

PROMOTING A CULTURE OF RESPONSIBILITY

PRINCIPLES AND THEMES

The way we behave when we do business is central to our long term success. Conducting our business responsibly enables us to meet our obligations to our stakeholders and delivers real business benefits, creating long term value for shareholders by:

- protecting our reputation and ability to grow;
- helping us to win business from customers who value strong Environmental, Social and Governance (“ESG”) performance;
- enhancing our efficiency;
- enabling our people to work productively in a safe and ethical environment;
- helping us to attract and retain talent, and encouraging employees to take pride in working for us; and
- reducing the risk of incidents and their associated costs.

SUSTAINABILITY MANAGEMENT AND POLICY

Our sustainability management is governed by an overarching sustainability policy. The policy can be found at <http://corporate.spirent.com>.

The policy commits all Group business units to compliance with high standards of ethics and business integrity, environmental management and employee and community welfare.

The Chief Executive Officer is responsible for the sustainability policy and the Board has appointed external advisers to support the design and implementation of improvement programmes.

FOCUSING ON KEY ISSUES: STRATEGY AND MATERIALITY ANALYSIS

Our sustainability strategy is focused on the material ESG issues for the Group. These issues have been identified through a materiality assessment based on the AccountAbility AA 1000 5-part materiality methodology. This analysis is reviewed biannually.

SUSTAINABILITY: OUR PROGRESS IN 2015

In 2015 we launched FuturePositive, our sustainability improvement programme. The objectives are to embed sustainability management across our organisation and to create value by supporting customers to address their sustainability challenges.

Building on the improvements in energy and carbon management in 2014, the FuturePositive launch has introduced new sustainable product design standards, supply chain sustainability audits and enhanced stakeholder communication and transparency.

Further details can be found in our 2015 ESG report, which is available to download at <http://corporate.spirent.com>.

Environmental

Our industry faces a wide range of environmental challenges including climate change, the use of hazardous materials, and increasing environmental legislation. Our programme of environmental management in 2015 included audits of environmental performance and management at our new sites in Frederick, MD and Calabasas, CA, a pilot of energy monitoring software at our Low Carbon Centre of Excellence in Paignton, UK, and environmental audits of the Group’s main contract manufacturer.

ENVIRONMENTAL MANAGEMENT AND POLICY

The Group Environmental Policy commits the Group to prevention and control of pollution, minimising environmental impacts, eco-efficiency, and adoption of responsible environmental practices.

The Group is also committed to compliance with all applicable environmental regulations in each of the jurisdictions in which it operates. To meet these objectives, the Group endeavours to continuously improve environmental performance and to make robust environmental management integral to its overall strategy. External consultants are periodically used to assist in this area.

COMPLIANCE

The Group’s business units comply with the EU’s Waste Electrical and Electronic Equipment Regulations 2013 and Batteries Directive and the California Electronic Waste Recycling Programme.

Although Spirent Communications’ hardware products are classified as Category Nine (Monitor and Control Equipment) and are out of scope with the RoHS Directive until June 2017, new products are designed to meet the EU’s Restriction of Hazardous Substances Directive (“RoHS”). Measures are in place to ensure the Group’s hardware products will be in compliance with the RoHS Directive at such time as they are brought into scope.

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 in national legislation in the UK and other European countries. We are monitoring the development of compliance requirements and are confident our existing practices will meet the standards required.

The Group is not required to comply with the UK Energy Savings Opportunity Scheme ("ESOS") Regulations 2014.

GREENHOUSE GAS EMISSIONS

Carbon emissions are a material sustainability issue for the Group and we remain committed to reporting emissions and taking action to combat climate change. The Group once again responded to the Carbon Disclosure Project ("CDP") in 2015, completing both the Climate Change and Supply Chain questionnaires for the calendar year 2014.

Improved sustainability reporting has been a key theme this year, and we increased our CDP performance band to a C and have improved our disclosure score to 95, having achieved year-on-year improvement since 2013 as shown in the table on page 38.

PERFORMANCE AGAINST TARGET

The Group set a target to reduce carbon emissions in absolute terms, as well as in relation to revenue and internal area. We have not achieved these targets. Energy use and absolute emissions have increased by 3.9 per cent and 3.4 per cent respectively, whilst carbon emissions per \$m of revenues decreased by one per cent. Fifteen of our 46 sites have however achieved absolute reductions in GHG emissions of 5 per cent or more.

There are two principal reasons for these increases: improved data availability, which allowed us to use actual rather than estimated energy use for a number of our sites, including our engineering facility in Frederick, USA, with 2015 emissions materially higher than estimates; and business growth and expansion in research and development, which also increased energy usage.

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 are not responsible for any emission sources that are not included in our consolidated financial statements. We report under the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition), with data gathered under these Regulations and emission factors under the UK Government's GHG Conversion Factors for Company Reporting 2015.

Greenhouse gas emissions for both 2014 and 2015 have been assured using the AA 1000 AS (2008) standard. The assurance statement can be found in our 2015 ESG report at <http://corporate.spirent.com>.

2015 CASE STUDY

Product

A core objective for 2015 was to determine how best to measure product sustainability performance and how to formally embed sustainability considerations into product development.

A pilot project was run in our Positioning business unit in the UK to develop standardised protocols to measure the sustainability performance of products and to incorporate sustainability criteria into the product development Gateway Process.

Protocols have been defined to measure key product metrics of energy use, noise, size, and weight and the performance. Significant improvements have been identified in the new GSS9000 product, especially when a large number of channels are under test.

SOCIAL

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.

The health and safety risk profile for the Group remained low during 2015, with very low accident rates and no incidents which required hospitalisation.

GSS9000: SUSTAINABILITY IN PRODUCT DESIGN

Spirent supply a market-leading range of Global Navigation Satellite System ("GNSS") simulators for R&D, integration, verification and product testing. The reliance on a growing number of GNSS constellations for both generic navigation requirements and Location Based Service applications has meant that designers, manufacturers and systems integrators need increasingly comprehensive and sophisticated testing systems.

Spirent launched the GSS9000 to meet these significant increases in testing complexity and incorporated key product sustainability improvements to reduce material and energy use across the product's lifespan.

The more capable GSS9000 is 69 per cent lighter, 74 per cent smaller and has a 54 per cent reduction in maximum power demand than the comparable GSS8000 system specification.

Corporate responsibility continued

Year	Programme	Disclosure Score	Climate Change Performance Band
2015	Climate Change 2015	95	C
2014	Climate Change 2014	73	D
2013	Climate Change (Investor CDP)	66	D

GLOBAL GHG EMISSIONS DATA FOR THE YEAR ENDED 31 DECEMBER 2015

Emissions from:	2015 Tonnes of CO ₂ e	2014 ¹ Tonnes of CO ₂ e
Combustion of fuel and operation of facilities (scope 1)	256.1	265.2
Electricity, heat, steam and cooling purchased for own use (scope 2)	6,747.1	6,510.4
TOTAL EMISSIONS	7,003.2	6,775.6
Emissions intensity measurement:		
Normalised to per square metre of gross internal area of our facilities	0.15	0.14
Normalised to per \$m of revenues	14.68	14.82

Note

- 1 The improved data collection processes put in place this year have made more precise emissions data available for 2014. The 2014 figures have been revised accordingly.

DIVERSITY AND EQUALITY

The Group employs a diverse workforce and prides itself in providing equal opportunities for all. High value is placed on rewarding our people for their commitment, their integrity and their service. We aim to ensure that no employee is discriminated against, directly or indirectly, on the grounds of colour, race, ethnic and national origins, sexual orientation or gender, marital status, disability, religion or belief, being part time or on the grounds of age.

The Board supports the aims, objectives and recommendations outlined in Lord Davies' report "Women on Boards" and it continues to be the Board's policy to make new appointments based on merit, recognising that gender remains an important aspect of the overall diversity which is crucial to creating an optimal board in terms of balance and composition.

TRAINING

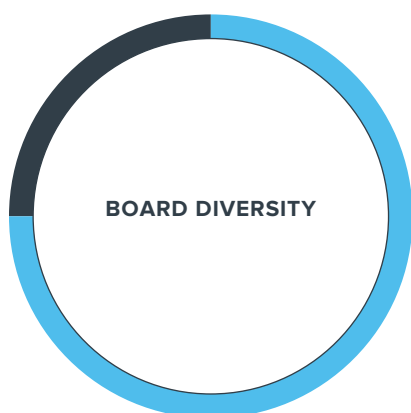
The Group provides a wide variety of learning and training opportunities, ranging from workshops and mentoring to online resources and internal and external training courses. Personal development planning and identification of training and development needs form a key part of our annual performance review process.

ENGAGEMENT

The Group conducted an all employee survey in 2014 and benchmarked results against global norms for our industry sector. One of the action points that arose from the 2014 survey was a desire to improve information sharing and collaboration across the Group. To build on the existing communication tools available, a new intranet platform, *InsideSpirent* has been developed and has received extremely positive feedback from employees.

DISABILITY

Disabled persons, whether registered or not, are accorded equal opportunities when applying for vacancies, with due regard to their aptitudes and abilities. In addition to complying with legislative requirements, we are committed to ensuring that disabled employees are fairly treated in respect of training and career development and promotion. With regard to employees who become disabled during the course of their employment, the Group is supportive and will take all reasonable steps to ensure that they can remain in employment wherever practicable.



● Male: 6 (75%)
● Female: 2 (25%)



● Male: 1,268 (77.4%)
● Female: 371 (22.6%)



● Male: 194 (89.8%)
● Female: 22 (10.2%)

CHARITABLE GIVING AND VOLUNTEERING

Spirent encourages employees to participate in charitable programmes within their communities, supporting their efforts financially in some cases, but also in North America and Europe through a Voluntary Time Off policy, which allows employees to donate up to two working days each year to a charitable organisation close to their hearts.

Making a commitment to our local communities takes many forms at Spirent, from running in the Beijing Marathon to cycling in the American Diabetes Association's Tour de Cure in Hawaii. Our New Jersey employees continue their commitment to help with the rebuilding of homes devastated by Hurricane Sandy back in 2012.

GOVERNANCE ETHICS

The Group's core values and principles and the standards of behaviour to which every employee across the Group is expected to work, are set out in the Group's Ethics Policy, which has been approved by the Board and is available on our website at <http://corporate.spirent.com>. These values and principles are applied to all dealings with our customers, suppliers and other stakeholders.

The Group has a zero tolerance approach to all forms of bribery and corruption. As a UK company, Spirent Communications plc is bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad. In addition, we will uphold all laws relevant to countering bribery and corruption in all jurisdictions in which we operate.

HUMAN RIGHTS

Spirent seeks to uphold all internationally recognised human rights wherever its operations are located. Within this framework, we comply with the requirements of the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010. We require slavery and human trafficking to be eradicated from our direct supply chain for the products we sell.

DATA PROTECTION

Spirent takes data security and privacy seriously and 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.

Pages 1 to 39 form part of the Strategic Report.

BY ORDER OF THE BOARD ANGUS IVESON

Company Secretary & General Counsel
25 February 2016