

Chairman's introduction to governance



Sir Bill Thomas
Chairman

“Maintaining the highest standards of corporate governance across the Group is integral to the delivery of our strategy and creating long-term value for our stakeholders.”

Dear shareholder

I am pleased to introduce our Governance report for 2019, on behalf of your Board and in accordance with the 2018 UK Corporate Governance Code (the 2018 Code). This report outlines how we have ensured that best practice and effective corporate governance procedures are in place to help support the creation of long-term value for the mutual benefit of all of our stakeholders.

2019 saw continued evolution of our corporate governance arrangements, with time being spent refining our processes and procedures to comply with the 2018 Code. I am happy to say that we are in full compliance with the 2018 Code.

The Board understands that building and maintaining successful relationships with a wide range of stakeholders is essential. These relationships will only be successful and enduring if they are based on respect, trust and mutual benefit. Accordingly, we aim to promote a culture of integrity and openness, and further details on how we have engaged with all of our stakeholders over the year can be found on pages 50 to 54.

The Board recognises the importance of its role in setting the tone for Spirent's culture and making sure that it is embedded throughout the Group. The Board recognises its responsibility to ensure diversity of thought to assist us in achieving that. As discussed on page 54 and pages 70 to 71, Spirent is committed to diversity and inclusion in all its forms, and during the year the Board was pleased to publish its first standalone Diversity Policy, which is available to read at <https://corporate.spirent.com>.

An engaged workforce is key to the success of Spirent, and in 2019 the Board has initiated a new programme of workforce engagement, with Non-executive Directors going out to our sites and meeting with employees to make sure that views from across the organisation are understood and considered in Board discussions and decision making. Additional details on our workforce engagement activities can be found on pages 50 and 51.

2019 was also the first full year of the implementation of our 'Leader. Assured.' programme in which we seek to build the internal talent pipeline and instil core management competencies in both a theoretical and practical way for our next generation of leaders.

This year the Board undertook an internally led effectiveness evaluation, and I am pleased to report that your Board, its Committees and its individual Directors continue to operate effectively. As always, the Directors aim to identify how we can better use our skills and experience to more effectively contribute to the success of Spirent and we discuss that in more detail on page 66 and 67.

Maintaining the highest standards of corporate governance across the Group is integral to the delivery of our strategy and we remain focused on creating sustainable long-term value for the mutual benefit of our customers, communities and shareholders.

I hope you find this report useful and I would like to encourage you to attend our AGM. We welcome the opportunity to meet with you and I hope you will give us the pleasure of doing so this year.

Sir Bill Thomas
Chairman
5 March 2020

Board statements

Requirement	Compliance statement	Where to find further information
Strategic report	The Strategic report was approved by the Board of Directors on 5 March 2020.	Pages 1 to 55
NFR statement	The Company has complied with the Non-Financial Reporting Directive contained in Sections 414CA and 414CB of the Companies Act 2006.	Page 55
S172 of the Companies Act 2006	The Board of Directors, through the Strategic report, provides information for shareholders to help them assess how the Directors have performed their duty, under Section 172, to promote the success of the Company and, in doing so, had regard to the matters set out in that section. This includes considering the interests of other stakeholders which will have an impact on the long-term success of the Company.	Pages 1 to 55
Compliance with the UK Corporate Governance Code	In accordance with the Listing Rules of the UK Listing Authority, the Company confirms that throughout the period ended 31 December 2019 and at the date of this Annual Report, it was in compliance with all the relevant provisions as set out in the 2018 UK Corporate Governance Code.	Pages 56 to 106
Going concern	After making appropriate enquiries and taking into account the matters set out in this Annual Report, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis when preparing the financial statements.	Page 105
Viability statement	The Directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the three-year period under review.	Page 105
Robust assessment of the principal risks facing the Group	The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its strategy, business model and future performance. The Directors also assessed the Group's risk appetite with regard to each risk and considered how to manage and mitigate such risks.	Pages 40 to 45
Annual review of the systems of risk management and internal control	During the period ended 31 December 2019, the Audit Committee provided transparency on the Group's systems of risk management and internal control which were confirmed as effective.	Pages 72 to 76
Directors' report on remuneration	The Directors confirm that their report on remuneration for the period ended 31 December 2019 complies with the requirements of the Listing Rules of the UK Listing Authority, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the provisions of the 2018 UK Corporate Governance Code.	Pages 77 to 101
Competition and Markets Authority	The Audit Committee considers that the Company complied with the mandatory audit processes and Audit Committee responsibility provisions of the Competition and Markets Authority Audit Order for the period ended 31 December 2019.	Pages 72 to 76
Modern Slavery Act 2015	The Directors confirm, for the financial year ended 31 December 2019, that steps have been taken in relation to our responsibilities under Section 54 of the Modern Slavery Act 2015 and that the Board approved a statement setting out the steps that have been taken to combat modern slavery in the Group's supply chain.	Page 49