well as tomorrow's emerging enterprises to deploy life enriching communications networks, devices, services and applications.

Our product sustainability programme focuses on two main areas:

Unlocking a sustainable future
Communications networks are essential for many of the technologies needed to address critical sustainability challenges. Spirent test solutions will be essential for many of the innovations we need to secure a sustainable future, including smart energy networks and the next generation of electric and connected vehicles.

Sustainable product design
Spirent's product sustainability programme is focused on embedding sustainability considerations into the product lifecycle, from their design, through their use and at the end of their useful life.

Many of Spirent's test solutions rely on physical test equipment used in-situ by our customers. We are working to reduce the life-cycle impacts of our products through a range of ways:

- design for environment and end-of-life, including compliance with all legal requirements;
- reduce the size, weight, noise and power of our products;
- virtualisation and the development of Test-as-a-Service;
- improve utilisation and automation; and
- in-field servicing and upgrades.

We have embedded formal sustainability metrics into the product development process at one of our business units, resulting in significant improvements in product energy efficiency. We have also developed Software-as-a-Service and Lab-as-a-Service offerings that increase access to testing while reducing its environmental footprint.

Unlocking the environmental benefits of the cloud
Data centres are the backbone of our 21st Century economy, from the server rooms that power small and medium sized businesses, to corporate data centres and the large server farms run by cloud giants such as Amazon, Facebook and Google.

The explosion of digital content, e-commerce and internet traffic is making data centres one of the fastest growing electricity users in developed countries, but hyper-scale cloud computing data centres account for only a fraction of current energy use. Research shows

around half of servers are housed in small, inefficient environments[1].

Moving into the cloud offers significant energy and carbon reduction opportunities and Spirent has developed products to help hardware manufacturers, cloud service providers and businesses of all sizes make the cloud work for them.

Note:
1 Natural Resources Defense Councill "The Carbon Emissions of Server Computing for Small to Medium Sized Organisations" (October 2012).

Hardware manufacturers

Spirent works with Network Equipment Manufacturers (NEMs) to ensure their equipment is able to deal with the demands of delivering cloud services

NEMs use Spirent solutions to ensure the integrity and stability of their equipment as traffic levels increase to deliver today's services. Spirent can also help to validate each new set of features, functions, performance and scale, before they are sent to market.

Main products
Spirent N11U and Spirent 4U used with the Spirent TestCenter.

Cloud service providers

Spirent works with cloud service providers to test performance and reliability of the cloud network.

Spirent's solutions allow customers to test their infrastructure under stress, to ensure they can meet their service agreements without over-provisioning hardware.

Main products
CloudStress: a new web application to test virtualised infrastructure.

Businesses

Spirent works with small and large businesses to help them move into the cloud seamlessly and safely.

Our products allow businesses to test the performance, scalability and security of cloud-based applications before they go live.

Main products
Spirent TestCenter Virtual: test cloud-enabled network services and innovations such as software defined networks (SDNs) and network function virtualisation (NFV).

Lab-as-a-Service: using the cloud to improve lab efficiency

The cloud offers exciting opportunities to improve efficiency and equipment utilisation in our customers' labs. Lab-as-a-Service offers developers more flexible and agile testing options which significantly reduces environmental impacts.

Spirent's lab management solutions help customers to consolidate and virtualise physical labs and equipment. They also allow test schedules to be automated, making the testing process more efficient and improving the utilisation level of equipment.

These developments offer next generation testing capabilities, while reducing the equipment needed and the energy used by lab equipment and environmental features.
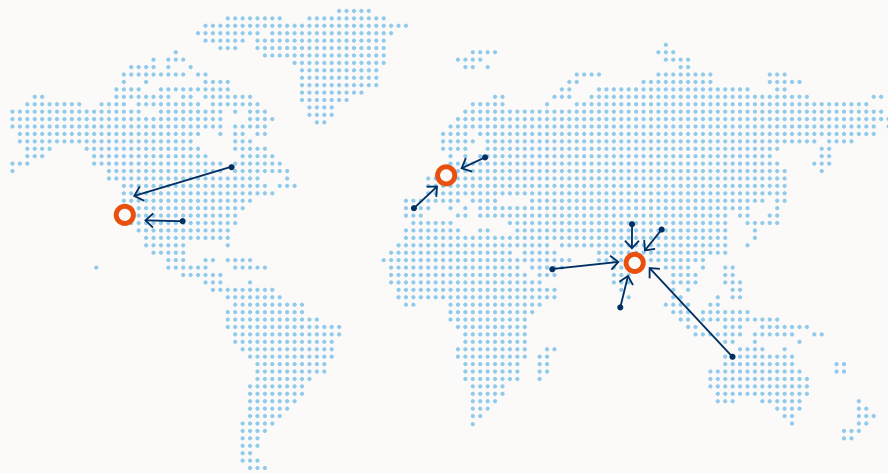
○ Consolidated lab ● Labs being consolidated

Spirent's lab management solutions help customers to consolidate and virtualise physical labs and equipment.

Designed for the environment

Our products are designed to maximise recycling rates, with the following design principles used as standard:

- Connectors are used instead of hard-wired connections
- Joints, snaps or screws are used instead of welding, soldering or glue
- Minimised packaging materials including reusable pallets, totes and packing boxes
- Designed to suit common hand tools
- Modular design for ease of assembly and disassembly

Improving product efficiency with product sustainability metrics

Standardised sustainability metrics were introduced into the product development process at our Positioning business in 2015 and are used to measure and guide product improvements. The metrics include energy use, noise, size and weight.

The new models developed since the introduction of the metrics have achieved significant improvements in energy efficiency and size. We plan to roll out product sustainability metrics to our other businesses in 2017.

Reducing product impacts with Software-as-a-Service

Virtualising test equipment allows us to reduce the environmental impact across our products' whole lifecycle. Virtual solutions include Temeva, a new web-hosted platform for test, measurement and analysis and a virtual version of our powerful TestCenter products.

Virtualising physical testing

Testing mobile communication and navigation equipment in real world environments is an important part of product development and often involves extensive field testing. Spirent's Live2Lab Virtual Drive test tool reduces the expense and environmental impact of extensive drive testing by giving developers real-life radio frequency conditions in the lab.

The Live2Lab tool is able to record signals captured in the field and replay them in the lab. This means research teams can minimise expensive drive testing, improve test efficiency, and reduce the time-to-market.

In-field repairs and upgrades

Our modular components and licence key design means we can repair and upgrade our products in the field, allowing us to avoid shipping equipment for repair. This approach makes repairing equipment more convenient for customers and lowers our carbon emissions from freight.

Visionworks: smarter mobile network testing reduces maintenance engineer site visits

Quality of experience is a key priority for mobile network operators but it is not easy to measure. A key challenge is that devices are often no longer connected directly to their network, but rather through a local access network using wi-fi and third party providers.

Spirent's VisionWorks solution helps mobile network operators to not only monitor how their networks are performing against service level agreements but also to pro-actively detect and resolve issues before they impact their own customers.

Network operators have not been able to cost effectively test whether issues that cause reductions in quality of experience occur on their network and so would have to dispatch engineers to perform on-site diagnostics. By allowing network operators to run detailed diagnostics remotely, VisionWorks reduces time and cost impacts for operator and end-user.

Electronic waste and use of hazardous materials
The Group's business units comply with the EU's Waste Electrical and Electronic Equipment Regulations 2013 ("WEEE") and Batteries Directive and the California Electronic Waste Recycling Programme.

Spirent's hardware products are classified as Category Nine (Monitor and Control Equipment) and are out of scope with the EU's Restriction of Hazardous Substances Directive ("RoHS") until July 2017. All new products are designed to comply with this directive, and measures are in place to ensure the Group's existing hardware products will comply when they are brought into scope. A detailed compliance audit was started in 2015 with each component being reviewed for compliance. At the end of 2016, the Group has reviewed and certified 94 per cent of its products as compliant with the RoHS directive and are on target to achieve full compliance before the July deadline.

Conflict minerals
The Group is not directly required to comply with or report under Section 1502 of the Dodd-Frank Act, the US Conflict Minerals Law. However, it has robust procedures in place to ensure that it would be in compliance if it were brought in within the scope of this legislation. The Group will be subject to the EU Directive on Conflict Minerals when it is enacted into national policy in the UK. We are confident our existing practices will meet the standards required and are monitoring their development

Performance against 2016 targets

Area of focus	Target	Status
Management	Roll out sustainable product metrics to all business units	**In progress** Introduced sustainability metrics at our Positioning business
Compliance	Ensure all products are RoHS compliant by June 2017	**On Target** By December 2016, 94.5 per cent of products were RoHS compliant
Communications	Engage customers on sustainability issues	**In progress** We are in the process of interviewing our largest customers to discuss their sustainability objectives
Training	Product sustainability training for engineering team	**In progress** Completed training for engineering staff at our Positioning business

We introduced sustainability metrics at our Positioning business and completed training for engineering staff, but have not yet completed the process of designing the appropriate metrics for other business units. This will be completed in 2017. Our customer engagement process has progressed more slowly than we had expected due to scheduling challenges for customer interviews.

Plans for 2017

Area of focus	Objective	Target
Management	Monitor, measure and improve the sustainability performance of our products	Roll out sustainable product metrics to all business units
Compliance	Comply with the RoHS directive	Meet the requirements of the RoHS directive by June 2017
Training	Ensure all staff with engineering and design responsibilities have appropriate skills and training	Carry out sustainability training for all engineering divisions in 2017

Procurement

Key issues
- Supplier labour practices
- Supplier environmental practices
- Supplier governance and business ethics practices

Spirent has a global supply chain, including contract and component manufacturers across the world. The majority of Spirent's sustainability risks and impacts occur in the supply chain, so it is an important area of focus for the Company's sustainability programme.

The objective of our supply chain sustainability programme is to ensure our suppliers achieve the expected standards of environmental management, social conduct and corporate governance.

In 2016 we upgraded our supply chain management processes, introducing a new code of conduct for suppliers and updating our risk-based supplier assessment and audit processes.

We conducted on-site audits at six of our largest Tier 1 and key suppliers in 2016, representing 39 per cent of our direct supply chain spend. In addition, we have increased our visibility of our Tier 2 and 3 suppliers in a new collaboration with our contractor manufacturers, extending the proportion of our suppliers covered by on-site audits to 46 per cent.

Management approach
Code of conduct
In 2016 we introduced a new supplier code of conduct, based on the Electronic Industry Citizenship Coalition ("EICC") Code v5.1. The code sets out our expectations for environmental management, health and safety, labour rights, management systems as well as the provision of sustainability data. All suppliers are required to sign the code of conduct.

Supplier assessment and approval
Suppliers are assessed in detail before they can work with Spirent. In 2016, we expanded our supplier questionnaire to align it with our new code of conduct and cover sustainability issues in more detail. The revised assessment includes detailed disclosures on financial security, quality, health and safety and environmental management, as well as business ethics and management systems.

The approval status of key suppliers is reviewed each quarter.

Supplier audits
In 2015 we commenced a programme of on-site audits of our main suppliers. This process has continued in 2016, with six audits completed. Three suppliers were audited in 2015 meaning we have now directly audited suppliers representing 42 per cent of our 2016 direct supply chain spend in the last two years. In 2016 we set a target of conducting audits on those companies that represent at least 80 per cent of our direct supply chain spend by 2020. This is around 40 companies and we aim to assess around 25 per cent of this group each year.

The audits have identified no significant issues or instances of non-compliance to date.

We prioritise our supplier audits on companies that Spirent does the most business with, those who supply critical components, those who operate in higher risk geographies and those who undertake activities with the largest potential impact.

In addition to our direct audits, we work together with our contract manufacturers to expand our visibility of sustainability management and performance further down our supplier chain. Drawing on the EICC industry-wide validated audit process (VAP) and audits conducted by the contract manufacturers themselves, we are able to determine compliance deeper into our supply chain.

Currently 9.3 per cent of all our suppliers are subject to the EICC VAP audits, which represents 56 per cent of all our parts. We aim to set specific targets for audit coverage of Tier 2 and 3 suppliers in 2017.

VAP audits have not raised any significant issues or instances of non-compliance to date.

Management team

Sustainability issues are managed as a core part of our supply chain management process by our procurement team, led by the Procurement Director. The senior management representative is the VP Global Operations.

Metrics

- New suppliers screened in 2016 using supplier questionnaires: 3 out of 10 new vendors have been screened by our new vendor questionnaire. 30 per cent;
- Suppliers audited by Spirent in 2016: 6 suppliers, 39 per cent of direct supply chain spend;
- Total of suppliers audited since 2015 (progress towards 80 per cent by 2020 target): 9 suppliers, 42 per cent of direct supply chain spend;
- Percentages of suppliers audited by EICC VAP audit programme and their own audit programme: 37.5 per cent of Spirent direct supply chain spend.

Performance against 2016 targets

Area of focus	Target	Status
Documented procedures	Develop a sustainable procurement manual	**Completed**
Supplier risk assessment	Review and update the supplier sustainability risk framework	**Completed**
Supplier audits	Complete eight supplier audits	**Part-complete (Six audits completed)** Only six of the planned eight audits were conducted in 2016, with two rescheduled to 2017 due to budget constraints. Additional budget has been allocated for audits in 2017.
Sustainability training	Undertake sustainability training for procurement and operations team	**Not complete** Sustainability training has not been completed for procurements team yet as updated processes and documentation were not finalised until the fourth quarter. The training will be completed in 2017.

Plans for 2017

Area of focus	Objective	Target
Supplier audit	Conduct site audits on our priority suppliers	Complete eight supplier audits
EICC VAP audit coverage	Expand visibility of compliance of our Tier 2 and 3 suppliers	Set targets for coverage of EICC VAP audits in supply chain
Sustainability training	Ensure all staff with procurement responsibilities have appropriate skills and training	Complete skills needs-assessment and provide any training needed

Property

Key issues
- Energy and climate change
- General environmental management

Spirent operates from 37 sites across 15 countries. Corporate headquarters is in Crawley, UK and we have 11 significant engineering sites across the world housing development and customer service labs. We also have smaller sales or administrative offices across the world.

All product manufacturing is completed by contract manufacturers with only limited production processes such as quality testing, loading firmware, and minor repairs completed on site.

Over recent years, we have run a programme of site moves and refurbishment to upgrade our estate, allowing us to improve staff facilities and invest in energy reduction technologies. The 2016 programme included reducing the space leased at a number of our sites, cutting energy use and developing of engineering standards for our properties, to provide a formalised framework for the consideration of energy efficiency measures in future site moves and refurbishments.

Management approach
Policy
The Group Environmental Policy applies to the Group and all its properties. Specifically, it ensures that each site across the world works to minimise environmental impacts and prevent pollution.

In 2016 the Group introduced engineering standards which set the design criteria for new buildings and refurbishments. The standards draw on industry best practice for environmental design in buildings, including the BREEAM and SKA standards.

Metrics
Energy
Energy use across the Company decreased by 4.4 per cent in 2016 to 16,044 MWh (2015 16,781). This reduction was the result of the Group's efforts to refurbish, retrofit and implement higher building sustainability standards across the estate. Energy use at the San Jose site in California decreased by 54 per cent in 2016 compared to its previous location in Sunnyvale with a more energy efficient building as well as concerted efforts to implement more efficient energy management systems in our labs at the site.

Energy use on some sites did increase. Energy consumption at Plano, TX increased by 43 per cent in response to a significant increase to revenue growth and expansion of the lab. Holmdel, NJ moved to a new site in 2016 where energy is metered, whereas in 2015 energy use was estimated based on occupied areas.

Our main engineering sites

The largest energy-using sites in 2016 were:

	Occupied area (m²)	Total Energy Use 2015	Total energy use 2016	Change 2015 to 2016 (per cent)
Calabasas, CA	7,789	4,294,131	4,118,261	-4
Frederick, MD	4,470	2,400,530	2,850,795	19
Beijing 1	2,679	1,659,107	1,517,024	-9
San Jose, CA	4,859	2,993,077	1,375,039	-54
Eatontown, NJ	5,017	1,357,998	1,300,416	-4
Plano, TX	2,370	815,743	1,168,056	43
Honolulu, HI	2,023	728,421	693,051	-5
Paignton, UK	2,575	500,697	509,607	2
Holmdel, NJ	1,556	209,202	306,859	47
Raleigh, NC	1,169	247,629	281,109	14

GHG emissions

Greenhouse gas ("GHG") emissions are a material issue for Spirent and we are committed to reporting emissions and acting to combat climate change. The Group once again reported to the Carbon Disclosure Project in 2016, completing the Climate Change and Supply Chain questionnaire.

In 2016 we raised our CDP performance band to an A-, having improved each year since 2013:

Year	Program	Disclosure Score	Performance Band
2016	**Climate Change 2016**	**N/A**	**A-**
2015	Climate Change 2015	95	C
2014	Climate Change 2014	73	D
2013	Climate Change (Investor CDP)	66	D

In 2016, total Group emissions decreased by 5.4 per cent from 2015 to 6,627 tonnes of CO_2e.

	2016 **Tonnes of CO_2e**	2015 Tonnes of CO_2e
Emissions from:		
Combustion of fuel & operation of facilities (scope 1)	**139.3**	256.1
Electricity, heat, steam and cooling purchased for own use (scope 2)	**6,486.7**	6,747.1
Total emissions	**6,626.1**	7,003.2
Emissions intensity metrics:		
Normalised per square metre of gross internal area of our facilities	**0.146**	0.154
Normalised per $ million of revenues	**14.47**	14.68

Methodology

Reporting on emission sources is required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and these sources fall within our consolidated financial statements. We have reported on all the emission sources that fall within our consolidated financial statements. We are not responsible for any emission sources that are not included in our consolidated financial statements. We have used the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition), with data gathered to fulfil our requirements under these Regulations, and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2016 for all countries except the for the United States where US Environmental Protection Agency ("EPA") 2015 eGrid emissions factors for individual states were used.

Performance against targets 2016

The Group set a target to reduce carbon emissions by 5 per cent relative to revenue from 2015 figures. We have not achieved this target.

We have made good progress in reducing our carbon footprint and in 2016 we reduced our absolute emissions by 5.4 per cent from the previous year and 12 of our 37 sites have achieved absolute reductions in GHG emissions of 5 per cent or more. Primarily these reductions have been driven by our estate rationalisation programme and a focus on energy management in our engineering labs.

Emissions per $m of revenues decreased by only 1.4 per cent as revenue was lower in 2016.

Performance against 2016 targets

Area of focus	Target	Status
Carbon emissions	Reduce carbon emissions relative to revenue by 5 per cent from 2015 levels	**Missed** Whilst absolute carbon emissions were down 5.4 per cent, emissions per $ revenue reduced by only 1.4 per cent
Management	Develop sustainable property manual and engineering standards	**Complete** Property engineering standards have been developed
Monitoring	Install energy metering	**In progress** Progress delayed by site changes and supplier delays
Awareness and communications	Undertake and energy reduction campaign	**In progress** Some communications in place. Full communications rollout in 2017
Technology review	Low carbon technology feasibility review at Eatontown, NJ	**On hold**
Training	Complete sustainability training for property team	**In progress**

Plans for 2017

Area of focus	Objective	Target
Monitoring	Energy monitoring in place at all major sites	Install energy meters at all remaining major sites
Training	Ensure all facilities management staff have the appropriate skills and training, including an understanding of the FuturePerfect programme	Complete training needs assessments for all sites and provide training required
Carbon emissions	Reduce our direct carbon emissions	Reduce carbon emissions relative to revenue by 5 per cent from 2015 levels

Enhanced lab management halves energy use at San Jose
Spirent moved our North California engineering facilities from Sunnyvale to San Jose in 2016. The move allowed us to upgrade our facilities but also implement a range of energy saving initiatives that have reduced energy use by 54 per cent and CO_2e emissions by 47 per cent.

Our labs are our largest energy users on site. As part of the move, we rationalised and virtualised our lab equipment which allowed us to reduce the size of our main engineering lab by 35 per cent. We also installed more efficient air conditioning equipment and implemented new lab management processes to ensure we continue to minimise our energy use.

People

Key issues

- Human and labour rights
- Diversity and equality
- Skills development
- Health and safety
- Supporting local communities

Spirent employs 1,530 people in 15 countries across the world. Our competitive advantage relies on the market-leading skills and knowledge of our staff and as such we have a strong focus on attracting, retaining and developing the best people. We also recognise the challenges that the technology and engineering sectors face, including decreasing interest in Science, Technology, Engineering and Mathematics ("STEM") subjects among young people and a lack of gender diversity, particularly in technical roles.

Our programme in 2016 continued to focus on training and development for our staff, and supporting interest and opportunities for young people in STEM. We have been recognised with further awards for our work with students, colleges and universities in technology skills. Our programme for 2017 aims to expand our efforts to encourage and support women in science and technology.

Management approach
Human and labour rights
Business ethics and labour rights
Our workplace practices are governed by a suite of HR policies and our global Business Ethics Policy.

The Business Ethics Policy commits Spirent to the highest standards in human and labour rights, employee conduct and compliance with all applicable legislation. It prohibits corruption and bribery, unethical business practices, political contributions and governs conflict of interest and gifts.

The Board oversees implementation of the Business Ethics Policy.

Human rights
Spirent recognises human rights as set out in the Universal Declaration of Human Rights and enshrined in EU and UK law through the European Convention on Human Rights and the Human Rights Act 1998. Our Business Ethics Policy sets out our commitment to protecting the human rights of all those who work for or on behalf of the Company.

Freedom of association
Spirent's Business Ethics Policy sets out our commitment to ensuring employees have the freedom to associate or collectively bargain without fear of discrimination against the exercise of such freedoms. No Spirent employees were members of a trade union during 2016.

Spirent suppliers are expected to meet the same standards of freedom of association, and compliance of key suppliers is assessed through supplier questionnaires. Given Spirent's supply chain includes a wide range of electronic component manufacturing activities across a number of emerging economies, the business ethics of suppliers are assessed as part of the procurement process and through announced site audits.

Diversity
We recognise workplace diversity as a strength and our Business Ethics and HR policies set out commitments to encourage diversity and prevent discrimination in any form. All people are treated fairly and honestly regardless of their colour, race, ethnic or national origins, religion or belief, marital status, sexual orientation or gender, disability, being part time or on the grounds of age.

Diversity remains an area we need to improve in, with women and young people under-represented in our workforce.

Gender
At 31 December 2016, around 22 per cent of our employees and 24 per cent of our managers are female. Two women serve on our board of 9 (22 per cent representation) but only 9 per cent of our senior managers and 14 per cent of our engineering staff are female. With the exception of our board, we are below the sector average for female representation in each job role.

The under-representation of women at all levels in the Group is a key challenge for Spirent and the technology sector as a whole.

Gender diversity

	Male	Female	N
Total	78.0%	21.9%	0.1%
Board	77.8%	22.2%	
Senior managers	91.0%	9.0%	
Managers	76.4%	23.6%	
Engineering	86.4%	13.6%	

Age
Spirent's workforce has a diverse age distribution. The largest age group is 40-49 (2015: 30-39) with less than 10 per cent of our employees aged under 30.
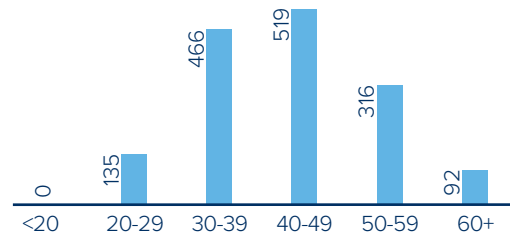
Diversity in science and engineering – the global challenge
The technology industry faces a challenge to attract young people and particularly women into engineering and technology roles.

Age	Count
<20	0
20-29	135
30-39	466
40-49	519
50-59	316
60+	92

An ageing workforce
According to the 2016 National Science and Engineering Indicators report[1], the average age of scientists and engineers in the US labour force has increased to 43 in 2013 from 41 in 1993. This is mirrored in the age profile of our own employees, with the modal group shifting from 30-39 in 2015 to 40-49 in 2016.

Too few women in STEM
Although the total number of women enrolling on engineering and computer science degree courses has increased over the last 20 years, the proportion of women on courses remains low. The 2017 report on Women, Minorities and Persons with Disabilities in Science and Engineering by the US National Science Foundation[2] sets out the most recent statistics, with women accounting for just 18-20 per cent of computer science and engineering bachelor degrees in 2014, and while Master's level participation is slightly higher, women remain severely under-represented in this field. Women make up only 27 per cent of computer and maths scientists and 15 per cent of engineers in the US workforce.
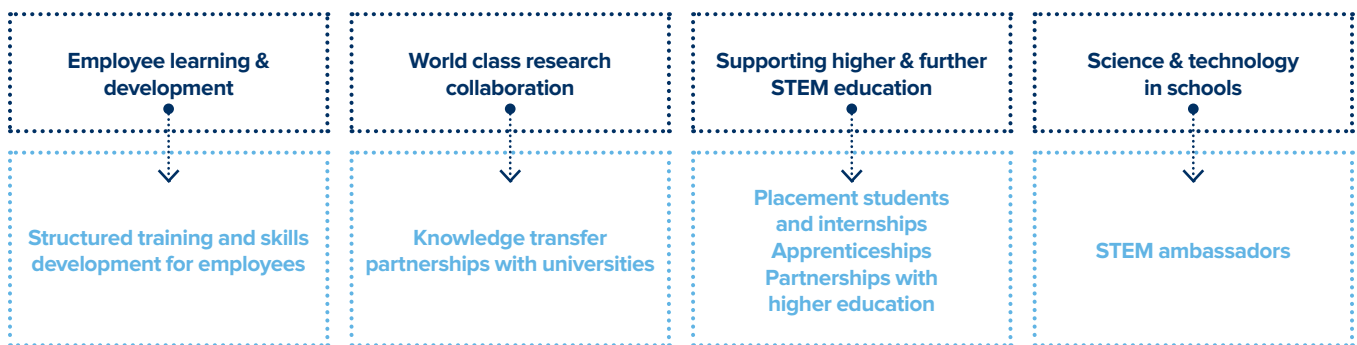
At Spirent, the proportion of our staff and engineers are roughly in line with these figures, but we are committed to changing this status quo.

It is recognised that there are a range of barriers that might discourage women from pursuing a career in engineering and computer science, from gender stereotypes to a lack of female role models, and we have developed our STEM programme to help address these barriers where we can.

Training and skills
The Group has well-developed technical and compliance training processes in place for our employees.

Our training and skills approach focuses on four key areas:

Employee learning & development	**World class research collaboration**	**Supporting higher & further STEM education**	**Science & technology in schools**
Structured training and skills development for employees	**Knowledge transfer partnerships with universities**	**Placement students and internships Apprenticeships Partnerships with higher education**	**STEM ambassadors**

Spirent has a well-established learning and development programme, providing employees with technical and business administration training. Training is managed through personal development plans, and delivered through online and in-person training, peer mentoring and informal skills sharing.

Knowledge transfer partnerships
In 2015 we instigated a knowledge transfer partnership with the Department of Electronic and Electrical Engineering at the University of Bath, UK to investigate and develop new functionality for Global Navigation Satellite System (GNSS) simulations. The two-year research partnership has a particular focus on threat simulation with a research associate based at our Positioning business at Paignton.

Notes:
1   National Science Board. 2016. Science and Engineering Indicators 2016. Arlington, VA: National Science Foundation (NSB-2016-1)
2   National Science Foundation, National Center for Science and Engineering Statistics. 2017. Women, Minorities, and Persons with Disabilities in Science and Engineering: 2017. Special Report NSF 17-310. Arlington, VA. Available at www.nsf.gov/statistics/wmpd/

Higher & further education stem skills
STEM education is critical to the success of our business and the markets we serve. We have developed outreach programmes to nurture interest in STEM subjects amongst young people and implemented programmes to develop technical skills and industry specific knowledge.

Across our global operations we run internships and student placements. In the UK, we have hosted more than 17 placements on engineering sandwich courses since 2002, and sponsor the most promising students in their final year at university. In 2016 we hosted three firmware, software and hardware students. There are currently nine members of staff who joined the Company following industry placements we are already hiring a further three for 2017/18.

Encouraging science & technology in schools
Supporting interest and participation in science, engineering and technology in schools is critical to encouraging the most talented students into STEM careers. We aim to give students greater insight into a what a job in engineering is like, encourage students to pursue an engineering career, regardless of gender, disability or ethnic background.

In 2016 Spirent had 11 registered STEM ambassadors with STEMnet and they ran design and manufacturing projects with students in a variety of STEMnet programmes. Spirent employees also participated in employability initiatives in schools, providing CV writing advice, mock interviews and career guidance.

In 2016, Spirent was shortlisted in Business In The Community (BITC)'s Inspiring Young Talent Award for our work with STEM skills development in schools and universities in the UK.

Health and safety
The Board has designated the Chief Financial Officer as responsible for health and safety performance within the Group and procedures are in place for incidents to be reported through the Audit Committee to the Board as necessary. Spirent has health and safety committees at each business unit. Our site at Paignton has a health and safety management system, certified to OHSAS 18001.

There were no reportable accidents in 2016.

There are no roles which have high incidence or high risk of diseases related to their occupation. There are no formal agreements with trade unions which cover health and safety as no Spirent employees were trade union members in 2016.

Community projects
Spirent contributes to good causes and encourages employees to volunteer in the communities in which we work. We encourage our teams at each site to identify projects that are important for their community and offer paid volunteering days for our employees in North American and Europe.

Performance against targets
We set ourselves a number of targets for 2016. Whilst we have made good progress in developing our STEM skills programme and delivering sustainability training in the UK, we have not yet rolled the processes out to our sites in other countries. These initiatives are still considered valuable and we have rolled these objectives into our 2017 programme.

Area of focus	Target	Status
STEM skills	Roll out STEM volunteering programme	**In progress** This is an ongoing programme mainly carried out in our UK businesses, but will expand to other units in 2017
Training	Undertake sustainability skills assessment and deliver training for staff	**In progress** We have undertaken skills assessments and training for engineers.

Action plan for 2017
As well as the projects that we have rolled over from 2016, we have added a new objective that focuses on encouraging women in STEM.

Area of focus	Objective	Target
STEM skills	Encourage young people to take up STEM subjects and provide opportunities for them to join the sector	Expand EMEA STEM programme into APAC and North America and complete a programme in all areas across 2017
Women in STEM	Encourage women into STEM subjects and to work for Spirent	Introduce a programme to encourage and support women into studying STEM subjects and working in the technology sector
Training	Ensure all staff have the appropriate skills and training, including an understanding of the FuturePerfect programme	Complete training needs assessments for all divisions and provide training required

Scope and objectives

Spirent Communications plc ("Spirent"), acting through Brite Green Ltd ("Brite Green"), commissioned Henriques & Co. Ltd (the "Auditor") to undertake independent assurance of its 2016 Sustainability Report (the "Report"). Henriques & Co. Ltd has no other relationships with Spirent or Brite Green that might compromise its independence. The assurance process was conducted in line with AA1000AS (2008) and designed to provide Type 1 moderate assurance. The Global Reporting Initiative (GRI) Quality of Information Principles were used as criteria for evaluating performance information.

Responsibilities of the directors of Spirent Communications plc and of Henriques & Co. Ltd

The directors of Spirent have sole responsibility for the preparation of the Report, which was produced for them by Brite Green. This statement represents the Auditor's independent opinion and is intended to inform Spirent management. The Auditor was not involved in the preparation of the Report. The work was performed by Adrian Henriques; see www.henriques.info for information on independence and competence.

BASIS OF OUR OPINION

The Auditor's work was designed to gather evidence with the objective of providing assurance as defined in AA1000AS (2008).

To prepare this statement, the Auditor reviewed the Report and supplementary information, and interviewed Brite Green and Spirent staff. Feedback was provided to Spirent on drafts of the Report and other material and where necessary changes were made.

Findings & opinion

On the basis of the work we have done, we believe the Report fairly represents Spirent's principal stakeholder relationships, impacts on its stakeholders and its responses to their concerns.

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Spirent's adherence to the principles.

Observations

Without affecting our assurance opinion, we also provide the following observations related to the principles.

Inclusivity

It is welcome to see a more extensive and direct engagement with key stakeholders in most areas as the basis for the materiality process and the approach to sustainability in the Report more generally. However, the Report does not sufficiently cover engagement with staff. It would be helpful to include this in future years.

Materiality

The materiality exercise on which the Report is based covered the key issues of stakeholder concern and is based, in part, on direct stakeholder engagement. It includes the direct impacts of Spirent's operations, its supply chain impacts and more extensively, aspects of its product impacts. Staff, as a stakeholder group, should be included in the materiality exercise in future years.

It is welcome that Spirent is extending the scope of the impacts for which it is taking responsibility. In order to properly judge its achievements in this regard, it will be important in future years to be clear on the proportion of its products whose impacts are described in the Report.

It is also welcome to see health and safety included within the scope of the Report. In addition, the Report describes the approach to its supply chain beyond Tier 1 suppliers. This is an important addition.

Responsiveness

Spirent has reported performance and defined targets for most areas of its impact. It also describes the approach to supply chain issues well. However bribery and corruption, which is one of the two most material issues for Spirent, does not get sufficient coverage in the Report. It would also be helpful if more areas were to be measured through quantitative targets, against which progress can be assessed more readily.

Environmental performance, in terms of both operational carbon production and also product impacts, has significantly improved this year.

Adrian Henriques
Henriques & Co. Ltd
London
February 2017

GRI INDEX

This Report includes standard disclosures from the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework. This index sets out the indicators we have and have not included, those that are not material to Spirent and where we have provided partial information from a particular disclosure.

Key

Y   Reported
NM   Not Material
P   Partially Reported
N   Not Reported

Aspects	Indicators		Reported	Report page
	G4-DMA	Disclosures on management approach (DMA)	Y	8
Category: Economic				
Economic Performance	G4-EC1	Economic value	Y	4
	G4-EC2	Climate change risks	P	19
	G4-EC3	Benefit plan coverage	N	–
Market Presence	G4-EC4	Financial assistance from the government	NM	–
	G4-EC5	Ratio of entry level wage to local minimum wage	N	–
	G4-EC6	Proportion of senior management hired from the local community	N	–
Indirect Economic Impacts	G4-EC7	Infrastructure investments	N	–
	G4-EC8	Indirect economic impacts	N	–
Procurement Practices	G4-EC9	Local suppliers	P	16
Category: Environmental				
Materials	G4-EN1	Materials by weight or volume	N	–
	G4-EN2	Recycled input materials	P	12
Energy	G4-EN3	Energy consumption (Scope 1 + 2)	Y	19
	G4-EN4	Energy consumption (Scope 3)	N	–
	G4-EN5	Energy intensity	Y	19
	G4-EN6	Energy reductions	Y	19
	G4-EN7	Energy reductions in products and services	P	12
Water	G4-EN8	Water withdrawals by source	NM	–
	G4-EN9	Water sources affected by withdrawals	NM	–
	G4-EN10	Water recycled and reused	NM	–
Biodiversity	G4-EN11	Facilities in or near areas of high diversity	NM	–
	G4-EN12	Impacts on biodiversity	NM	–
	G4-EN13	Habitats protected or restored	NM	–
	G4-EN14	IUCN Red List species	NM	–
Emissions	G4-EN15	GHG emissions (Scope 1)	Y	19
	G4-EN16	GHG emissions (Scope 2)	Y	19
	G4-EN17	GHG emissions (Scope 3)	N	–
	G4-EN18	GHG emissions intensity	Y	19
	G4-EN19	Reduction of GHG emissions	Y	19
	G4-EN20	Ozone-depleting substances (ODS)	N	–
	G4-EN21	NOx, SOx and other emissions	N	–
Effluents & Waste	G4-EN22	Water discharge	NM	–
	G4-EN23	Waste by type and disposal method	N	–
	G4-EN24	Significant spills	NM	–
	G4-EN25	Hazardous waste	N	–
	G4-EN26	Biodiversity affected by runoff	NM	–
Products & Services	G4-EN27	Mitigation of environmental impacts of products and services	Y	12
	G4-EN28	Products and packaging materials reclaimed	P	14

Aspects		Indicators	Reported	Report page
Compliance	G4-EN29	Environmental fines and sanctions	NM	–
Transport	G4-EN30	Environmental impacts from product distribution and employee travel	N	–
Environmental Investments	G4-EN31	Environmental investments	N	–
Supplier Environmental	G4-EN32	New suppliers screened using environmental criteria	Y	16
	G4-EN33	Supply chain environmental impacts	Y	16
Environmental Grievance Mechanisms	G4-EN34	Environmental grievances	NM	–
Category: Social		**Sub-category: Labour Practices & Decent Work**		
Employment	G4-LA1	Number and rate of new employee hires and turnover	N	–
	G4-LA2	Benefits provided to full-time employees	N	–
	G4-LA3	Return to work and retention rates after parental leave	N	–
Labour/ Management Relations	G4-LA4	Notice periods regarding operational changes	N	–
Occupational Health & Safety	G4-LA5	Workforce represented in health and safety committees	Y	23
	G4-LA6	Rates of injury, occupational disease, lost days, absenteeism, and work-related fatalities	Y	23
	G4-LA7	Workers with high incidence risk of diseases	Y	23
	G4-LA8	Health and safety topics covered in agreements with trade unions	Y	23
Training & Education	G4-LA9	Average hours of training for employees	N	–
	G4-LA10	Programs for skills management managing career endings	P	21
	G4-LA11	Employees receiving performance and career development reviews	P	21
Diversity	G4-LA12	Composition of governance bodies and employees	P	21
Equal Pay for Women & Men	G4-LA13	Ratio of basic salary and remuneration of women to men	N	–
Supplier Assessment for Labour Practices	G4-LA14	New suppliers that were screened using labour practices criteria	Y	16
	G4-LA15	Negative impacts for labour practices in the supply chain	P	16
Labour Practices Grievance Mechanisms	G4-LA16	Grievances about labour practices	NM	–
Category: Social		**Sub-category: Human Rights**		
Human Rights Investments	G4-HR1	Investment agreements and contracts that include human rights clauses or underwent screening	N	–
	G4-HR2	Employee training on human rights	P	21
Non-discrimination	G4-HR3	Incidents of discrimination	NM	–
Freedom of Association	G4-HR4	Significant risk of freedom of association in operations and suppliers	Y	21
Child Labour	G4-HR5	Significant risk of child labour in operations and suppliers	Y	16, 21
Forced or Compulsory Labour	G4-HR6	Significant risk of forced or compulsory labour in operations and suppliers	P	16, 21
Security Practices	G4-HR7	Security personnel trained in the organisation's human rights policies	N	–
Indigenous Rights	G4-HR8	Incidents of violations involving rights of indigenous peoples	NM	–
Human Rights Assessments	G4-HR9	Operations that have been subject to human rights assessments	P	16, 21
Supplier Human Rights Assessments	G4-HR10	New suppliers screened for human rights	Y	16
	G4-HR11	Human rights impacts in the supply chain	Y	16
Human Rights Grievance Mechanisms	G4-HR12	Grievances about human rights impacts	NM	–

Aspects		Indicators		Reported	Report page
Category: Social		**Sub-category: Society**			
Local Communities	G4-SO1	Local community engagement, impact assessments and development programs		P	23
	G4-SO2	Negative impacts on local communities		N	–
Anti-corruption	G4-SO3	Risks related to corruption		Y	11
	G4-SO4	Communications and training on anti-corruption		N	–
	G4-SO5	Confirmed incidents of corruption		NM	–
Public Policy	G4-SO6	Political contributions		NM	–
Anti-competitive Behaviour	G4-SO7	Anti-competitive behaviour		NM	–
Compliance	G4-SO8	Fines for non-compliance with laws		NM	–
Supplier Assessment for Impacts on Society	G4-SO9	New suppliers screened for impacts on society		Y	16
	G4-SO10	Negative impacts on society in the supply chain		N	–
Grievance Mechanisms for Impacts on Society	G4-SO11	Grievances about impacts on society		N	–
Category: Social		**Sub-category: Product Responsibility**			
Customer Health & Safety	G4-PR1	Health and safety impact assessments of products and services		P	12
	G4-PR2	Non-compliance concerning the health and safety impacts of products and services		N	–
Product & Service Labelling	G4-PR3	Product and service information required for labelling		N	–
	G4-PR4	Non-compliance with regulations concerning product and service labelling		N	–
	G4-PR5	Surveys measuring customer satisfaction		N	–
Marketing & Communications	G4-PR6	Sale of banned or disputed products		N	–
	G4-PR7	Non-compliance with regulations concerning marketing communications		N	–
Customer Privacy	G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data		N	–
Product Compliance	G4-PR9	Fines for non-compliance with laws and regulations concerning products and services		NM	–

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