

Spirent Communications plc Retirement Cash and Life Assurance Plan
Chair's statement regarding the governance of defined contribution arrangements
Plan year - 1 April 2024 to 31 March 2025

1. Introduction

- 1.1. This statement has been prepared by the Trustees of the Spirent Communications plc Retirement Cash and Life Assurance Plan ("the Trustees" and "the Plan"), in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustees have met the statutory defined contribution (DC) governance standards during the Plan year in respect of all DC benefits held in the Plan.
- 1.2. The governance standards apply to DC arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the Plan year 1 April 2024 to 31 March 2025.
- 1.4. This Statement will be published in the annual report and accounts and made available on a publicly accessible website at <https://corporate.spirent.com/about-us/pension-plans/chairs-statements>.
- 1.5. Relevant parts of this Statement will be notified to members within their Annual Benefit Statements, including the location of the Statement on the aforementioned website.

2. The Plan's DC arrangements

- 2.1. The Plan's DC arrangements comprise:
 - 2.1.1. Pension Retirement Accounts ("PRAs") for members who had not left the Old Section of the Plan prior to 1 January 1992. The PRAs serve as a DC underpin to a Defined Benefit entitlement. This arrangement is administered by Barnett Waddingham LLP ("Barnett Waddingham") and has been closed to new joiners since 1 October 2002.
 - 2.1.2. Additional Voluntary Contributions ("AVCs") provided through 'bundled' services arrangements (administration, investment, and communications services) with Aviva and Utmost Life & Pensions ("Utmost"). These provide additional benefits for members of the Old Section.
- 2.2. The Plan has never been used for auto-enrolment purposes.

3. Default investment arrangements

- 3.1. There is one default investment arrangement ("the default") for the PRAs, in which contributions for active members were previously invested.
- 3.2. Under the default, contributions were invested in funds managed by Legal & General Investment Management ("LGIM") in the following proportions:
 - 3.2.1. 50% in the LGIM Cash Fund.
 - 3.2.2. 25% In the LGIM World Equity Index Fund.
 - 3.2.3. 25% in the LGIM World Equity Index Fund – GBP Currency Hedged.
- 3.3. No active changes to the allocation of the funds within the default, such as lifestyle switching or re-balancing, are undertaken following the initial investment of contributions.

Asset allocation of the default

- 3.4. We have provided further details in the table below of the underlying asset allocation of the default investment arrangement. We have provided this information in line with statutory guidance.

Default Investment Arrangement

Asset Class	Allocation (%)
Cash	21.5%
Bonds	29.9%
Listed Equity	48.6%
Private Equity	0.0%
Infrastructure	0.0%
Property/Real Estate	0.0%
Private Debt/Credit	0.0%
Other	0.0%

Review of the default

- 3.5. No formal review of the default was undertaken in the Plan year. The strategy and performance of the default were last formally reviewed as at March 2017.
- 3.6. The Trustee monitors the performance of all investment options, including the default, on a quarterly basis. These quarterly reviews are part of the regular governance of the Plan and do not constitute a formal review of the default.

Further information on the default

- 3.7. Details of the investment strategy provided through the Plan, its aims and objectives, and the Trustees' investment policies are set out in the Statement of Investment Principles ("SIP"), which is appended to this statement. The SIP covers the investment policy in relation to the whole Plan and was last updated in February 2024 to incorporate new regulatory requirements.

4. Core financial transactions

- 4.1. The Trustees have a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise but are not limited to the following:
 - 4.2.1. investment of contributions
 - 4.2.2. transfers into and out of the Scheme
 - 4.2.3. investment switches within the Scheme
 - 4.2.4. payments out of the Scheme

Controls and Monitoring - PRAs

- 4.3. As the Plan is no longer accepting new member contributions, the volume of financial transactions related to its defined contribution (DC) element is limited. However, the Trustees remain responsible for ensuring that all core financial transactions are carried out promptly and accurately.
- 4.4. Over the Plan year, the administration functions in relation to the PRAs were outsourced to Barnett Waddingham, who undertake core financial transactions on behalf of the Trustees.

- 4.5. To ensure the accuracy and timeliness of the processing of core financial transactions, the Trustees have established robust reporting and monitoring processes and controls.
- 4.6. The processes and controls in place in relation to ensuring the promptness of core financial transactions include the following:
 - 4.6.1. In relation to the PRAs, the Trustees have a Service Level Agreement (SLA) in place with Barnett Waddingham covering the promptness of transactions, under which Barnett Waddingham aim to process 95% of transactions within service levels for each type of transaction.

Core Financial Transactions	Service Level Agreement
Transfer out payments	3 working days
Other payments out of the Plan	5 working days

- 4.6.2. The Trustees receive regular administration reports from Barnett Waddingham which are reviewed at each trustee meeting. The reports assess performance against the SLA for each type of transaction. Over the Plan year, 100% of core financial transactions were processed within SLA. Where tasks in relation to core financial transactions miss their target, the administrators undertake to complete the outstanding action promptly, ensure no financial detriment to members, and report the outcome to the Trustees at the next meeting.
- 4.7. The processes and controls in place in relation to ensuring the accuracy of core financial transactions for the PRAs include the following:
 - 4.7.1. The Trustees monitor the quality of the data held by Barnett Waddingham on an ongoing basis. Both common data and scheme-specific data scores are produced three times a year, and the Trustee will take action to improve data quality wherever possible. The common data score for the Plan as a whole was 88.19% as at 31 January 2025.
 - 4.7.2. The pooled investments are reconciled on a monthly basis.
 - 4.7.3. Until 18 October 2024, Barnett Waddingham operated a pooled banking facility. The Barnett Waddingham pension administration system was updated daily to show reconciled balances to the pooled banking system. Financial Conduct Authority regulations for holding client monies meant that Barnett Waddingham must carry out an internal and external reconciliation every day. Barnett Waddingham’s internal controls are audited annually, and this is evidenced by the independent auditor. Since 18 October 2024, the Trustee bank account has been with Lloyds Bank and the administrator has reconciled the bank account weekly with reference to bank statements.
 - 4.7.4. Barnett Waddingham’s processes are subject to internal controls procedures and adhere to AAF standards. Information about Barnett Waddingham’s administration procedures and controls can be found in its 2024/25AAF report which is published online: www.barnett-waddingham.co.uk/aaf-0120-report.
 - 4.7.5. Barnett Waddingham has also achieved accreditation in respect of ISO 27001 and ISO 9001 standards, which detail Quality Management and Information Security Management procedures.
 - 4.7.6. Administration risks are captured as part of the Plan’s risk register, which also includes details of the controls established by the Trustees to mitigate such risks.
 - 4.7.7. Kreston Reeves LLP have been appointed by the Trustees to undertake an annual external audit of the report and accounts.
 - 4.7.8. Any issues uncovered regarding inaccuracies with core financial transactions or member complaints are included within the quarterly reporting and considered at each Trustee meeting, with any remedies required then being implemented.

Controls and Monitoring - AVCs

- 4.8. Core financial transactions for the AVC arrangements are undertaken by Aviva and Utmost, co-ordinated by Barnett Waddingham, to whom the Trustees have delegated day-to-day administrative oversight. For example, in respect of payments out of the AVC arrangements, the role of Utmost and Aviva is to disinvest the appropriate funds and transfer the funds to the trustee bank account. Barnett Waddingham will then distribute the funds as required.
- 4.9. Barnett Waddingham report back to the Trustees as part of quarterly trustee meetings with any specific issues relating to the administration of the separate AVC arrangements or any member complaints. There were no issues reported to, or identified by, the Trustees in connection with the promptness or accuracy of the processing of core financial transactions for the AVC arrangements.

Assessment

- 4.10. There have been no specific issues reported in connection with the accuracy of core financial transactions processed during the Plan year.
- 4.11. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the Plan year, the Trustees believe that core financial transactions have been processed promptly and accurately.

5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
- 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g. annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
- 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g. incurred in the buying and selling of securities, which are not accounted for in the TER charge.

Charges in relation to the DC Section

- 5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Plan year (data sourced from LGIM):

Investment option	TER (p.a.)	Transaction costs (p.a.)
Default investment arrangement*	0.17%	0.0831%
LGIM Cash Fund**	0.12%	0.1269%
LGIM World Equity Index Fund**	0.20%	0.0179%
LGIM World Equity Index Fund – GBP Currency Hedged**	0.23%	0.0605%

- * The charges and transaction costs for the default investment arrangement are calculated as a composite of the underlying fund charges and transaction costs, based on the proportions in which contributions were initially invested. Members' fund holdings and therefore the charges will vary depending on the funds' relative performance since the initial investment of contributions.

- ** These funds are not investment options in their own right.

Charges in relation to AVCs

- 5.3. The following table provides details of the charges and transaction costs for each of the investment options provided through the AVC arrangement over the Plan year (data sourced from the respective investment managers):

Investment option	TER (p.a.)	Transaction costs (p.a.)
Aviva With profits (NU) Fund	0.88%	0.0280%
Utmost Money market Fund	0.50%	0.0069%
Utmost Multi-Asset Cautious Fund	0.75%	0.3908%
Utmost Multi-Asset Moderate Fund	0.75%	0.3100%

Impact of costs and charges

- 5.4. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustees have produced illustrations, and these are set out in Appendix 1.

6. Net investment returns

- 6.1. The Trustees are required to disclose returns, net of charges and transaction costs, for the default investment arrangement and for each fund that members are able, or were previously able, to select and in which members' assets were invested during the Plan year. When preparing this section of the statement the Trustees have taken account of the relevant statutory guidance.
- 6.2. The following table provides the returns for each of the DC and AVC investment options used for periods to 31 March 2025 (data sourced from the respective investment managers):

Investment fund	1yr net return	3yr net return (p.a.)	5yr net return (p.a.)
Default investment option*	5.27%	6.00%	8.94%
LGIM Cash Fund**	4.95%	4.00%	2.37%
LGIM World Equity Index Fund**	4.22%	8.03%	15.07%
LGIM World Equity Index Fund – GBP Hedged**	6.96%	7.97%	15.94%
Aviva With Profit (NU) Fund	14.7%	n/a	3.9%
Utmost Money Market Fund	4.69%	3.72%	2.06%
Utmost Multi-Asset Cautious Fund	3.66%	0.44%	2.46%
Utmost Multi-Asset Moderate Fund	4.94%	3.04%	6.83%

- * The charges and transaction costs for the default investment arrangement are calculated as a composite of the underlying fund charges and transaction costs, based on the proportions in which contributions were initially invested. Members' fund holdings and therefore the charges will vary depending on the funds' relative performance since the initial investment of contributions.

- ** These funds are not investment options in their own right.

7. Value for members

- 7.1. Regulations require the Trustees to assess the extent to which the Plan provides value for members.
- 7.2. The method to be used for this assessment changed for schemes with assets of less than £100m that have been operating for three years or more, effective for scheme years ending after 31 December 2021. The Plan fits these criteria.
- 7.3. The assessment comprises three components:
 - 7.3.1. An assessment of costs and charges relative to the average costs and charges for three comparator schemes.
 - 7.3.2. An assessment of net investment returns relative to the average net investment returns for three comparator schemes.
 - 7.3.3. A self-assessment across seven key metrics of scheme administration and governance.
- 7.4. For the relative assessments, costs and charges and net returns for default arrangements should be compared with those for the default arrangements of the comparator schemes. In addition, costs and charges and net returns for popular self-select funds should be compared with those for the nearest comparable funds in the comparator schemes (or, where there is no comparable fund, a comparator scheme's default arrangement).
- 7.5. The value for members assessment was undertaken in accordance with the statutory guidance for the Plan year. Analysis was undertaken by Barnett Waddingham LLP and the findings were set out in a report dated September 2025. The Trustees considered the report and confirmed its value for members' assessment as outlined in this statement.
- 7.6. The following comparator schemes were used for the relative components of the assessment: Aviva Master Trust, Legal & General Master Trust and a large own trust arrangement with assets over £100m.
- 7.7. The outcomes of the three components of the assessment were:
 - 7.7.1. Giving greater weight to the default investment arrangement, in which the large majority of assets are invested, costs and charges for the Plan were significantly lower than the average for the comparator schemes. The Trustees therefore concluded that the Plan provides good value for members in relation to costs and charges.
 - 7.7.2. Again, giving greater weight to the default investment arrangement, in which the large majority of assets are invested, net returns for the Plan were closely comparable with the average for the comparator schemes. The Trustees therefore concluded that the Plan provides good value for members in relation to net investment returns.
 - 7.7.3. The Trustees considered all seven metrics across scheme administration and governance. The Trustees concluded that the Plan provides moderate value for members in relation to administration and governance.
- 7.8. Taking the three components into account, the Trustees concluded that overall the Plan provides good value for members.
- 7.9. The method of assessment is prescribed and there are some factors that were not considered but that add value including the services of the professional trustee, legal advisers, consultants and auditors, all of which are paid for by the Company.

8. Trustee knowledge and understanding

The Trustee Board

- 8.1. As at 31 March 2025, the Trustees comprised three individual trustees, one of whom is nominated by the members and two of whom are appointed by the Company. Two of the Trustees were appointed during the Plan year.

- 8.2. One of the Company appointed trustees, Apex ATL Pension Trustees Limited, represented by Nigel Modlinsky, is the chair and is a professional trustee.

Trustee knowledge and understanding requirements

- 8.3. Trustees are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

Approach

- 8.4. The Trustees aim to remain conversant with the Plan's trust deed and rules as well as all other Plan documents such as the statement of investment principles, the risk register, and current policies, e.g. conflicts of interest. They do so through their experience in governing the Plan, as well as specific activities over the Plan year and access to professional advice.
- 8.5. The Trustees aim to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as a trustee and chair.
- 8.6. The inclusion of a professional trustee as chair enhances the knowledge of the trustee board by way of the significant experience gained through appointments on other trustee boards, associated access to a wide range of professional advisers, and the ongoing Continuous Professional Development (CPD) requirements that must be adhered to in order that professional status is maintained.
- 8.7. The majority of trustee training is undertaken at regular trustee meetings by the Trustees' professional advisers, and this is supplemented with training activities such as attending seminars and conferences and reading pensions-related articles. A training log is maintained in relation to training undertaken and is reviewed and updated at each trustee meeting.
- 8.8. An induction process is in place for newly appointed trustees, which includes receiving access to the Plan's governing documentation, meetings with the Trustees' advisers and completion of the Pensions Regulator's Trustee Toolkit modules.
- 8.9. The Trustees consult with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustees on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Plan's documents, attending trustee meetings and often in the delivery of training at these meetings.
- 8.10. The Trustees recognise the importance of carrying out a self-assessment exercise to identify knowledge gaps and training needs in relation to emerging legislation, Plan changes and upcoming matters in the Plan's business plan. The Trustees undertook such an assessment during the 2022/23 Plan year, and this was used to help design the training sessions. They have then continued to consider at a high level any additional training needs each Plan year, including this one.
- 8.11. A Governance Working Party ("GWP") sub-committee considers all matters relating to the good governance of the Plan, e.g. to review and maintain the Trustees' business plan and risk register, and to monitor the DC benefits within the Plan in line with the Pensions Regulator's General Code of Practice. A formal Terms of Reference outlines the authorities that have been delegated, and the GWP reports back to the full Trustee Board at the following meeting.

Activities over the Plan year

- 8.12. The Trustees, either through the full board or GWP, reviewed the following Plan documents during the Plan year:
- 8.12.1. Business calendar.
 - 8.12.2. Objectives for their investment advisers.
 - 8.12.3. Annual report and accounts.

- 8.12.4. Annual chair's governance statement and value for members assessment.
- 8.12.5. Implementation statement.
- 8.13. The Trustees received training during the Plan year on the following topics at regular trustee meetings:
 - 8.13.1. On setting assumptions and future funding contributions.
 - 8.13.2. Assessment of the employer covenant
 - 8.13.3. IDRP
 - 8.13.4. Underpins including Barber Equalisation issues
 - 8.13.5. General Code
- 8.14. During the Plan year, the Trustees took professional advice on:
 - 8.14.1. The underlying assumptions for the Statutory Money Purchase Illustrations.
 - 8.14.2. Undertaking the annual value for members' assessment.
 - 8.14.3. Completion of the annual governance statement and implementation statement.
 - 8.14.4. Quarterly investment performance monitoring.

Assessment

- 8.15. The Trustees consider that their combined knowledge and understanding, together with their access to professional advice, enables them to properly and effectively exercise their trustee functions in the following ways:
 - 8.15.1. The Trustees are able to challenge and question advisers, service providers and other parties effectively.
 - 8.15.2. Trustee decisions are made in accordance with the Plan rules and in line with trust law duties.
 - 8.15.3. The Trustees' decisions are not compromised by such things as conflicts or hospitality arrangements.

Appendix 1 – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance.

Parameters used for the illustrations

A1.2. Pot size: pot sizes of £5,000, £9,000, and £17,500 have been used; these represent the 25th percentile, the median and the 75th percentile of pot values (rounded to the nearest £500).

A1.3. Contributions: the illustrations assume no future contributions.

A1.4. Timeframe: the illustrations are shown over a 25-year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.5. Investment options: illustrations are provided for the default investment arrangement as this is the only investment option available to members with PRAs.

Guidance to the illustrations

A1.6. For each illustration, the savings pot has been projected twice: firstly, for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.7. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year. It is for this reason that real growth (after inflation) may be negative.

A1.8. The real-terms rates of growth used in the illustrations are calculated by reference to the Financial Reporting Council's AS TM1.

A1.9. The projected growth rates (gross, i.e. before inflation) and costs and charges used are as follows:

Fund/Strategy	Assumed return	TER	Transaction costs*
Default investment arrangement	4.25%	0.17%	0.0563%

* as per the statutory guidance, these are an average of the last five years' transaction costs.

A1.10. Values shown are estimates and not guaranteed.

A1.11. The starting date for the illustrations is 31 March 2025.

A1.12. The illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

Default investment arrangement

Years from taking benefits	Starting pot size: £5,000 Future contributions: No		Starting pot size: £9,000 Future contributions: No		Starting pot size: £17,500 Future contributions: No	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£5,000	£5,000	£9,000	£9,000	£17,500	£17,500
2	£5,172	£5,150	£9,310	£9,270	£18,103	£18,025
5	£5,442	£5,383	£9,795	£9,690	£19,046	£18,842
10	£5,922	£5,796	£10,660	£10,434	£20,728	£20,287
15	£6,445	£6,241	£11,602	£11,234	£22,559	£21,843
20	£7,015	£6,720	£12,627	£12,095	£24,552	£23,519
25	£7,634	£7,235	£13,742	£13,023	£26,720	£25,323

A1.13. Note on how to read this table: If a member had £9,000 invested in this option on 31 March 2025, when they came to retire in 10 years the savings pot could grow to £10,660 if no charges are applied but to £10,434 with charges applied.

Appendix 2 – Statement of Investment Principles