



Spirent Communications plc Sustainability Report 2020

The connected  
future.  
Assured.





# Contents

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## Introduction

- 1 About our sustainability report
- 2 From our CEO
- 3 Spirent at a glance
- 4 Our business model
- 6 Our markets
- 8 Our sustainability approach
- 9 2020 Highlights

## Product

- 12 Our products
- 16 Our sustainable product approach
  - 16 01 Product functionality
  - 20 02 Sustainable product design
- 22 2020 progress

## Procurement

- 28 Our supply chain
- 28 Sustainable supply chain
  - 29 01 Supplier Code of Conduct
  - 30 02 Supplier assessment and approval
  - 30 03 Supplier Audits
  - 31 04 Supply from verified sources
- 32 2020 progress

## People

- 36 Our people
  - 37 Employee engagement and wellbeing
  - 38 Diversity
- 42 Our people approach
  - 42 01 Training and skills
  - 46 02 STEM
  - 47 03 Community investment
- 48 2020 progress

## Property

- 52 Our properties
- 53 Our sustainable property approach
  - 53 01 Resource efficiency
  - 54 02 Renewable energy
  - 54 03 Climate change and greenhouse gas emissions
- 58 2020 progress

## Sustainability management and governance

- 62 Sustainability management and governance
  - 62 01 Sustainability management
  - 63 02 Materiality
  - 68 03 New sustainability strategy
  - 74 04 Reporting and stakeholder engagement
  - 80 05 Risk management
  - 81 06 Responsible business practices

## Appendix

- 85 Assurance report statement
- 86 GRI index





# Committed to delivering a sustainable future for all

### 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 reporting period is the 2020 calendar year but the Report also includes historical performance data.

This Report includes the 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 Standards. The Report content has been independently assured by Adrian Henriques.

### 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.

### Recognition



CDP rating 2020  
Climate change: B  
Supply chain: B-



FTSE ESG 100 Select member 2020



FTSE4Good

FTSE4Good member 2020



EcoVadis  
Silver rating 2020



# Progress towards FuturePositive

I am delighted to introduce our Sustainability Report for 2020. The Report sets out our approach to responsible business and the progress we have made this year through FuturePositive, our sustainability programme.

COVID-19 has played a major role in defining where and how we work this year, and we acted decisively to keep our people safe and the business running smoothly. At one time more than 95 per cent of our team were working from home. We accelerated the roll out of lab remote access and automation tools to ensure that our engineering teams have continued to work without major disruption. We have also introduced a suite of new technologies and initiatives to keep our people connected while we couldn't be together and I couldn't be more proud of how we have responded as a team. From my senior staff who have quickly delivered dramatic changes in our business to ensure things ran smoothly to colleagues who have shown an incredible level of care and support for each other. It has been humbling to witness and I am grateful to everyone for their extraordinary efforts this year.

COVID-19 has, however, curtailed some of our ambitions within the FuturePositive programme this year. The closure of schools and the need for social distancing had made running STEM events and volunteering harder. As soon as circumstances permit we will reinvigorate this programme.

We have continued to make progress though and I'm delighted to say that in 2020, we reduced our total energy use for the seventh year in a row and 100 per cent of our electricity came from renewable sources. This year has helped to accelerate initiatives like flexible working and lab automation which will help us deliver further energy and emissions reductions over the next five years.

Our engineering team has continued to improve the sustainability performance of our products, and this year has seen some significant improvements in energy efficiency through innovative design. Energy efficiency and climate change are also important issues for our clients, and tools like VisionWorks and Velocity have helped customers to deliver significant efficiencies in their labs and networks.

Our operations team has continued to engage with our supply chain, carrying out virtual audits for key suppliers and engaging with suppliers to sign up to our new Supplier Code of Conduct. This is a vital area for us to get right as labour rights, human rights and climate change require global co-operation to be effective.

With the challenges we've seen across the world during the pandemic, our sustainability agenda has never been more important. As a result, I'm pleased to be able to introduce our new sustainability strategy. Focused on five key promises, the new strategy will guide our efforts and reflects a step up in ambition and scope.

**Eric Updyke**  
Chief Executive Officer

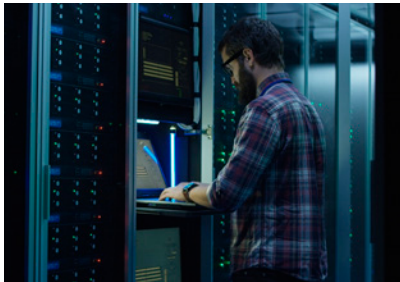
“

**Taking care of our people, our communities and the environment has never been more important. We have continued to make good progress on our sustainability objectives this year and launched an ambitious new strategy that will guide our efforts for the next five years.”**





# Global leader, innovator and trusted partner in test and assurance



### Networks & Security

Performance and security testing solutions to accelerate the development and validation of new equipment, networks, and applications for Cloud and mobile.



### Lifecycle Service Assurance

Driving our deep expertise in cutting-edge technologies gained in the lab into active test and assurance solutions that automate service turn-up, monitoring and troubleshooting of live 5G, LTE, Ethernet, SD-WAN and Cloud networks.



### Connected Devices

Automated test solutions and service offerings for mobile devices and supported voice, video and location services in the lab or on operational networks. Innovative test solutions for 5G air interface technologies.

Spirent helps our customers manage the complexity of their devices, networks and services, enabling them to keep the promises they make to their customers while reducing cost and accelerating time to revenue. Our innovative test and assurance solutions, trusted expertise and services allow our customers to bring better quality products and services to market faster, automate the turn-up of new services and proactively identify and resolve production network problems.

With our focus on sustainable, profitable growth, we are solving bigger business challenges on behalf of our ever-widening customer base as the testing and evaluation of devices, network functions and applications migrates from development labs to operational networks. We will continue to innovate our services and solutions towards fully automated testing and autonomous service assurance.

With more than 1,400 employees serving in excess of 1,100 customers across 49 countries each year, Spirent is organised into three operating segments.

1,400+

employees

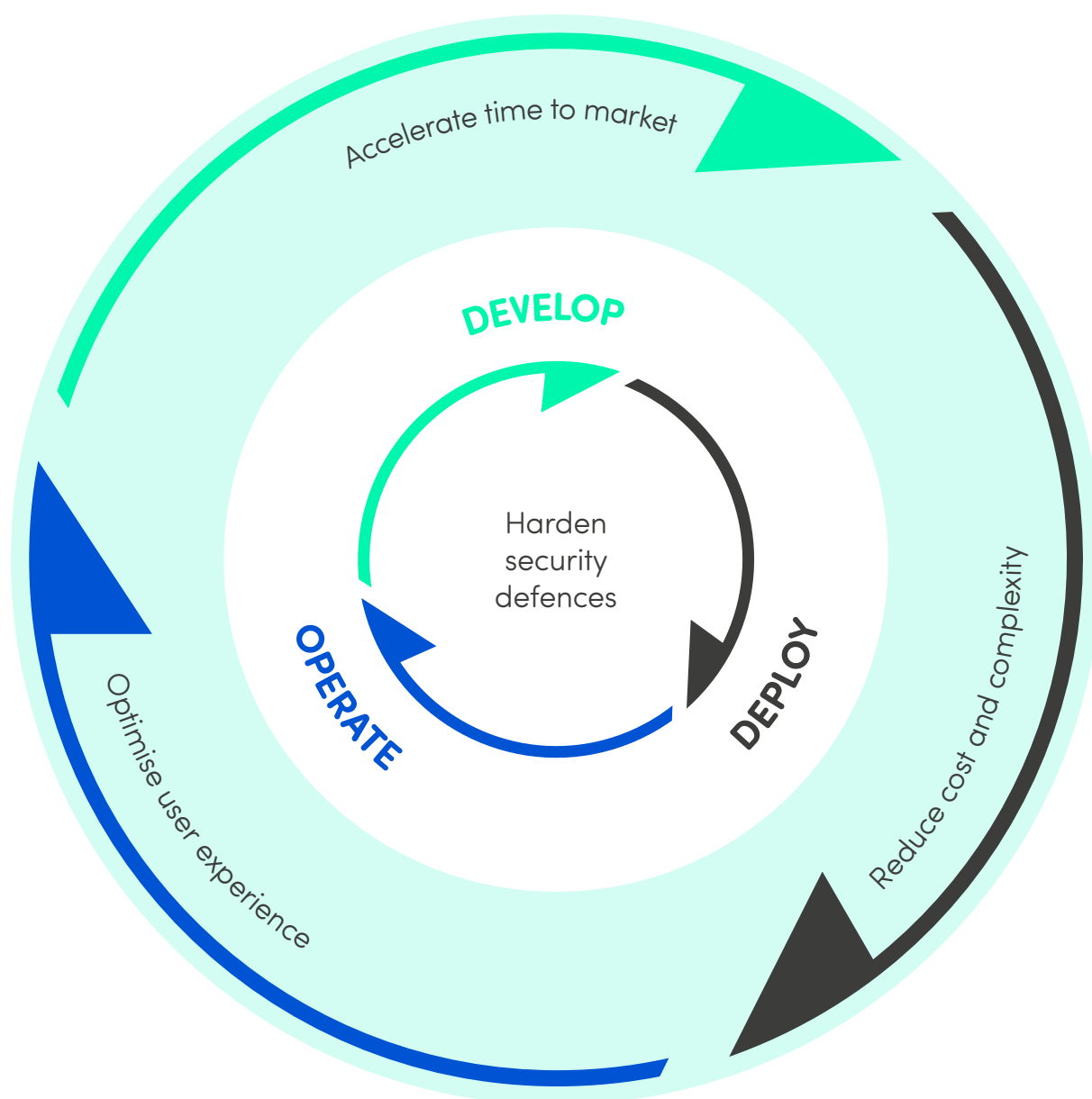
1,100+

customers each year

49

countries

# Delivering value across the technology lifecycle



We stand behind our customers' promise to successfully deliver a new generation of technologies to their customers, from the lab to the real-world. As our customers develop, deploy and operate innovative new products and services, we are with them every step of the way.



## Lifecycle needs

### DEVELOP

As a new generation of network and positioning technologies arrive, the complexity of developing and securing new products and services continues to surge. Traditional approaches to innovation have required months or even years to bring major new offerings to market. In today's competitive market, our customers seek to transition to a more agile approach with a constant stream of releases every 4 to 6 weeks.

### DEPLOY

Technology is a critical driver of complexity during the development phase, but vendor combinations are a key challenge during deployment. As service providers embrace new Cloud-based technologies such as 5G and SD-WAN, their network ecosystem becomes much more fragmented with Cloud software, servers and network functions from different vendors on different release cycles. Service providers and vendors need unified testing programmes to assure all these components work together before new products and services go live.

### OPERATE

New networks are not just more complex, they are also designed to rapidly reconfigure to meet constantly changing customer needs. Manual troubleshooting techniques simply cannot keep up with the pace of change, necessitating a shift to proactive, automated detection and resolution of performance and security issues.

## Spirent value

### Our unique value creation

#### Bring new technology releases to market in weeks, not months

#### Accelerate time to market

Spirent's new and innovative approach to testing eliminates redundant testing, automates execution and integrates with development systems. Our solutions enable service providers to collaborate more effectively with their vendors to bring new releases to market in weeks, not months.

#### Manage vendors to keep costs and rising deployment complexity in check

#### Reduce cost and complexity

Spirent's independent test certification and validation solutions recreate real-world conditions such as heavy traffic loads to help the industry ensure new multi-vendor networks, devices and services perform flawlessly together. Reducing post-deployment issues lowers costs and improves quality.

#### Rapidly find, pinpoint and fix issues before end-users are impacted

#### Optimise user experience

To optimise experience, we measure the factors that most impact user experience across the end-to-end network and devices. Our automated assurance solutions help providers rapidly pinpoint and resolve issues to deliver the best possible end-user experience.

#### Proactively find security weaknesses and prepare for attacks before they happen

#### Harden security defences

New Cloud-based network technologies bring new security risks as network elements become Cloud software and devices and endpoints increase exponentially. Spirent security solutions recreate real-world cyberattacks so customers can proactively identify and address potential vulnerabilities.

# Capturing market opportunities in the digital age

Spirent continues to prioritise investments that maintain and develop its leadership in such key market areas as 5G, Cloud and automation, deepening and expanding our partnership with our customers as we help them address their larger business problems with innovative solutions and services. We are building on our leadership in lab-based testing while expanding further into our customers' operational networks and addressing their security challenges, as well as applying our industry-leading expertise to key emerging areas, such as connected and autonomous vehicles. New markets provide us with new opportunities to grow and to build more recurring revenue streams that support sustainable, profitable growth.

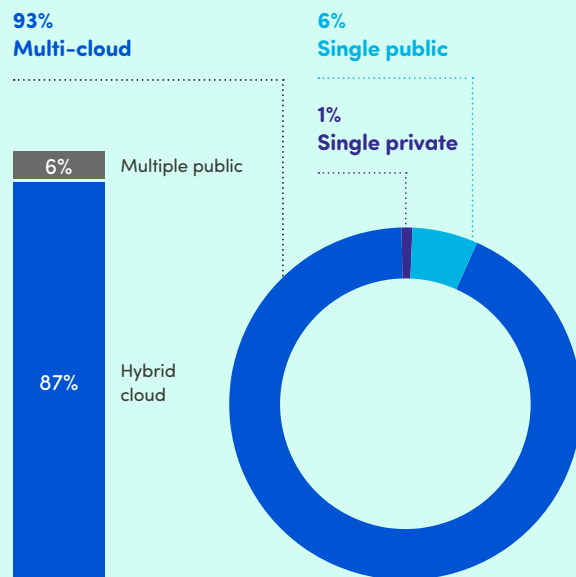
## Enterprises migrating to the Cloud

**Market driver:** Cloud adoption by enterprises continues apace, with the worldwide public Cloud services market projected to grow from \$262.5 billion in 2020 to \$520.9 billion in 2024<sup>1</sup>. More interestingly, 93 per cent of enterprises are committed to a multi-Cloud strategy with 87 per cent pursuing hybrid Cloud<sup>2</sup>, combining privately operated data centers with public Cloud capacity.

**Opportunities for Spirent:** Address business' need to test and assess various Cloud approaches and competing offerings. Contribute to mitigating the key risks involved in moving to multi-Cloud platforms by helping to assure Cloud infrastructure performance, resiliency, security and workload migration, ensuring customers' deployed Cloud environment meets application and business needs and can be continually measured against expected total cost to operate.

**Our response:** Spirent has extended its leadership in the testing and validation of virtualised and Cloud ecosystems with solutions that can be deployed in any Cloud environment to enable precise and repeatable test, measurement and assurance of all Cloud infrastructures, whether public, private or hybrid Cloud. We support applications models that are either virtualised or containerised, and are delivering the industry's first standards-based test platform for validating network functions virtualisation ecosystems.

### Enterprise Cloud strategy % of enterprise respondents



Source: Flexera | 2020 State of the Cloud Report.  
Notes

1. Gartner | Forecast: Public Cloud Services, Worldwide, 2018-2024, December 2020.
2. Flexera | 2020 State of the Cloud Report.



As Cloud adoption by enterprises continues apace, Spirent is helping to mitigate key risks involved in moving to multi-Cloud platforms.”



## 5G accelerating

**Market driver:** Rising competition among service providers coupled with Governments' economic interests are causing the pace of 5G adoption to accelerate, with 5G subscriptions now forecast to reach 3.5 billion by 2026<sup>3</sup>. New "Open" initiatives in the core and radio access networks are driving an increasingly diverse supply chain, providing agile 5G products to service 5G's future expansion beyond the consumer.

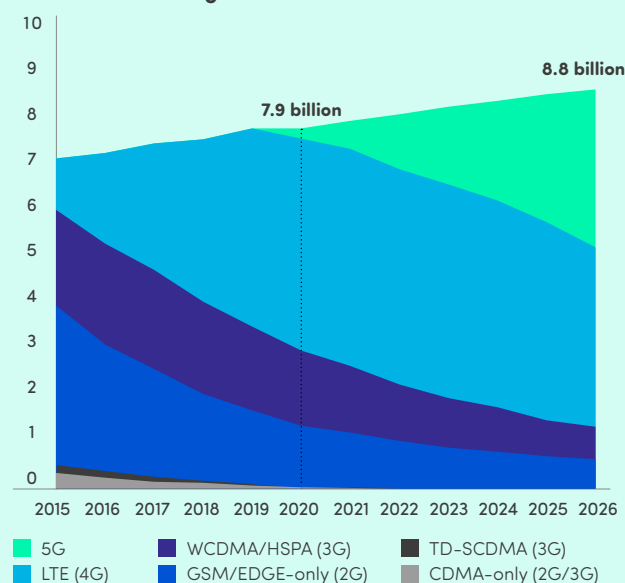
**Opportunities for Spirent:** Complex and continuously evolving 5G networks, accelerated commercial deployments, new vendors and a heightened focus on customer experience and market differentiation create a wide range of new testing, automation, security and service assurance opportunities.

**Our response:** Spirent provides one of the industry's broadest and most innovative solution portfolios for 5G testing and automated assurance, from the mobile core to the radio access network to the end-user device. We enable our customers to achieve faster time to market and superior quality, safely accelerating technology development in the lab, while ensuring their new products and services continuously perform out in the real-world.

Note

3. Source: 2020 Ericsson Mobility Report.

Mobile subscriber growth 2015–2026

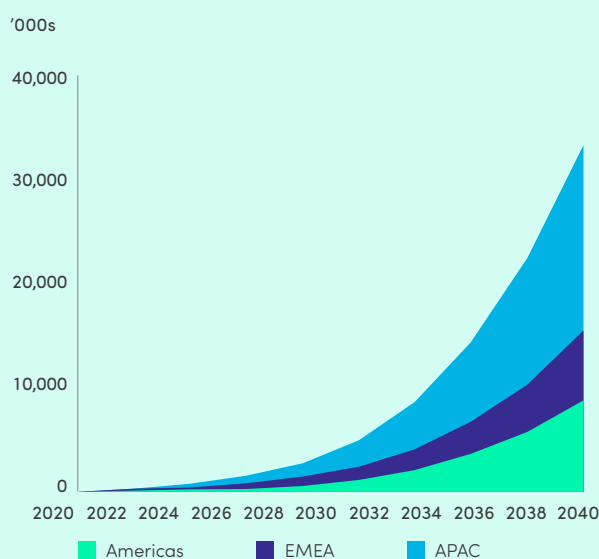


IoT connections are not included in this graph.

Fixed wireless access (FWA) connections are included.

## Investment in connected and autonomous vehicles

Autonomous vehicle sales by region, 2020–2040



Source: IHS Markit.

**Market driver:** Few technologies have the opportunities and disruption potential that connected and autonomous vehicles will have over the next decades, with market opportunities worth trillions of Dollars forecast to emerge. Tens of billions of Dollars have already been invested by technology companies, start-ups, auto manufacturers, their supply chains, unmanned aerial system developers and many others, with much more to come.

**Opportunities for Spirent:** In-vehicle networks and vehicle connectivity have become increasingly complex. The performance, reliability and security of vehicle communications are more important than ever. Assisted and automated navigation of ground and air vehicles has increased the need for high-precision and high-integrity positioning solutions in the lab and in operational environments.

**Our response:** Spirent's automated communication test solutions help the industry meet challenging requirements for the conformance, performance, security and reliability of in-vehicle Ethernet networks, including time-sensitive networking (TSN) for safety-critical systems, as well as vehicle-to-everything (V2X) conformance. Spirent also leads in providing solutions and services to ensure vehicle positioning and navigation meet the high performance, integrity, and robust security standards required for assisted and autonomous navigation, both in the lab and in real-world scenarios.

## Our sustainability approach

# About FuturePositive

FuturePositive is our sustainability programme. Through this programme, we have embedded the highest standards of environmental management, social practices and corporate governance in our business and supply chain, and help our customers tackle important global sustainability challenges.

Our programme is focused on our key areas of impact, risk and opportunity, identified through our materiality analysis and insights from our stakeholder engagement. The materiality findings are set out in full on page 63.

For the last five years, our sustainability programme has been structured around five key areas: products, procurement, people, property and responsible business practices. This report reflects this structure. During 2020, we developed a new strategy for the next five years, clustered around five key promises. The new strategy is set out in full from page 68. We will report against the new structure after this year.

### Products

Spirent products are designed with sustainability in mind. Our products help our customers to develop solutions to tackle global sustainability challenges and reduce the impacts of their own operations. Our engineers also carefully consider the lifecycle impacts of our products during the design process, minimising energy use, material use and waste.

### Procurement

We actively manage and audit our supply chain to ensure that our suppliers maintain high standards of environmental management, social and labour practices, and corporate governance. This approach gives us confidence that our suppliers comply with legislation and our Supplier Code of Conduct and builds collaborative relationships, sharing good practice and supporting improvement.

### People

We work hard to attract and retain the best talent at Spirent. We have excellent training and development programmes for our staff and also work with schools and universities to nurture engineering skills in young people. Our teams also give back to our communities through our global volunteering and charitable giving programmes.

### Property

Our property programme is focused on creating inspiring workplaces with minimal environmental impacts. Our largest impact comes from the energy used in our labs and we have a suite of energy efficiency and carbon reduction programmes in place to minimise our footprint.

### Responsible business practices

We have robust structures in place to manage sustainability issues, including a mature and effective corporate governance structure. We have strong leadership from Board level down, with policies and resources in place to manage sustainability issues effectively.

This approach ensures compliance and that we follow good practice. It protects our reputation and ability to grow, and helps us build strong relationships with our stakeholders and improves our understanding of their needs and expectations. It also provides a platform to assess and manage significant sustainability risks and opportunities.





# 2020 highlights

We have made good progress in all areas of our sustainability programme. We are pleased to share some of the highlights from the year.

## Product

### We helped consolidate four customer labs into one

Using Velocity automation and remote access tools, we helped a customer consolidate four global labs into one, reducing the size of their lab by 71 per cent.

» See page 17

71%

reduction

## Procurement

### We launched a new Supplier Code of Conduct

We rolled out a new Supplier Code of Conduct and have been actively engaging suppliers to obtain formal acceptance of the expanded requirements.

We have engaged nearly 350 of our largest suppliers and have so far obtained conformation from more than 200 suppliers, representing more than half of our manufacturing spend.

» See page 31

344

suppliers engaged on our Code of Conduct

## People

### Early career talent mentoring programme launched

We launched an internal mentoring scheme to help develop promising early leadership and technical talent from within Spirent. 30 members of staff have been paired with mentors from our management team and have started a 12-month development programme.

» See page 43

30

members of staff paired with senior manager mentors

## Property

**Renewable energy** We sourced 100 per cent of our electricity from renewable sources in 2020, helping us work towards becoming carbon neutral.

» See page 54

100%

renewable energy

# Our new sustainability strategy

From 2021, the FuturePositive programme will be delivered through our new five-promise strategy:

**Vision** Our solutions will help deliver on the promise of a sustainable future for all.

We will operate with integrity, respecting the environment and people everywhere.

## Deliver a sustainable future

### Promise of a sustainable future

**Our promise** We will showcase the environmental benefits that our solutions deliver for customers and embed sustainability into our go-to-market strategy.

## Operate with integrity

### Net zero carbon

**Our promise** We aim to achieve carbon neutral certification in two years, and work towards net zero carbon by 2035 through energy efficiency, 100 per cent renewable electricity and carbon offsets.

### Promote diversity and invest in people

**Our promise** We will take action on diversity and set clear expectations. We will attract and develop talent and skills to drive innovation and support long-term sustainable growth. We will also enable and embed flexible working across all our operations.

### Operate responsibly

**Our promise** We will roll out ISO 14001 management system practices globally and work towards sending zero waste to landfill. We will embed circular economy principles in our product design and reduce sustainability impacts in our supply chain.

### Be accountable and transparent

**Our promise** We will expand our sustainability governance structures and reporting, and communicate regularly with staff on FuturePositive targets and progress.







# Product

“

It is more important than ever to take global action on climate change and this year we have continued to help reduce both the environmental impacts of our customers' operations and our own test solutions.”

**Mark Holbrow**

Engineering and Product Development Director  
FuturePositive Product Lead

## Priorities

- **Functionality:** Provide solutions that reduce our customers' environmental impacts and help them to develop new technologies that address global sustainability challenges.
- **Sustainable product design:** Minimise the impact of our own products, including environmentally friendly product design, energy and material efficiency, and Solutions-as-a-Service.

## 2020 highlights

- **Four labs into one:** Using Velocity automation and remote access tools, we helped a leading access technology manufacturer consolidate four global labs into one, reducing the total lab area by 71 per cent.
- **80 per cent less energy:** With 20 radio channels, the upgraded C50 network test appliance uses 80 per cent less energy than a similar radio count test set-up using its predecessor.

## Our products

Spirent's test and assurance solutions combine our specialist hardware, software and consultancy from our expert teams.

Our hardware ranges from small, stand-alone desktop equipment to large, multi-unit, rack-mounted systems. Where we can, we are working to reduce the physical footprint of our test solutions and making them more efficient.

Here are some of the key product lines for each of our businesses.

### Networks & Security

Spirent is a world leader in network testing and security. Our solutions are designed to develop and test high-speed Ethernet/IP, Wi-Fi and automotive Ethernet, as well as virtualised networks and Cloud infrastructure.

We provide consulting services and test tools to assess security risks in networks and applications and help our customers keep their networks secure.

We continue to be the world leader for global navigation satellite system (GNSS) simulation products and tailored solutions as we expand into the positioning, navigation and timing (PNT) market.

#### What we test

##### High-speed Ethernet/IP, Cloud and virtualisation

**TestCenter:** We help high-speed Ethernet and Wi-Fi network vendors, carriers, Cloud service providers and enterprises meet their promise of delivering the next-generation networks. We also validate Cloud infrastructure performance and help companies migrate to the Cloud and provide actionable insights for Cloud performance issues.



The Spirent TestCenter N12U chassis is used to test Ethernet networks and Cloud infrastructure. It can simulate more than 14 terabits of data traffic to test and incorporates intelligent power and fan controls to minimise energy use and heat.

##### Applications performance and cybersecurity

**Cyberflood and SecurityLabs:** We test enterprise, network and application security risks through threat emulation and help customers address them.



The Cyberflood CF20 tests the security effectiveness and performance of network and application infrastructure. Cyberflood is also available as a virtual platform.

##### Positioning, navigation and timing

**GSS7000 and 9000:** We support the development of positioning, navigation and timing systems for military, space, research and high-precision applications, as well as location-enabled devices such as smartphones and drones. Our solutions also test resilience against threats and we are a leader in testing for autonomous vehicle development.



The GSS9000 simulates realistic satellite signals for development and assurance testing. It uses less than half the power of the previous model and has been designed to be upgraded in the field.

## Lifecycle Service Assurance

We validate and assure the transformation of networks and services across the entire lifecycle, from their development to deployment and operation.

Our Lifecycle Service Assurance solutions radically reduce the time and cost to introduce new services and will rapidly diagnose, troubleshoot and resolve issues with production networks and services.

We do this through automation, insight visibility and analytics, all of which improve customer satisfaction and retention while reducing the cost and complexity of operating and managing a network.

### What we test

#### Cellular and mobile networks

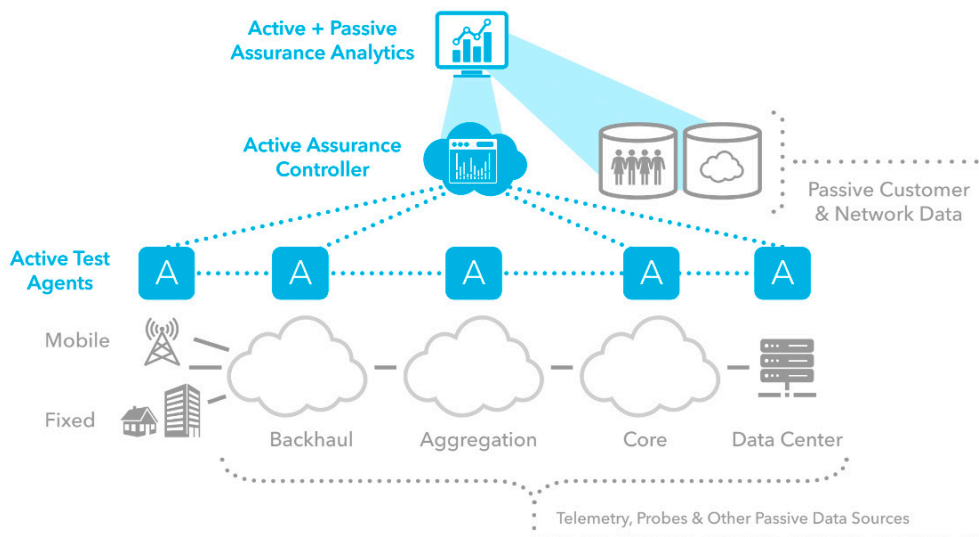
**Landslide:** We provide performance, scale and functional testing of mobile, Wi-Fi, IMS and Diameter networks and in the lab and operational networks. We are helping network operators test their infrastructure as they roll out 5G and meet the demands from the growth of the Internet of Things.



The Spirent Landslide C100-M4 is the highest performance Landslide Test Server. It allows network operators to test and emulate networks including 5G and Wi-Fi.

#### Customer experience

**Spirent VisionWorks:** We analyse the customer experience on cellular and mobile networks, allowing us to pinpoint the underlying causes of poor coverage and satisfaction. This allows network operators to address problems proactively, helping them to retain customers.



VisionWorks brings together physical and virtual test elements, including InTouch for analytics, Velocity/iTest and Lumos for test orchestration and Landslide and VisionWorks active probes.

## Our products continued

### Connected Devices

Our products help companies which build wireless devices and networks to meet their promise of delivering the very best end-user experience. Our live network testing and digital twins for network and radio systems let manufacturers and service providers get to market faster with peak performance. The roll out of 5G is particularly important to our customers in this space.

#### What we test

##### Radio systems (5G and Wi-Fi 6)

**Vertex Radio Frequency Channel Emulation:** Vertex emulates real-world wireless network conditions in the lab to help device developers isolate and resolve performance issues in new products early.



Vertex can be used with Spirent Live2Lab software to deliver reliable drive test results in the lab, reducing the environmental impacts from drive testing devices in vehicles.

##### Cellular device location and protocol test

**8100 Mobile Device Test System:** Used to validate how a mobile device will work in a live network before release. Updated in 2019 to emulate 5G networks, the 8100 rigorously tests the emergency calls, location accuracy, voice connectivity and data for carrier acceptance testing.

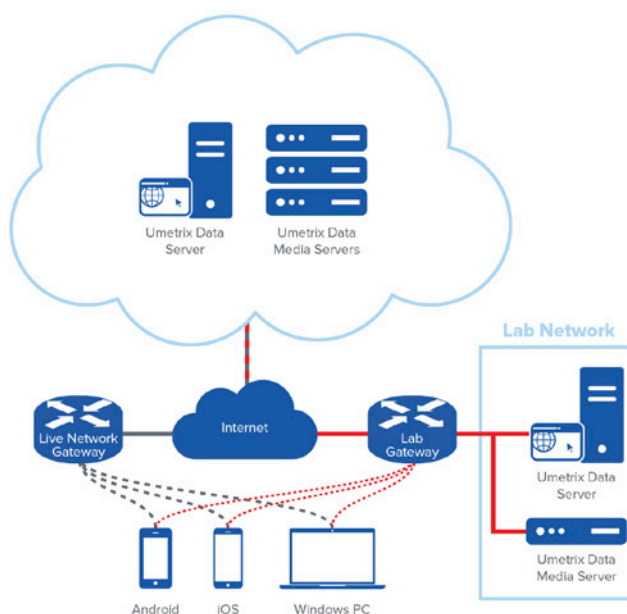


The 8100 reduces the time to bring new 5G devices to market by resolving issues more quickly.

##### User experience validation

**Umetrix User Experience:** Validates service experience by testing real-life device use in the field and the lab, including audio, video and data-hungry applications.

**Fit4Launch:** Helps customers weed out any data, voice and location issues for devices prior to launch using realistic network simulations.







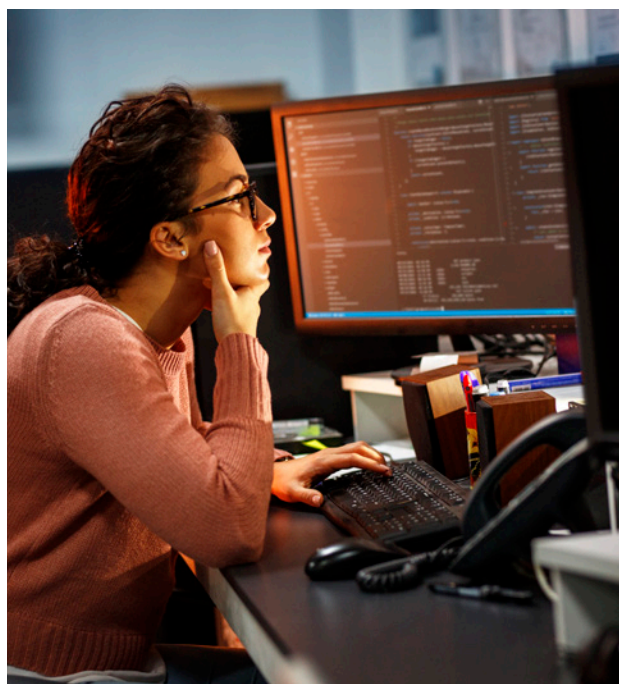
## Our sustainable product approach

# Our sustainable product approach

Our sustainable product programme is focused on two key themes:

### 01: Product functionality

### 02: Sustainable product design



## 01 Product functionality

Helping customers improve the efficiency of their operations, reducing energy use, carbon emissions and costs

Spirent's products can help customers improve the efficiency of their operations, reducing energy use, carbon emissions and costs.

Given the wide range of test solutions we provide our customers, each offers different environmental benefits. We have selected two examples that exemplify the way in which we are helping our customers reduce their environmental impacts.



## Case study: Networks & Security



### Velocity: Reducing power consumption and materials use by consolidating global engineering labs

Automation and virtualisation are key design objectives for Spirent as they help our customers do more with less. Velocity helps customers to share lab equipment globally and automate testing, allowing customers to run fewer, smaller labs. This means they need less equipment and dramatically reduces direct energy use and property costs. It also allows staff to use equipment remotely, reducing emissions from staff travel.

#### Context

Hardware R&D labs are energy-intensive places, with test equipment and development hardware mounted in racks in a noisy, air-conditioned environment. They are often inefficient with unused equipment left on, equipment duplicated across teams either in the same lab or in other locations globally, and there can be long delays between tests as equipment needs to be configured manually.

Velocity helps our customers to make a step change in how labs are designed and run. In 2020, we worked with a leading access technology manufacturer to transform its engineering labs using Velocity to:

#### Consolidate four labs into one

Velocity allows engineers to use and configure equipment from anywhere in the world, which means fewer labs are needed. We helped consolidate four global labs into one,

reducing the physical footprint by 71 per cent. As well as the significant savings from property costs, we estimate similar organisations would save 7,200 MWh of electricity annually, saving more than \$450,000 each year.

#### Use less equipment

Velocity allows global sharing of equipment and automates test scheduling, improving equipment utilisation by more than 75 per cent. Customers can do more with less equipment. This reduces the cost and environmental impact associated with the use and disposal of over-purchased equipment, and allows labs to operate with more modest power and cooling infrastructure within the lab.

#### Get better data

Velocity provides lab managers with robust data about the utilisation of each piece of equipment. This allows them to make data-driven investment decisions on equipment purchases and identify any bottlenecks in testing programmes.

#### Automatically switch off equipment when not in use

Velocity has a suite of power management tools that can switch off equipment automatically when not being used. Implementing power management reduces energy consumption by a further 20 per cent, typically saving 570 MWh and \$37,000 annually.

#### Reduce engineer travel

Lab consolidation and remote access mean engineers do not need to travel as much. We estimate that Velocity has reduced carbon emissions by 460 tonnes per year by reducing travel.

## Our sustainable product approach continued

### Case study: Lifecycle Service Assurance



#### VisionWorks: Active assurance and fault diagnosis for mobile networks, reducing carbon emissions through remote testing

**This year more than ever, we have all relied on technology to keep in touch with friends, family and colleagues. To ensure clear voice calls and good coverage, networks increasingly use mobile data and Wi-Fi networks. Network operators conduct rigorous testing to monitor performance and investigate faults to keep us all connected.**

Network testing has historically been done in person, with an engineer being dispatched in a vehicle. This approach is slow, high-cost and has a significant carbon footprint. Spirent's VisionWorks solution allows mobile network operators to monitor performance and fault-find remotely. This significantly improves the quality of testing whilst reducing the time taken, the cost and emissions.

Spirent's VisionWorks gives network operators the tools to get a complete view of their networks, analyse performance and automate testing.

- **Coverage:** VisionWorks provides a comprehensive view of performance across a network. Using a combination of passive and active tests, it helps to isolate any network problems.
- **Analytics:** VisionWorks uses machine-learning to analyse massive amounts of performance data to give network operators meaningful insights, reducing the time to resolve issues.
- **Automation:** VisionWorks' automation tools allow network operators to test the roll out of new networks, monitor performance and trouble shoot network issues.

In June 2020, we started a testing programme with a tier-1 US network operator. We installed VisionWorks probes on its network to conduct scheduled and on-demand testing.

The network operator is now able to reduce the amount of testing completed by field engineers, saving millions of dollars a year, and reducing carbon emissions from vehicle movements.





## Our sustainable product approach continued

### 02 Sustainable product design

Reducing the whole-life impacts of our products, from responsible sourcing, through their use to end of life

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

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

We use formal sustainability metrics in the product development process across all our business units and have made good improvements in some products released in 2020.

#### Responsible sourcing

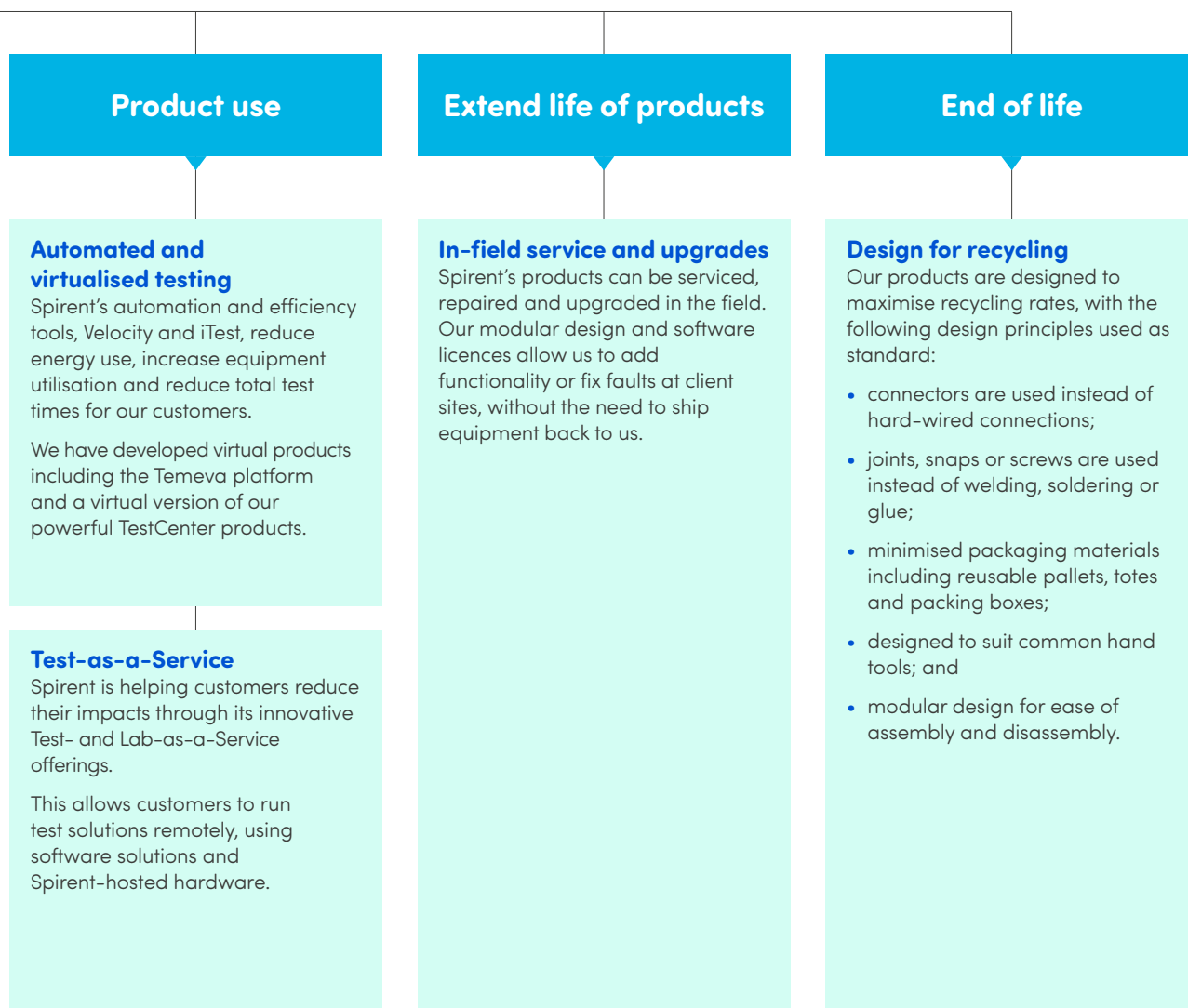
##### Responsible sourcing

We have robust processes in place to ensure that our suppliers meet high standards of environmental management, social practices and corporate governance. The materials we use are sourced from responsible sources and are compliant with all applicable legislation (see page 28 for more details).

#### Product design and improvement

##### Design for environment

Our products are designed to minimise their impact on the environment over their whole life. We measure the sustainability performance of our products at the design stage and optimise the energy efficiency and material use of our equipment. This includes the use of automation and virtualisation, as well as the use of Test-as-a-Service.



## Our sustainable product approach continued

# 2020 progress

**Our work in 2020 has focused on four themes: our response to COVID-19, communicating sustainability information to customers, improving the sustainability performance of our products, and expanding lab automation.**

### 01 Our response to COVID-19

Our engineering team has adapted well to the restrictions in place to combat COVID-19. Unable to meet physically, our teams have used technology and tools to find new and creative ways to solve problems and keep the product development process working. Where we would have worked around a whiteboard together, our teams have used digital collaboration tools to work on problems together live and have increasingly been documenting technical concepts and reviewing them offline. We were already doing this partially given the time zone differences, but COVID-19 certainly helped us move to a completely remote model.

There are certain parts of product development and innovation that require access to physical lab infrastructure. Given the restrictions imposed on working from the office, we upgraded the infrastructure and developed new software to enable

remote access to our systems. While there were a few instances where people needed to go to the office, we ensured that it was planned and collaborated with HR to define processes so that the right approvals were in place to keep the business moving while ensuring employee safety.

While we have started this journey in 2020, the change in thinking achieved will help us refine and optimise our processes, leading to more collaboration globally, better visibility of project status and, over time, predictability in product delivery.

### 02 Communicating sustainability information to customers

We aim to communicate the sustainability credentials of our products to our customers.

For products like Velocity that help customers improve their sustainability performance, we prominently set out the potential improvements a client can make in our marketing material. For example, through Velocity's just-in-time resource reservation, workflow automation, powering down unused equipment and pooling equipment, customers are able to reduce energy use significantly, reduce set-up and testing times, and reduce lab management costs by millions annually.

We have also raised the profile of our products' sustainability performance in hardware collateral and product data sheets. For example, the latest SPT-N12U Ethernet and network testing chassis datasheet draws out the size and energy reductions in the main features and benefits, as well as providing power and noise data. We have also engaged with customers by

participating in questionnaires and third-party assessment schemes such as the CDP supply chain programme and EcoVadis assessments. Through these initiatives, we have included ways in which we can help reduce our clients' environmental impacts.

Across the next five years, we will integrate sustainability further into our go-to-market strategy. We will produce case studies on the sustainability performance and improvements of our solutions, including energy use, material use and lifecycle considerations. We will also showcase the benefits that our solutions can deliver for customers, especially efficiencies delivered through automation, consolidation and virtualisation.



### 03 Improving the sustainability performance of our products

#### Cloud and IP: C50 network test appliance: 80 per cent reduction in energy use

Our product realisation process requires sustainability reviews on matters related to energy performance, noise and material use.

The upgrade to our C50 network test appliance, used to test the latest generation of Wi-Fi networks, delivered a significant reduction in energy use.

Spirent's C50 appliance is used to test Wi-Fi networks across a wide range of speeds. The upgraded C50-HRC hosts 20 Wi-Fi 6 (802.11ax) radios within a small 3U housing, more than any other small appliance on the market. The unit uses less power than the previous model (C50-DFS) which only hosted four radios.

This much higher density means that the new C50 has a dramatically lower power use, space requirement and weight than a similar radio count test set-up using legacy C50-DGS units. The power demand is 80 per cent lower, and space and weight are 93 per cent lower.



“

**With 20 radio channels, the new C50-HRC uses 80 per cent less energy than a similar radio count test set-up using its predecessor.”**



“

**The integrated controller in the new GSS9000 reduces energy use by 16 per cent in multi-box systems.”**

#### Positioning: integrated controllers in the GSS9000

The GSS9000 is a global positioning satellite simulator and is used to develop positioning, navigation and timing systems for military, space and high-precision applications. Historically, the GSS9000 has needed a separate controller and for large, complex test scenarios where multiple GSS9000s are required, this has meant multiple controllers: one for each unit and an additional controller to co-ordinate the whole system.

In 2020, we upgraded the GSS9000 to incorporate an integrated controller. This now means that multi-box systems only require one external controller to co-ordinate the system, reducing total power demand, material use and noise. A typical multi-box system needed to test 256 channels needs six GSS9000 units. The new design has reduced energy use by 16 per cent and product weight by 38 per cent.

## Our sustainable product approach continued

### 03 Improving the sustainability performance of our products continued

#### Lifecycle Service Assurance: VisionWorks enhancements

During 2020 there were three development projects which delivered significant sustainability performance improvement.

##### VisionWorks 2 port 10G probe

VisionWorks gives mobile network operators a comprehensive view of how their networks are operating, allowing them to test upgrades, monitor performance and find faults faster and more efficiently.

In 2020, we launched the VisionWorks 2 port 10G probe. Multiple probes are installed across a customer's network, testing the network's performance continuously. The updated version has the option for a plastic case or a metal chassis, both of which are considerably lighter than the previous model which was 31kg. The plastic model is nearly 80 per cent lighter and the chassis version is 40 per cent lighter.

We have also achieved reduced power consumption considerably from 74W to 46W and by doing so, we have been able to remove the fan, dropping the noise rating from 72 dB, which is roughly equivalent to a vacuum cleaner, to 0dB.



##### VisionWorks E5 Mobility: field test unit

The VisionWorks E5 test platform is a new product that analyses the quality of experience on mobile networks. It's used by network operators to monitor performance against service level agreements (SLAs) and in remote fault-finding by mimicking real customer activities, including voice calls, messaging, data use and access to emergency services.

Previously, to conduct similar testing, a test probe with a separate PC and independent modem would have been needed. The new E5 platform with an integrated modem and processor is smaller and consumes 60W, significantly reducing power demand.

##### VisionWorks 4 port 10G probe

The VisionWorks 7524 10G probe is used by customers in their lab to run passive and active network tests. During 2020, we upgraded the probe so that it has four ports rather than two without increasing the energy usage or product weight.

The probe weighs around 31kg and consumes 74W.



“

We have been able to reduce the power consumption of the 2 port 10G probe by around 40 per cent allowing us to remove the fan so it runs silently.”

## 04 Lab automation and consolidation

During 2020 we carried out a review of how we use automation tools in the labs in our own business. This review had been planned as part of our energy efficiency programme, but in light of the requirement for staff to work from home in response to COVID-19, the process was accelerated and made us rethink some of our processes.

The review found a number of areas where some tools have been operating in silos without proper integration. In Q3 2020 we made a push to address this by automating workflows for release management and delivery. These integrations allowed us to gain transparency on the status of projects, automate workflows and reduce the manual and time-consuming tasks that had previously required a lot of human interaction, thereby delivering efficiencies.



## Performance against 2020 targets

Area of focus	Objective	Target
Test automation	Implement test automation tools into our engineering labs	<p>Integrate Velocity and iTest test automation tools into the ENG lab at Paignton, UK, and the labs in Beijing, China, and Seoul, PRK</p> <p><b>Achieved:</b> Lab automation tools have been installed in the ENG lab. The Beijing lab installation is due to be completed in Q1 of 2021. The Seoul office moved and no longer has a lab on site</p>



# Procurement

“

We have adapted well to the challenges caused by COVID-19, working closely with our supply chain partners. We have maintained our delivery promises to customers throughout the year by anticipating issues and taking pre-emptive action.”

**Jim Klaassen**

Vice President Global Operations  
FuturePositive Procurement Lead

## Priorities

The FuturePositive procurement programme focuses on two key themes:

- **Supplier screening:** We review the environmental, social and governance practices of suppliers during the supplier selection process.
- **Ongoing supplier engagement:** We have a programme of ongoing paper-based and on-site reviews and audits to ensure ongoing compliance and to drive continuous improvement.

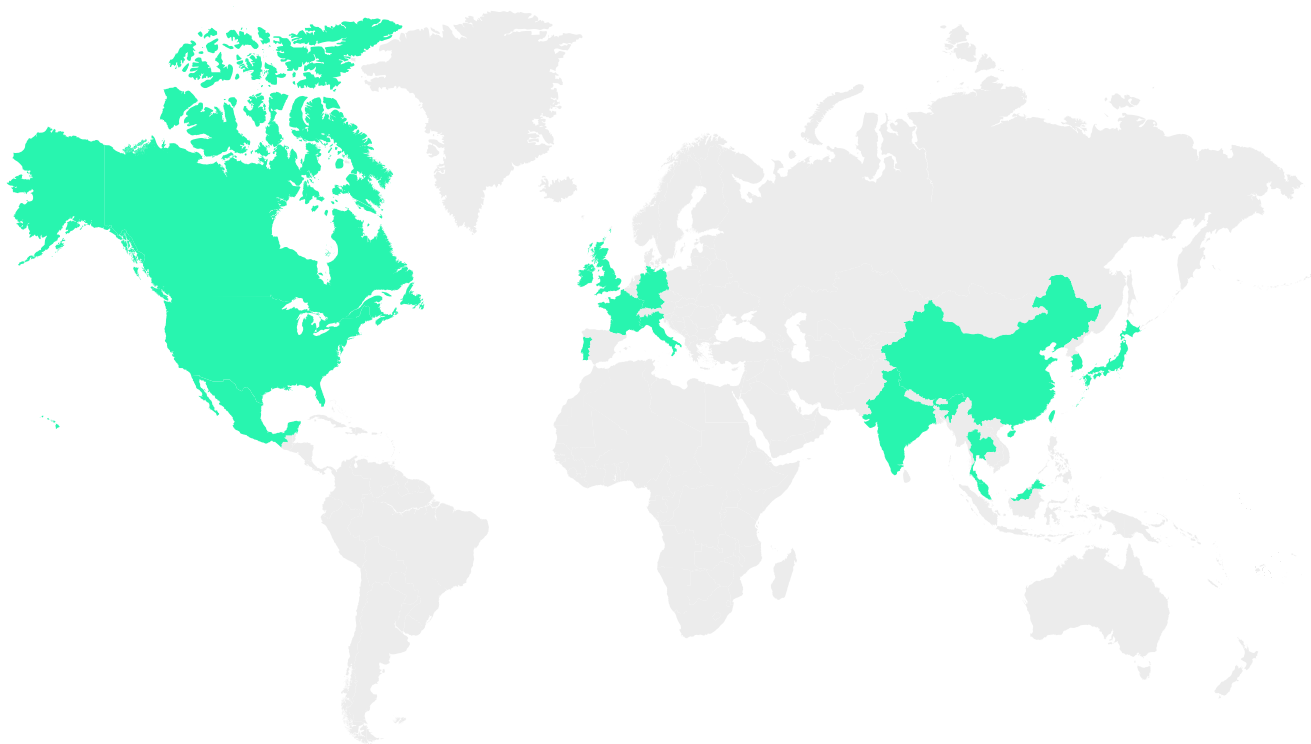
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## 2020 highlights

- We have maintained our supplier audits, shifting to virtual and documentation reviews. We completed 18 supplier assessments during 2020.
- 59 per cent of our total spend and 87 per cent of our hardware spend in 2020 were with suppliers that have been audited by Spirent or one of our contract manufacturers or through industry audit schemes in the last five years.
- We launched our new Supplier Code of Conduct, asking suppliers to sign up. At year end, more than 200 suppliers representing 53 per cent of our total spend have formally adopted our Code of Conduct.



## Our supply chain



### Spirent's product supply chain is global, with more than 900 specialist suppliers across more than 25 countries worldwide.

Our supply chain partners include contract manufacturers, equipment and component manufacturers and resellers, consultancies, R&D partners, software companies and IT service providers.

We work with contract manufacturers in Thailand, the UK and the US and we source components and equipment directly as well as through our contract manufacturers.

Our supply chain includes a large number of specialist suppliers but 80 per cent of our supply chain spend is with around 50 companies.

The objective of our sustainable supply chain programme is to ensure our products and suppliers comply with the high standards of environmental management, social practices, corporate governance and business ethics set out in legislation and our Supplier Code of Conduct. We also aim to partner with suppliers to reduce the overall environmental impact of our products and drive continuous improvement by sharing good practices and technologies.

### Our response to COVID-19

We have managed the COVID-19 situation closely during 2020. The health and safety of our staff has been a key priority during this year and we managed the potential impact of the pandemic on our own operations and those of our customers and suppliers.

At one point, more than 95 per cent of our staff have worked from home. Many colleagues in our supply chain and operations teams, however, have needed to work from our offices. We have implemented robust measures to keep our staff safe, including the provision of PPE and hand sanitising stations and social distancing guidelines.

We have kept in close contact with our customers and the supply chain team has actively managed suppliers and inventory to minimise any impact of the pandemic.

Supplies for our products and solutions are in the vast majority dual sourced to mitigate against potential risk in the supply chain process. During this challenging period, we have monitored supplier performance closely, paying particular attention to any performance issues. We have also adapted our logistics planning to respond to the reduction in global air freight.

We will continue to analyse potential implications and implement local government guidelines as the situation evolves in each area where we have a physical site.



## Sustainable supply chain approach

Our sustainable supply chain programme comprises four key themes. Our Supplier Code of Conduct sets out our expectations for suppliers. We review potential suppliers' practices before they are approved and we audit and engage with suppliers on an ongoing basis to ensure standards continue to be met and to drive improvement. We monitor the total spend with suppliers who have been audited, and monitor the proportion of our hardware spend and component parts from audited suppliers as hardware suppliers have a higher risk profile.

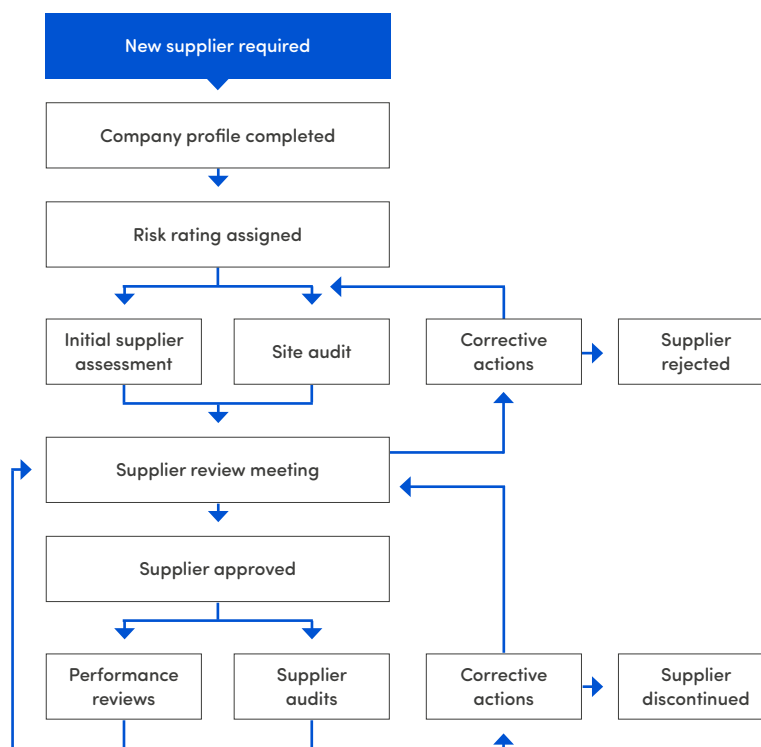


### 1. Supplier Code of Conduct

Our suppliers are located globally and range from large multi-national companies to small family businesses. To ensure good standards on environmental, social and corporate governance throughout our supply chain, we have a Supplier Code of Conduct, based on the Responsible Business Alliance (RBA) Code v5.1.

The Supplier Code of Conduct sets out our expectations for environmental management, health and safety, labour rights and management systems as well as the provision of sustainability data. We expect all our suppliers to meet the standards set out in our Supplier Code of Conduct. It was updated in 2019 to include greater requirements around fraud and money laundering. During 2020 we rolled out the new Code of Conduct to our suppliers in two phases.

A copy of our Supplier Code of Conduct is available here at <https://corporate.spirent.com>.



Spirent's supplier approval and management process allows us to ensure that all new suppliers meet our requirements before we use them and that existing suppliers maintain the high standards we set.

## Sustainable supply chain approach continued

### 2. Supplier assessment and approval

Suppliers' sustainability management is analysed in detail before they can work with Spirent. The assessment includes detailed disclosures on financial security, quality, health and safety, information security, and environmental management, as well as business ethics and management systems.

The approval status of key suppliers is reviewed each quarter.

### 3. Supplier audits

In 2015, we expanded our programme of on-site supplier audits to include the management of environmental and social issues. We set a target of conducting audits on the companies that represent at least 60 per cent of our direct spend and 85 per cent of our hardware spend by 2020. Between 2016 and 2020, we completed 83 audits on 37 different companies. We narrowly missed the total spend target but exceeded the hardware spend target. The companies audited during this period represent 59 per cent of our 2020 total spend and 87 per cent of our 2020 hardware spend.

A contributing factor to missing our overall spend audit target is that we have focused our audits on hardware suppliers as we feel there are higher sustainability impacts and risks. The proportion of non-hardware suppliers has grown in the last few years, as has the number of suppliers we are using.

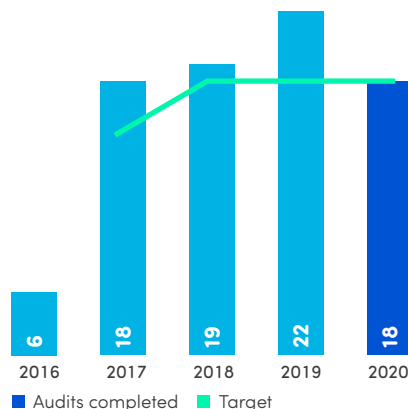
In 2020, we had to adapt our supplier audits in light of travel restrictions and social distancing. Instead of on-site audits, we completed virtual and documentation reviews to ensure we continued to actively review our key suppliers.



**We have continued to engage with our suppliers on sustainability issues this year. We completed 18 desktop audits as on-site audits were not possible due to COVID-19 restrictions. We also started the process to obtain formal acceptance of our new Supplier Code of Conduct and have so far engaged with around 350 of our key suppliers."**

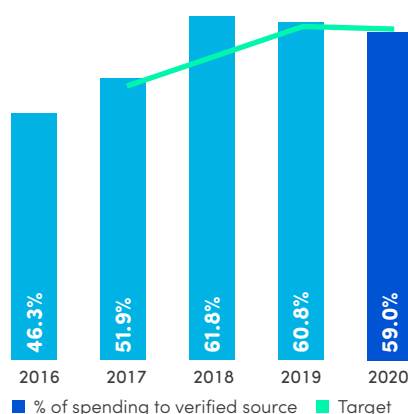
**Fanny Yan**

Director, Global Procurement



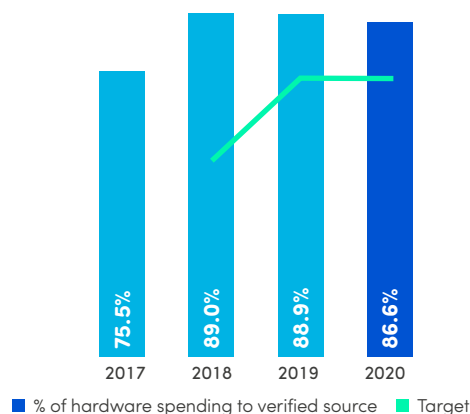
#### Supplier audits

We completed 18 supplier reviews in 2020. Due to COVID-19 travel restrictions, these were completed remotely or as document reviews.



#### Total spend with verified sources

We narrowly missed our target, achieving 59 per cent of total spend from suppliers audited by us, our manufacturing partners or an industry scheme over the last five years.



#### Hardware spend with verified sources

We exceeded our hardware spend with verified sources target of 85 per cent, achieving 87 per cent.

In 2020 we conducted 18 supplier reviews, representing 58 per cent of our direct hardware spend in the year. The audits raised one corrective action request and three observations. The corrective action related to the response times in the returns process of a key supplier. The observations sought clarification on executive responsibility for sustainability issues, document revision management and the inclusion of sustainability management in the supplier questionnaire.

The audits not only demonstrate our strong commitment to embedding sustainability across our whole value chain to our suppliers, but also provide a valuable framework to share innovation and good practice. Our close collaboration with suppliers has meant improvements in quality, cost management, environmental management and health and safety, and has identified new market information and technologies for the Group.

We focus our supplier audits on companies that we do the most business with, those which supply critical components, those which operate in higher-risk geographies, and those which undertake activities with the largest potential impact.

In addition to our direct audits, we collaborate closely with our contract manufacturers to expand our visibility of sustainability management and performance further down our supplier chain. Drawing on the Responsible Business Alliance (RBA) industry-wide Validated Audit Process (VAP) and audits conducted by the contract manufacturers themselves, we are able to determine compliance further across our supply chain.

## 4. Supply from verified sources

As the component supply chain includes higher environmental and social risks, we monitor the number of parts sourced from verified sources: suppliers which had either been audited by Spirent directly or by our contract manufacturers or through the RBA VAP audit programme. We also monitor total spend and hardware spend with verified sources and ensure we maximise sourcing from our Preferred Supplier List.

In 2017 we set a target to ensure that 60 per cent of all parts purchased were from verified sources. We set increased targets in 2018 (71.4 per cent) and 2019 (73 per cent). We exceeded the target each year and achieved 75.2 per cent in 2020.

We require all suppliers to complete a vendor assessment satisfactorily before we work with them; however, we recognise that new vendors may require time to address corrective actions and some new vendors may only provide a small number of parts used in prototyping. As a result, our target is that a minimum of 75 per cent of our new key suppliers categorised as Risk A satisfactorily completed a vendor assessment survey within the year. There were nine new Risk A vendors in 2020 and seven completed a survey satisfactorily (77.8 per cent), meeting the target set.

Typically, components from new vendors are used in prototypes or new products. One vendor is still being reviewed and another has changed its name, prompting a further review.

### Case study: Code of Conduct roll out

## Roll out of updated Supplier Code of Conduct

**Having updated our Supplier Code of Conduct in 2019, we asked our suppliers to provide a formal acceptance of the extended requirements this year.**

Our Supplier Code of Conduct sets out our expectations for environmental management, health and safety, labour rights and management systems as well as the provision of sustainability data. In 2019, we updated our Supplier Code of Conduct to include greater requirements around fraud and money laundering.

We expect all suppliers to meet the standards we set out and we wanted to engage with our supply chain to obtain formal acceptance of the revised Code. This is a significant undertaking as we have a large number of specialist suppliers with which we spend a small amount. There are other suppliers that we do not have a direct relationship with as our contract manufacturers purchase the components we specify on our behalf. As a result, this process to continue into 2021 but we have made good progress this year.

We ran two tranches over the course of 2020. The initial phase targeted 50 or so of our largest suppliers. Together, they represent around 80 per cent of our total spend. We have so far obtained formal acceptance from three-quarters of this group, including our contract manufacturers.

A second phase of nearly 300 smaller suppliers was completed, with 60 per cent having provided a formal acceptance of the Code of Conduct by the end of the year. Across both phases we achieved a response rate of 63 per cent, representing more than 53 per cent of our manufacturing spend. This exceeded our expectations given the scale of the project and additional pressure that many suppliers will no doubt have faced in response to COVID-19.

The supply chain team has validated each response we have received and will continue to follow up with suppliers that have yet to provide a confirmation in 2021, as we recognise that the requests were sent during busy periods for many of our suppliers.

We will also work closely with our contract manufacturers to engage with the suppliers that they manage on our behalf.

## Sustainable supply chain approach continued

### Performance against 2020 targets

Area of focus	Objective	Targets
<b>Supplier audits</b>	Conduct 18 on-site audits	Conduct 18 on-site audits <b>Achieved:</b> 18 audits completed (audits conducted remotely in response to COVID-19 restrictions)
<b>Supplier audits</b>	Conduct site audits for suppliers representing 85 per cent of direct hardware spend by end of 2020	Audit suppliers representing 85 per cent of hardware spend by end of 2020 <b>Achieved:</b> 87 per cent of our hardware spend in 2020 was with audited suppliers
<b>Components from verified sources</b>	Ensure components are sourced from verified sources (vendors that have been audited by Spirent or our contract manufacturers, or as part of the RBA VAP audit programme)	73 per cent of all component parts from verified sources <b>Achieved:</b> 75 per cent of components purchased in 2020 were from verified sources
<b>Risk A vendor satisfactory questionnaire response</b>	Ensure that at least 75 per cent of all new vendors rated Risk A satisfactorily complete a vendor questionnaire	75 per cent of all new Risk A vendors satisfactorily complete a vendor questionnaire <b>Achieved:</b> In 2020, 78 per cent of new Risk A vendors satisfactorily completed a vendor questionnaire
<b>Supplier compliance software</b>	Implement software solutions to enhance supplier screening capabilities and manage component compliance	Implement a software solution to automate supplier screening in relation to sanctions, embargoes and country-specific risks Implement a software solution to streamline and enhance compliance documentation for components <b>Achieved</b>





# People

“

Looking after our people has been our top priority in 2020. In response to COVID-19, we have minimised who has to come to the office, with 95 per cent of our team working from home. Our teams have taken this opportunity to focus on development, embracing the new virtual learning tools we have implemented.”

**Ann Menard**  
Global HR Director  
FuturePositive People Lead

## Priorities

The FuturePositive people programme focuses on three themes:

- **Skills and knowledge:** We invest in excellent training and development programmes for our staff and partner with leading universities on knowledge transfer.
- **STEM:** Our Spirent STEM Ambassadors run initiatives with schools and universities to encourage young people into STEM careers.
- **Community investment:** We have a global programme of charitable giving and volunteering initiatives help us give back to our communities.

## 2020 highlights

- We launched a new mentoring programme for early career leaders and principal technical talent. 30 participants from across the business have been partnered with mentors from our management team for a 12-month development and coaching programme.
- Members of our 2019 Leader. Assured programme lead a range of strategic improvement initiatives through the CEO Action Learning Groups. These included projects to consolidate and integrate business unit functions, enhance sales processes and improve product development and product management processes.
- We launched a virtual learning platform to support team development. We have seen the number of technical and professional development courses completed more than double from 2019.







# Our business relies on a team with exceptional skills, knowledge and abilities.

We work with new technologies across all parts of our business and our engineers and technicians are specialists with cutting-edge knowledge and skills. Our sales teams are also highly technical and work closely with clients to create bespoke solutions that will unlock the next generation of communications technologies.

It is critical for us to attract and retain the best people and grow their skills as we grow as a business. It is also critical that we recruit the best people, regardless of their background, and that we address the barriers that prevent talented people getting into engineering and science careers.

COVID-19 has dominated our work in this area during 2020. We have implemented robust and effective processes to keep our staff safe, supporting homeworking and introducing new virtual training, onboarding and engagement solutions. The number of technical and professional courses completed by staff has more than doubled from last year.

COVID-19 has, however, limited our progress in STEM initiatives, staff volunteering and establishing new research relationships with universities. As a result, we did not achieve our objectives in this area.

## Our response to COVID-19

We responded quickly to the risk posed by COVID-19 to our staff and business in 2020. The Risk Committee meets each week to monitor developments in risk and policy and adapt our response.

The health and safety of our staff is our main priority. We were proactive in sourcing PPE and early in March 2020 we directed all staff who could work from home to do so. At one time approximately 95 per cent of our staff were working from home and we have deployed resources to ensure that they remain safe and effective. This has included conducting health and safety risk assessments and expanding the technical infrastructure to allow staff to access data and lab equipment remotely.

There is a small team which needs to be on site, including our operations and supply chain teams, facilities and maintenance staff, and some engineering staff. We have introduced robust health and safety measures on our sites, including face masks, sanitisers and social distancing to ensure our staff are kept safe.

36 members of staff have contracted COVID-19, with three cases leading to hospitalisation. There have been no staff deaths.

We have not made any redundancies or furloughed any staff due to COVID-19. Some staff who are not able to carry out their role, such as receptionists and travel bookers, have been redeployed within the business. Some have supported our

staff wellbeing initiatives, making calls to members of staff to keep in touch and provide help and advice where needed.

We have introduced new processes to keep staff engaged, safe and connected. This includes virtual engagement events to connect teams and people socially including virtual coffee morning chats three times a week. The management team has been in regular contact with staff through virtual all-hands meetings and update emails. We have developed new virtual onboarding and training approaches to continue our staff development, including moving to the Percipio training platform, which we have used for compliance, technical and management training.

We have developed plans to return staff to the offices in a safe manner and are exploring the opportunities to retain the benefits for staff and the business that flexible working has brought.

During the summer as the number of cases reduced, staff in China returned to the office, working in staggered shifts with each member of staff splitting time between homeworking and working in the office. A small number of in-person customer meetings were also resumed. In EMEA and North America, essential travel to customer sites for repairs, maintenance and delivery of services resumed at a low level. With the increased likelihood of possible "third-party" contact (i.e. a Spirent employee exposed to a confirmed COVID-19 case at a customer site or a Spirent employee possibly exposing customers), we developed an "Exposure Notification" process aligned with local privacy and health regulations and reflective of our duty of care to employees, customers and members of the public.

As cases began to increase in the final quarter of the year, we reinstated stay at home restrictions in China, the UK, Germany, France and several US states and customer site visits are by exception. During this period there were 17 confirmed COVID-19 cases within our team, up from three in the previous quarter. We have implemented further health screening measures, including a health screening app in North America and temperature screening devices in Paignton, UK, Eatontown, NJ, and Calabasas, CA. We plan to install this equipment at five further facilities in the first quarter of 2021.

## Staying connected

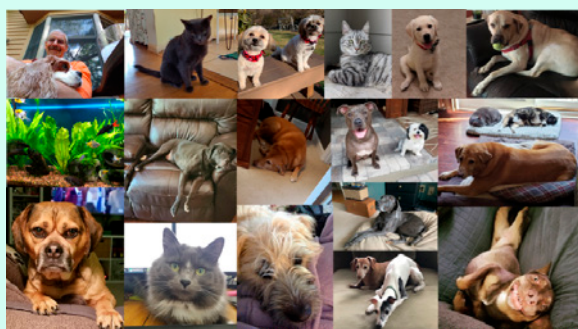
Whilst we had to be physically apart, Spirent employees around the world found creative ways to stay connected.



We made a concerted effort to make time for fun and arranged social events this year, like our Cloud and IP happy hour.



Our teams and their families have taken the opportunity to get creative, arranging competitions and quizzes. Here are some of the entries to the Bangalore office's mask competition.



Working from home has meant we have got to know our colleagues' partners, families and pets a lot better. Our Frederick office embraced this with a National Dog Day photo contest.

## Employee engagement and wellbeing

Employee engagement has been a priority for us this year with the majority of the team working from home.

We have deployed a suite of virtual tools to keep staff in touch. Some are focused on social interaction and wellbeing, including virtual coffee mornings. Our senior management team has also increased staff interaction through regular all-hands meetings and emails.

We have also maintained our employee engagement survey, which was initiated in 2019. The survey reviews performance against 17 key themes. The results from the surveys completed in April and October have helped us to identify some areas of good performance, including fairness and staff feedback, and some areas for improvement, including around taking holiday and goal support.

We continue to have good engagement in the surveys with more than 90 per cent of employees responding to the questionnaires. The surveys have shown improvements, especially in relation to purpose. In successive surveys, employees reported feeling that they had a better understanding of our purpose as an organisation and better alignment of their role with our corporate objectives. Employees have the opportunity to provide open-ended feedback and the management team is using the survey results and employee comments to adjust our policies and practices.

The survey showed a drop in scores around rest and work-life balance over the course of the year due to homeworking. With boundaries between homelife and work being blurred, we have increased our focus on employee wellbeing. We have encouraged staff to take annual leave and have made conscious efforts not to send work emails over the weekend. Managers have introduced more social engagement during worktime, taking time for non-work discussions on calls, team quizzes and games, and making concerted efforts to call team members individually to check in.

COVID-19 has certainly posed some considerable challenges for individuals, families and communities, but we have found that our teams have shown resilience and resourcefulness in the face of adversity. We have also found that our teams have learnt more about their colleagues, meeting their partners, children and pets on video calls.



**Our teams ran a programme of virtual events and activities to ensure we stayed connected, even when we couldn't meet in person."**

## 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, religion, marital status, sexual orientation, disability or age.

Diversity remains an area we need to improve in, with women and young people under-represented in our workforce. In 2019, we introduced a new Diversity Policy which will guide our work in the coming years.

### Gender

There have only been minor changes in the overall gender balance of the Company from 2019.

Two women serve on our Board of seven (28.6 per cent female representation).

The proportion of women in senior management and executive management roles is 9 per cent. This is lower than female representation in the Company as a whole which remains at 21 per cent (2019 21 per cent).

Female representation is low in some departments including business development (0 per cent), IT (9 per cent), sales (8 per cent), global services (12 per cent), marketing (22 per cent) and engineering (20 per cent).

Level of organisation	Female		Male		Other or no gender reported		Total
Board	2	28.6%	5	71.4%	—	—	7
Executive management <sup>1</sup>	2	20.0%	8	80.0%	—	—	10
Senior management <sup>2</sup>	3	5.4%	53	94.6%	—	—	56
Total employees	301	21.2%	1,113	78.4%	5	0.5%	1,419

#### Notes

1 The data for executive management includes direct reports to the CEO only, excluding assistants.

2 The data for senior management includes all other Vice Presidents (including Regional Sales VPs and Client Partner Executives) and Senior Directors.

The under-representation of women at all levels in Spirent and the technology sector in general is a key challenge for us, and there remains significant work to do to achieve greater representation. In 2020 we started a detailed review of our diversity performance to identify where we can take positive action to improve.

Our STEM programme specifically aims to address the gender gap in our business and sector, and we had aimed to complete “Women in STEM” events in each region but our COVID-19 restrictions limited our ability to take action this year.

Diversity is a key pillar in our new FuturePositive strategy and we will be setting improvement objectives following the completion of our review of diversity performance and practices.

### Diversity review: setting our new strategy

In 2020 we appointed an independent consultancy to help us improve our diversity performance. The assessment reviewed our people practices and policies to understand where we do well on inclusion and attracting diverse talent, and where we can make changes to improve. Our diversity performance was also analysed, assessing our workforce against demographic data and the diversity of the available workforce.

The report will establish a robust baseline on our diversity performance and define the aspects of diversity that we will focus on over the coming three to five years. The report's recommendations will form the basis of our diversity and inclusion objectives for our new sustainability strategy.

Learn more about our new diversity and inclusion strategy on page 71.





## International Women's Day 2020

### #EachForEqual: marking International Women's Day

We marked International Women's Day in March this year with a virtual event focused on diversity and women in STEM. Staff from across the globe shared their experiences, the impacts of our diversity and women in STEM programme, and solidarity by sharing photos of them in the #EachForEqual pose.

### Gender pay gap

Having fewer than 250 employees in the UK, Spirent is not currently required to comply with the Gender Pay Gap Reporting Regulations introduced in 2017. However, data for the 5 April 2020 snapshot date has been collected on a voluntary basis and is set out below.

#### UK gender pay gap

	Mean	Median
Hourly pay	17.0%	32.3%
Bonus pay	(112.0%)	25.7%

#### UK bonus gap

	Male	Female
Bonus	89.8%	82.9%

#### UK quartile split

	Top quartile	Upper-middle quartile	Lower-middle quartile	Lower quartile
Male	86.0%	88.0%	81.0%	63.0%
Female	14.0%	12.0%	19.0%	37.0%

The most significant difference since the 2019 snapshot data reflects the change of location of the CEO; as Eric Updyke is resident in the US, he is not captured in this data as his UK-resident predecessor was captured. As a result, the highest bonus-earner based in the UK is now our female CFO, Paula Bell, shifting the Mean Bonus Pay Gap figure from 28.1 per cent in 2019 to -112.0 per cent in 2020. The Board will continue to review outcomes of the Gender Pay Gap Reporting process and will encourage the Executive team to look at ways to reduce the gap across the Group.

## Our people continued

### Diversity continued

#### Age

Spirent's workforce has a diverse age distribution. The largest age group remains 40–49 (34 per cent) but less than 10 per cent of our employees are under 30.

Age group	2020		2019	
<20	1	–	1	–
20–29	85	6%	92	6%
30–39	396	27%	377	26%
40–49	502	34%	488	34%
50–59	380	26%	360	25%
60+	123	8%	117	8%
<b>Total</b>	<b>1,487</b>		<b>1,435</b>	

### Voluntary employee turnover

We cannot avoid the fact that some of our employees will move on but we can avoid a skills shortage by appropriately managing, recognising and rewarding our people. Voluntary employee turnover is a measure of how successful Spirent is in its strategy of retaining and investing in its people.

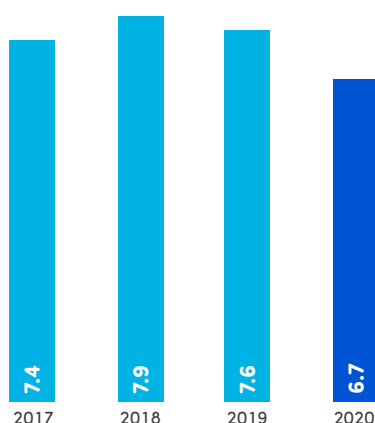
Spirent's success is dependent on its talented employees and retaining them is extremely important. Voluntary employee turnover compared to the industry average is the measure used to assess how well the Group has performed.

Our 2020 voluntary turnover rate dropped from 7.6 per cent to 6.7 per cent, a significant reduction from the previous year. This reduction is likely related to the uncertainty due to COVID-19. Our retention rate remains well below the global industry average of 12.2 per cent<sup>1</sup>.

We aim to make Spirent a great place to work and one where everyone can thrive. Our low staff turnover rate demonstrates that we are succeeding in this.

Note

1 Radford Technology Benchmark.



#### Voluntary staff turnover

Voluntary turnover rates dropped in 2020 to 6.7 per cent, likely in response to the greater uncertainty due to COVID-19. Spirent's turnover rates have remained low over the last four years, on average 7.4 per cent, well below the sector average of 12.12 per cent.

### Parental leave

Spirent supports staff globally with a gender-neutral parental leave policy. Open to all employees, the policy covers births, surrogacy or adoption. All staff entitled to parental leave in 2020 took leave. We have a good return to work rate amongst women in our workforce.

### Support programmes at career endings

We recognise that we have a responsibility to help members of staff who leave the Group due to organisational restructuring to find a new role, and we provide a flexible outplacement service which is tailored to the needs of the member of staff. Staff are allocated a budget to spend as they see best on a range of support services including personal coaching, training and job search support.

In 2020, 38 members of staff left the Group due to organisational restructuring.

### Employee benefits

Spirent offers a comprehensive suite of benefits to employees across all regions. This includes health insurance, life insurance, disability, 401(k)/pension, parental leave and paid time off/vacation.

## The future of work



### The future of work: learning lessons from flexible working

Over the past year, we have accelerated the roll out of new policies and technologies that will support a more flexible way of working at Spirent in the long term. This will help us to reduce our carbon emissions and support our diversity and staff wellbeing objectives.

At one time approximately 95 per cent of our team were working from home. To keep our business running smoothly we accelerated the roll out of remote access and automation tools for our labs and we introduced a suite of new technologies and initiatives to keep our people connected whilst we couldn't be together.

This flexible approach has worked well and offers a number of advantages.

Following detailed surveys of staff and managers, we found that the majority of our staff are able and keen to work on a flexible basis or remotely full time.

Flexible work arrangements will support those with caring responsibilities and allow staff to fit work around their commitments. It will allow us to recruit more widely and from a more diverse talent pool and will make us a more attractive employer.

With more staff working flexibly, we are able to rethink our office spaces. We have established new policies and technology to support hot desking, meaning we need less space. We have started a process to consolidate sites and reduce the size of our offices where possible. Remote lab access and automation will help us to further consolidate our labs, reducing the hardware required and our energy use.

The reduction in commuting will also help reduce traffic, improve air quality, and lower carbon emissions from staff vehicles.



## Our people approach

Our people approach focuses on three key themes: skills and training for our staff, programmes to engage young people in STEM subjects and careers, and investing in our communities.

### 01: Training and skills

### 02: STEM

### 03: Community investment

## 01 Training and skills

Investing in the skills and knowledge of our team and building knowledge partnerships with leading universities

Training is one of the most important areas for Spirent and the Group has well-developed technical and compliance training processes in place for our employees.

Our training and skills approach focuses on three key areas:

### Employee learning and development Structured training and skills development for employees

Spirent has a well-established learning and development programme, providing employees with technical and business administration training. As our work often includes new and emerging technologies, we actively review the skills that our team needs now and the ones it will need in the future. Training is managed through personal development plans and delivered through online and in-person training (where permissible and safe to do so), peer mentoring and informal skills sharing. We also bring new skills into our team through strategic hiring and our relationships with leading universities around the world help us to attract the talent we need.

In 2020, Spirent employees completed 11,750 hours of training, with those in technical engineering or sales roles completing more than 10 hours each on average. Our Lifecycle Service Assurance segment has made particular efforts in this area, establishing a new virtual training curriculum including new product demos.

The most frequently completed training courses during the year were on technical training and professional development including management skills.

Course content	Courses completed	
	2020	2019
IT security	220	1,645
Legal compliance	164	1,080
Technical training and IT skills	2,102	983
Global anti-bribery	141	605
Professional development	1,279	503
Health and safety	99	118
<b>Total</b>	<b>4,401</b>	4,934

We have a number of courses that are mandatory by law on an annual basis. Others are required to be completed every two years.

Only new starters and transfers were required to complete these courses this year, which is why the reported courses completed are lower. All employees are scheduled to complete mandatory compliance training courses in 2021.



## Training and skills

Technical courses include technical, product, solution and application training, and professional development includes the new go-to-market training and a wide array of courses, including management skills.

Employee category	Gender	Training hours completed	Total training hours by category	Average training hours completed
Engineering	Male	3,324	3,850	9
	Female	526		6
	Other or not disclosed	—		—
Sales and marketing	Male	5,465	5,908	13
	Female	443		7
	Other or not disclosed	—		—
Shared services	Male	754	1,987	2
	Female	1,233		8
	Other or not disclosed	—		—

Employee level	Gender	Training hours completed	Total training hours by category	Average training hours completed
Executive	Male	70	70	5
	Female	—		—
	Other or not disclosed	—		—
Management	Male	2,672	3,134	10
	Female	462		7
	Other or not disclosed	—		—
Professional	Male	6,246	7,264	8
	Female	1,018		5
	Other or not disclosed	—		—
Support	Male	554	1,276	14
	Female	722		16
	Other or not disclosed	—		—

## Performance reviews

Managing and reviewing employee performance is critical for Spirent to deliver great results and to help our people to grow and develop. Spirent operates a 360-degree year-round development management meeting approach, giving staff and managers the opportunity to set and monitor improvement plans on an ongoing basis. In 2020, performance reviews were completed for 1,433 members of staff.

### Case study: learning and development

#### Developing talent: Spirent launches our mentoring programme

In July 2020, we launched an exciting new mentoring programme designed to develop leadership from within the business. The cohort of 30 early career leaders and principal technical talent commenced a 12-month programme to help them focus on their personal development.

Spirent has been expanding its investment in leadership development over the last few years. Building on the success of our Leader. Assured programme for senior managers, in 2020 we launched a programme focused on developing early career leaders and technical talent.

The first mentoring cohort of 10 women and 20 men was selected from across the business, with each participant paired with a member of our executive team. Our objectives are to:

- expand and diversify the internal networks of both participants and mentors;
- invest in emerging talent; and
- enhance cross-functional collaboration and knowledge sharing.

Each participant will meet with their mentor at least quarterly over the year, setting clear goals to improve in the development areas they have identified as most important.

Due to COVID-19 restrictions, the mentoring sessions have been conducted virtually.

## Our people approach continued

### World-class research collaboration

To ensure we stay at the forefront of emerging technologies, we have developed knowledge transfer partnerships (KTPs) with universities across the world, including the Universities of Warwick, Cranfield and Bath in the UK and the German Technical Institute.

Our engineers work closely with academics with particular areas of expertise to share knowledge and expand the capabilities of our test solutions.

The KTPs have proved immensely successful, with our partnership with the University of Bath assessed as “outstanding” by the KTP Grading Panel. More information on the KTP programme can be found at <https://ktn-uk.co.uk>.

As well as the formal KTPs run with Innovate UK, we have established a framework for Project Based Partnerships (PBPs) which allows us to develop projects internationally, with greater flexibility over format and duration. We established three new projects with Cranfield University in relation to GNSS signals and positioning technology and had agreed the outline of seven other projects with universities in the UK, the US, Germany and India which were paused due to COVID-19 restrictions.

We also work closely with industry bodies on future skills requirements and we are contributing the UK Government’s taskforce on global positioning, navigation and timing technology skills.

### Supporting higher and further STEM education

Spirent runs a number of schemes to support higher and further level STEM education. We run work experience, apprenticeships and industrial placement schemes and we sponsor the most promising placement students in their final year at college. In 2020, due to COVID-19 we had some restrictions on accepting interns and placement students on site safely. We were, however, able to run a reduced programme in the UK and Germany. Spirent hosted eight interns and industrial placement students in 2020 and two students joined us in the UK from leading universities.

We work closely with local colleges and universities, and provide input to the curriculum to ensure the most up-to-date skills and technologies are included.



Our work with the University of Warwick focuses on 5G technology roll out and the integration of satellite and Wi-Fi signals for improved location accuracy for connected cars and smart devices.



Our partnership with Cranfield is focused towards research into the development of resilient positioning and navigation solutions for aviation applications.



Our relationship with the University of Bath focuses on space weather and its impact upon GNSS positioning, navigation and timing (PNT).



**We have established strategic partnerships with world-leading universities, with our engineers working closely with academics to develop the next-generation of network test solutions.”**

## Apprenticeships at Spirent

Early career development is an important part of our people strategy, and Spirent has apprentices across a wide range of careers and seniority levels. Here are some of their stories.

### Meet our apprentices

#### Shameer Asan Ali

##### Hardware Team Manager

Shameer joined Spirent in November 2020 as Hardware Team Manager. When he joined, Shameer was already part way through his studies and is working his way to achieving an Executive MBA (Level 7 Senior Leader Apprenticeship), which is a two-year course.

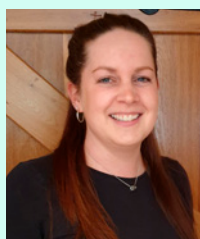


"I wanted to gain exposure to parts of Spirent's operations that I didn't see in my day-to-day role, including product management, business strategy and finance. The course brings people together from various industries and experience levels and allows you to learn from your peers as well as the lecturers."

#### Holly Stevens

##### Operations Administrator

Holly joined Spirent in 2017 and completed the two-year Level 3 Business Administration Apprenticeship, studying alongside her work at Spirent. The course was part of the Administration Apprenticeship and she was hired as a permanent member of staff in early 2020.

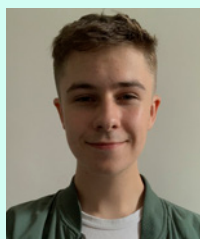


"I was able to select units to study based on my role and interests which made the content more relevant and relatable to my work. I carried out in-depth research for various subjects relating to my work, learning a lot more than I would have through the workplace alone, all of which has helped build my knowledge base, improve my communication skills and recognise the subjects I would like to focus on especially, which are environmental and sustainability."

#### Josh Skeet

##### IT Operations Apprentice

Josh is currently studying for a two-year Infrastructure Technician Apprenticeship (Level 3).



"I was previously doing work experience for Spirent whilst studying for a Level 2 Computer Science course at South Devon College. Working here in the IT department really made me realise the career I wanted to pursue and I was fortunate enough to then join a Level 3 IT Apprenticeship. The opportunity to work whilst studying is a great foundation for a career in technology."

#### Ricardo Verdeguer Moreno

##### Product Manager

Ricardo joined Spirent in January 2018 and is currently studying for a two-year MSc in Management and Leadership.



"I wanted to improve my cross-functional skills and learn how the firm works beyond the team ambit. I thought that this MSc could help me move to different positions within the Company to understand what they do, how and why. The course is helping me to get to know new business areas, bring new thinking into my day job, and learn from course colleagues from a wide range of businesses."

#### Daniel Martin

##### Professional Services Member of Staff

Daniel is currently part way through the Level 3 Engineering Technician Apprenticeship, which is a four-year course.



"I chose to do the course because I enjoy electronics and because I aim to become a fully qualified engineer; the content of this course is well aligned to me personally and professionally. It has given me a broader perspective of engineering as a whole. It has also given me the knowledge and experiences I need to be able to carry out my job in a professional manner and with a much higher-level understanding of engineering practices."



## Our people approach continued

### 02 STEM

Supporting awareness and engagement with science, technology, engineering and mathematics (STEM) subjects amongst young people

As a technology business, we are passionate about science and engineering, but we recognise that there are barriers that prevent talented young people from studying STEM subjects and pursuing careers in technology.

These challenges have led to decreasing interest in science, technology, engineering and mathematics (STEM) subjects amongst young people and a lack of gender diversity, especially in technical roles.

Our STEM Ambassador programme was developed to engage with young people and help foster an interest in STEM subjects that we hope will lead them to fulfilling careers in science and engineering.

### Spirent's STEM Ambassador programme

In 2020 we ran a reduced programme of STEM events due to COVID-19, including:

#### National Coding Week

For National Coding Week, we moved our coding training online. Software engineers from our Positioning division in Paignton ran coding tutorials, starting with our own HR team.

#### STEMster competitions

In September, we held a STEMster event to encourage the children and grandchildren of Spirent employees to share their science and technology skills.

#### Network Technology Challenge, Wenzhou, China

In 2020, Spirent supported the Network Technology Challenge at Wenzhou University. We sponsored the event and provided technical support in using Spirent Cyberflood devices to validate the designs of teams from 30 universities across China.

Members of our professional service team also taught network performance analysis and testing on the Network Engineering course at Wenzhou University and we regularly offer internships to students.

### What's next?

To date our STEM programme has attracted employees with an interest in supporting students from primary education, through to college level. The activities have been fun and engaging and really wide ranging. The necessary restrictions for social distancing in place globally have reduced the scope of our programme this year, but we aim to re-establish projects when it is safe to do so in 2021 and hope to expand the number of Ambassadors and activities.

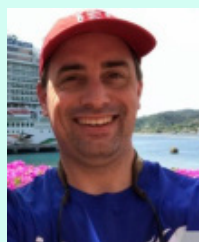
### Meet our STEM Ambassadors

We have 55 STEM Ambassadors across 15 countries working on projects that are important to them and their community.



**Sesha Jupudi**  
Quality Assurance Engineer  
Frederick, MD

I am part of the STEM Programme as I am a proud mother and wife, and want to ensure that my children know the opportunities open to them when they come to choosing their careers. I take part in a range of different STEM activities in my community, including attending science fairs with my children and coaching a First Lego League (FLL) team.



**Eric Lesser**  
Director of Product Management  
Raleigh, NC

I wanted to be a part of the STEM Ambassador outreach programmes because I value the knowledge, experience and life lessons that STEM provides. Today, STEM programmes can offer so much more to a student, and give them a great jump-start on life. In my short time at Spirent, I have been able to participate in STEM nights at a local elementary school, and participate in a school science fair.



**Rob Hurst**  
Software Team Manager  
Paignton, UK

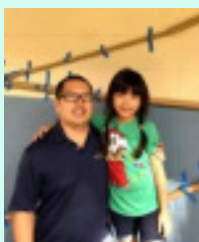
I have done quite a few events with the Spirent STEM team. I've run a "physics challenge" with an entire school year group and been a mentor/adviser for school teams participating in the MADE manufacturing competition. I became a STEM Ambassador because it gives you an opportunity to encourage young people to take up engineering, showing them that it can be enjoyable and rewarding and not just for nerds and (in particular) not just for boys!

## Meet our STEM Ambassadors



**Chrissie Hillyer**  
Global STEM Co-ordinator  
Paignton, UK

I am a student at the University of the West of England in Bristol, UK, and work part time for Spirent. I have always noticed the lack of support provided to females in STEM education, and want to play my part in making things better. I have attended many events including the Big Bang Fair, the MADE project and careers fairs. As someone from a large family with five siblings, I hope to support and encourage their learning of STEM subjects.



**Derek Nishibata**  
Senior Business Analyst  
Honolulu, HI

I wanted to become a Spirent STEM Ambassador because I have twin girls (currently age eight) and because I believe that everyone deserves the opportunity to enjoy the fun you can get from a STEM education. I was already involved in various STEM projects through my kids' school and community and I wanted to support creative opportunities for my kids and community with Spirent's help.

## 03 Community investment

Investing time and resources into projects that create lasting value in the communities where we work

### Volunteering and charitable giving

Spirent is committed to investing in the communities that we work in. Our staff use their time and skills to support good causes, as well as making financial contributions.

Our Company volunteering and charitable giving programme is designed to help our staff to support our local communities and good causes. We offer a matched-funding initiative to boost the charitable donations made by staff.

The COVID-19 restrictions in place this year have made volunteering more difficult and only four employees completed volunteering projects.

We supported more than 125 organisations this year including healthcare, schools and education trusts, animal charities and food banks.

## Case study: community investment

### Making a positive contribution to our communities

**Jeremy Bennington**  
Angel Flight East

Jeremy Bennington from our Positioning business unit used a volunteer day to pilot a medical patient from Illinois to Ohio.

Angel Flight East is a non-profit volunteer organisation in the US that helps facilitate free air transportation for patients to get to medical facilities for treatment and Jeremy was happy to use his piloting skills to help out.

Air traffic control gave them priority routing which allowed them to fly over the world's busiest airport, Chicago O'Hare.



## Our people approach continued

### Performance against 2020 targets

Area of focus	Objective	Targets
<b>Skills and training</b>	Support leadership development and share knowledge across the business	<p>Run the mentoring programme with workshops and external coaches and personal leadership training</p> <p>Kick off two new initiatives, the CEO challenge and Action Learning Groups, to put concepts covered in leadership courses into action</p> <p><b>Completed:</b> Mentoring programme launched</p>
<b>Skills and training</b>	Expand our knowledge partnerships with more universities	<p>Establish six new knowledge transfer partnerships with universities globally</p> <p><b>Not completed due to COVID-19</b></p>
<b>STEM</b>	Expand our work to engage young people in STEM and develop a more focused programme to create a structured talent pipeline	<p>Attract 25–30 new STEM Ambassadors to the programme</p> <p><b>Not completed:</b> 17 new STEM Ambassadors joined the team across the US and UK</p> <p>Join the LikeToBe initiative, which helps students to explore careers, engage with potential employers and build their employability skills</p> <p><b>In progress:</b> We have created a LikeToBe account and will launch in January 2021</p> <p>We will introduce new initiatives to support a talent pipeline to recruit talented graduates and young people into the business</p> <p><b>In progress:</b> Partnerships with two universities and high schools have been established but actions were paused due to COVID-19. We hope to launch in 2021</p>
<b>Community investment</b>	Expand our community support through staff volunteering and charitable donations	<p>Increase participation in the VTO programme, with at least 40 per cent of staff globally taking part in the programme in 2020</p> <p><b>Not achieved:</b> Participation rates for VTO fell due to COVID-19 restrictions</p>





PEOPLE



# Property

“

During this year we have adopted new approaches and technologies that have helped us work more efficiently and flexibly. We will build on this next year as we rationalise our estate and ensure staff can work effectively, whether they're at home or in the office.”

**Ray Lee**

Director of Global Properties  
FuturePositive Property Lead

## Priorities

The FuturePositive property programme focuses on three themes:

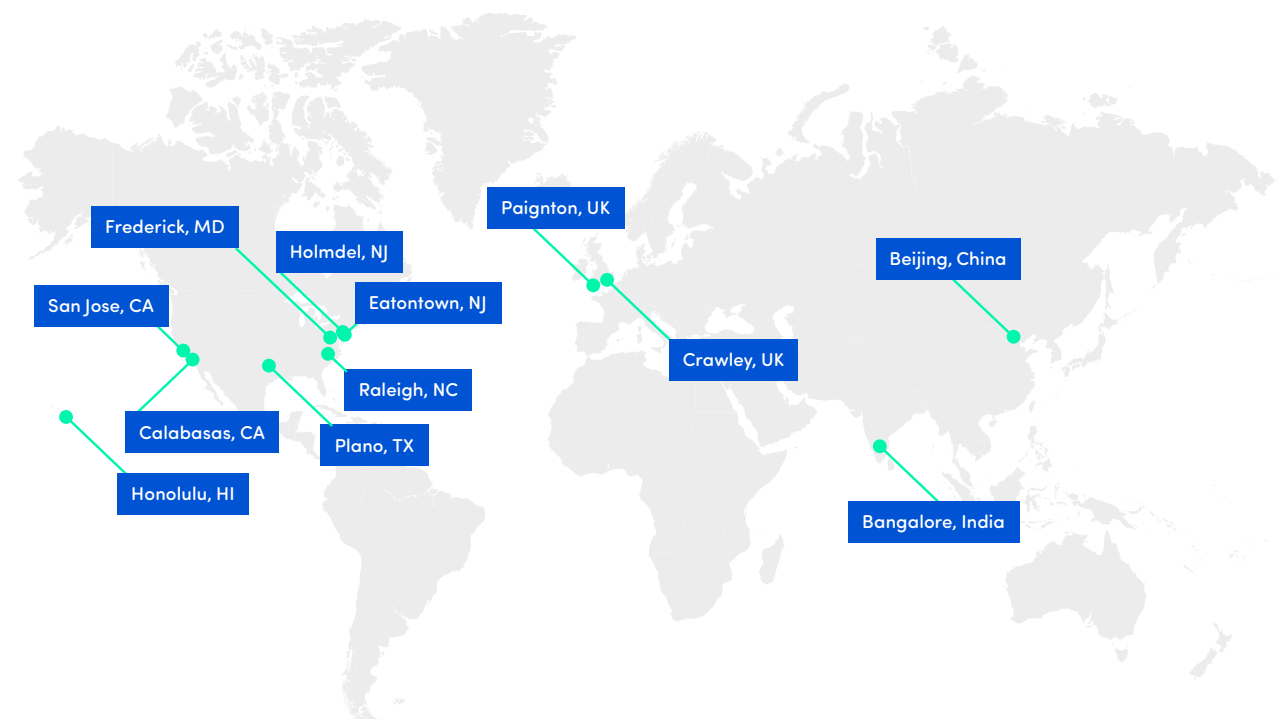
- **Resource efficiency:** We aim to minimise the energy, materials and water used within our operations.
- **Renewable energy:** We aim to maximise our use of renewable energy.
- **Climate change:** We aim to minimise our contribution to climate change and manage the impacts, risks and opportunities that will affect our business and supply chain.

## 2020 highlights

- We sourced 100 per cent of our electricity from renewable sources in 2020.
- We reduced our carbon emissions by 9 per cent from last year, meaning we have reduced absolute emissions by 33 per cent since our 2014 baseline.



## Our properties



Spirent operates from 40 sites across 13 countries. The Group headquarters is in Crawley, UK, and we have 11 significant engineering sites across the world which house development and customer service labs. We also have other smaller sales and administrative offices across the world.

All product manufacturing is completed by contract manufacturers and only limited production processes such as quality testing, loading firmware and product repairs are completed on our sites.

# 40

sites globally

# 11

main engineering sites

# 13

countries

During 2020 we have made significant changes to our operations. We quickly adjusted to support remote working and at one time more than 90 per cent of our team were working from home in response to COVID-19.

We have opened three small sites in the US and, having shown that our team can work effectively from home, we have started a process to adjust our property portfolio to ensure it meets our needs efficiently. This will involve more flexible working facilities and reducing the size of our sites.

### Our response to COVID-19

To keep our staff safe during this year, we made significant changes in the way we run our sites. Where possible, staff have worked from home with 95 per cent of our team working remotely at one point. Some functions such as logistics and some engineering tasks could only be completed on site, and so we adapted working patterns and practices to ensure a safe working environment for everyone.

We reallocated and adapted workspaces to facilitate effective social distancing, introduced a regime of deep cleaning and changed our air-handling systems to bring in more fresh air from outside. Mindful that these measures were likely to decrease energy efficiency, we closed off areas that weren't needed and ensured that equipment and systems that weren't needed were switched off.

Our labs, which are our main energy users, remained fully operational with staff able to access equipment and run tests remotely. We took the opportunity to make upgrades and conduct energy efficiency reviews, including a lab audit at Raleigh where we removed unneeded equipment.

The lessons we have learnt from this year will help us to operate more efficiently in future. We have initiated a programme to consolidate our estate and redesign facilities to better support flexible and remote working. This will play an important role in helping us achieve carbon neutrality.

# Our sustainable property approach

Our sustainable property programme is focused on resource efficiency, renewable energy and climate change.

## 01: Resource efficiency

## 02: Renewable energy

## 03: Climate change and GHG emissions

### 01 Resource efficiency

Investing in technology and practices that improve resource efficiency in our labs and offices

Our main focus on resource efficiency is on energy in our labs.

#### Lab and site energy management

Our labs are the largest energy user within our operations and, as such, are the main focus of our energy efficiency initiatives.

Our lab in Calabasas is the largest in the Group, and we have invested in making it as energy efficient as possible, installing hot-isle containment and in-row cooling and monitoring energy use in each rack. Our lab manager actively manages the equipment and systems to ensure they remain lean and efficient.

We have been rolling out audits and efficiency initiatives across our largest labs, which have delivered significant savings.

#### Lab equipment virtualisation and test automation

We have been able to remove under-utilised equipment and draw on Spirent automation solutions like Velocity and iTest to reduce the equipment in the labs by improving utilisation rates. We also use these products to help our customers improve the efficiency of their labs, which has led to carbon savings of more than 60 per cent in some cases.



We have invested in an energy efficient cooling system for our lab in Calabasas, California

#### Site recognition

We continued to run a site energy and carbon league table in 2020, providing staff with details on energy use and trends at their site and how they compare to other sites. We aim to highlight sustainability as a theme when staff are able to return to our sites safely.



## Our sustainable property approach continued

### 02 Renewable energy

#### Sourcing energy from renewables

Where we can, we aim to generate renewable energy on site. We have a 50kWp solar array at our site in Paignton; however, as all our other sites are leased, our opportunities for on-site renewables are limited.

We purchase renewable energy through our electricity contracts and, where this is not possible, through market instruments.

In 2020 we moved to 100 per cent renewable electricity, predominantly through the purchase of Energy Attribute Certificates.



### 03 Climate change and greenhouse gas emissions

#### Measuring and reducing our carbon emissions

## Resource efficiency

### Energy

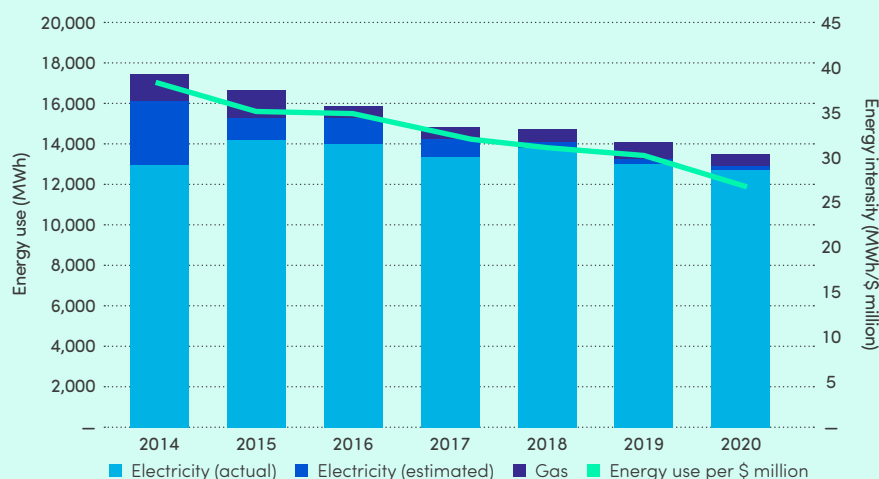
Energy use across the Company where we are directly responsible decreased by around 6 per cent in 2020 to 13,546 MWh (2019 14,453 MWh). We are restating our 2019 energy use having found a small understatement. We had previously reported a total of 14,187 MWh. The year-on-year reduction is predominantly due to lower demand for office lighting and small power with the majority of staff working from home. We maintained a skeleton team at each site to ensure the buildings were safe and the labs continued to run smoothly.

We estimate electricity use for sites where we do not pay for energy directly but instead pay indirectly through a service charge. From next year, we will report estimated energy use and associated emissions as scope 3 emissions.

The energy intensity of our operations has also reduced, measured in MWh per \$ million of revenue: 12 per cent since 2019 and 41 per cent over five years.

	2014	2015	2016	2017	2018	2019	2020
Electricity (actual) (MWh)	12,995	14,341	13,965	13,476	13,782	13,387	12,796
Electricity (estimated) (MWh)	3,118	1,051	1,322	978	351	269	244
Gas (MWh)	1,433	1,388	757	546	745	798	506
<b>Total (MWh)</b>	<b>17,547</b>	<b>16,781</b>	<b>16,044</b>	<b>15,001</b>	<b>14,879</b>	<b>14,453</b>	<b>13,546</b>
Energy intensity (MWh per \$ million)	38.4	35.2	35.0	33.0	31.2	30.3	26.9

## Energy use trends



“

We have reduced energy use every year since 2014 and reduced the proportion of energy use we estimate. Since 2014, we have reduced our energy use by nearly a quarter.”

## Main energy-using sites

The largest energy-using sites in 2020 were:

Site	Internal area m <sup>2</sup>	Energy use 2020 MWh	Energy use 2019 MWh	Change per cent
Calabasas	7,789	3,922,799	4,349,876	(10%)
San Jose	4,859	1,781,708	1,817,955	(2%)
Frederick	4,470	1,298,402	1,228,072	+6%
Plano	2,370	1,176,113	1,419,401	(17%)
Eatontown	5,017	1,156,830	1,379,238	(16%)
Beijing	2,896	945,869	989,534	(4%)
Honolulu	1,295	704,430	608,150	+16%
Paignton	2,575	575,583	618,521	(7%)
Holmdel	3,195	443,063	342,568	+29%
Raleigh	1,169	308,856	243,171	+27%

## Water

Our water use is minimal and is limited to showers, toilets and washing crockery at coffee points. We recognise that a number of our sites are located in water stressed areas and water stress is likely to increase globally with climate change. As a result, we have a policy to reduce water use across our sites and water efficiency measures are installed as standard in our property design guide. For example, we have installed low flow taps and waterless urinals at our office in Paignton, UK.

Paignton, however, is the only site we own. All other global sites are leased, which has made installing renewables at other sites quite difficult. We have zero carbon electricity contracts in place for our Crawley, Paignton and Berlin sites, and low-carbon tariffs in place at our Paris office.

Many of our sites also do not have access to zero carbon electricity tariffs, so we have partnered with South Pole to source renewable Energy Attribute Certificates which has allowed us to achieve our 100 per cent renewable electricity target.

## Renewable energy

Moving away from fossil fuels is vital to reduce global emissions and in 2019, we stepped up our commitment to tackling climate change, setting a target to source 100 per cent of our electricity from renewable sources by the end of 2020.

In 2013 we installed a 50kWp solar array at our site in Paignton which generates 38 MWh of zero carbon electricity each year. This supplies around 8 per cent of our electricity use at the site, equivalent to around ten homes.

“

In 2020, 100 per cent of our electricity came from renewable sources.”

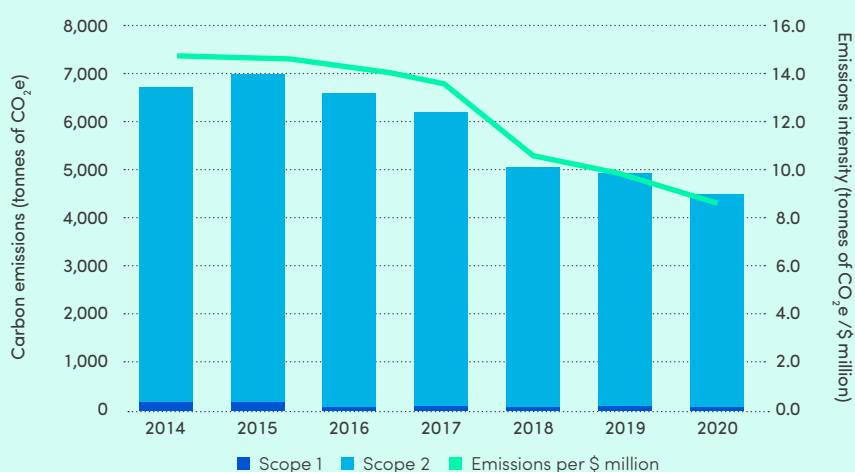
## Our sustainable property approach continued

### GHG emissions

Greenhouse gas 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 2020, completing the Climate Change and Supply Chain questionnaire. In 2020 we achieved a Climate Change rating of B (2019 B) and a Supply Chain rating of B- (2019 B).

We report our emissions using both the location and contract-based methodologies set out in the GHG Protocol. The two methodologies look at our energy use in two different ways. The location approach uses the average emissions for each country, and has been the way we have reported our emissions over the past eight years. The contract approach uses the emissions factor from the energy we buy and takes into account purchased renewable energy and so will be an important way to monitor our progress towards achieving carbon neutrality.

Emissions from:	Location based		Contract based	
	2020 Tonnes of CO <sub>2</sub> e	2019 Tonnes of CO <sub>2</sub> e	2020 Tonnes of CO <sub>2</sub> e	2019 Tonnes of CO <sub>2</sub> e
Combustion of fuel and operation of facilities (scope 1)	91.8	144.7	91.8	144.7
Electricity, heat, steam and cooling purchased for own use (scope 2)	4,427.7	4,829.6	0.0	470.1
<b>Total emissions</b>	<b>4,519.5</b>	<b>4,974.3</b>	<b>91.8</b>	<b>614.8</b>
<b>Emissions intensity metrics:</b>				
Per FTE	3.18	3.60	0.06	0.44
Normalised per \$ million of revenues	8.65	9.88	0.18	1.22



“

We have reduced our scope 1 and 2 (location-based) carbon emissions by 33 per cent since 2014.”

#### Location-based emissions

To date, our targets have been set on location-based emissions.

In 2020, total Group location-based emissions decreased by about 9 per cent from 2019 to 4,519.5 tonnes of CO<sub>2</sub>e.

We are restating our 2019 emissions having found a small understatement in electricity use in 2019. We had previously reported total carbon emissions of 4,785.7 tonnes of CO<sub>2</sub>e (location based) and 597.4 tonnes of CO<sub>2</sub>e (contract based).

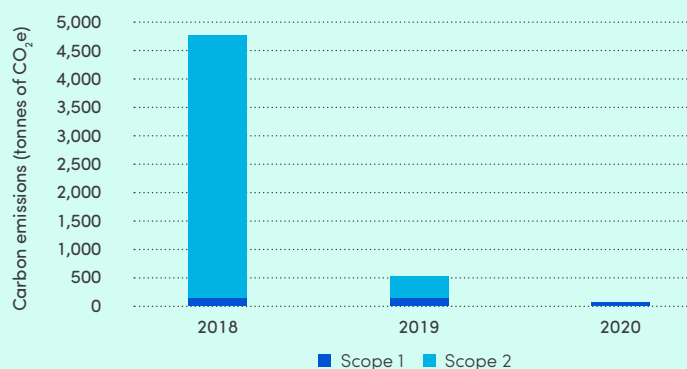
Since 2014 we have reduced our location-based carbon emissions by 33 per cent and have made year-on-year reductions in carbon emissions in relation to revenue as well. Emissions intensity (tonnes of CO<sub>2</sub>e per \$ million) is down 42 per cent since 2014 and 9 per cent down on 2019 figures.

### Contract-based emissions

We first reported our emissions on a contract basis for 2018.

Our 2020 emissions are significantly lower than 2019, due to our increasing the proportion of our electricity from renewable sources from 90 to 100 per cent.

Our contract-based emissions reduced by 85 per cent from 2019, and 98 per cent from 2018.



**Our contract-based emissions have reduced by 98 per cent since we first reported in 2018.”**

### Scope 3 emissions

We have reported on a number of our scope 3 emissions sources, including those from business air travel and contract manufacturers. Scope 3 emissions include those emissions that Spirent is not directly in control of, including raw materials, manufacturing, logistics, business travel and commuting, as well as emissions associated with our products during use and at the end of their life. We are working to expand our scope 3 emissions reporting in order to get a more complete understanding of the emissions associated with the full lifecycle of our products and services.

Our scope 3 emissions were 83 per cent lower than last year. In 2020 carbon emissions from air travel were significantly lower as we stopped all avoidable business travel in response to COVID-19. Emissions associated with contract manufacturing were also lower than the previous year.

Emissions from:	2020 Tonnes of CO <sub>2</sub> e	2019 Tonnes of CO <sub>2</sub> e
Contract manufacturing	976	1,539
Air travel	762	8,547

### Contract manufacturing

Our emissions from manufacturing reduced by 37 per cent in 2020, primarily driven by energy efficiency improvements and renewable energy generation from our largest manufacturing partner.

### Air travel

In 2020, our air travel was significantly lower than 2019. We took around 2,500 flights before we stopped all business travel in March, travelling 4.7 million km. In 2019, we took 15,000 flights and travelled 41 million km by air.

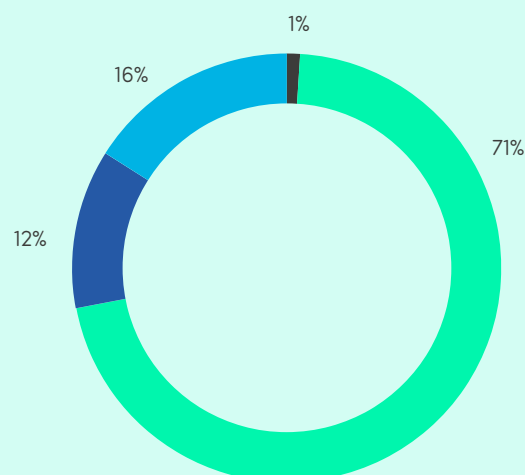
Our carbon emissions from air travel in 2020 were 762 tonnes of CO<sub>2</sub>e, down from 8,547 tonnes of CO<sub>2</sub>e in 2019.

### Total carbon emissions breakdown

With a significant reduction in air travel in 2020, emissions from our electricity use made up more than 70 per cent of our total footprint.

### Total carbon emissions breakdown (location based)

- Gas
- Electricity
- Air travel
- Contract manufacturing





## Our sustainable property approach continued

### Setting science-based targets

We have reviewed the Company's options to set a science-based carbon reduction target for 2025. Based on a 2017 baseline, targets in line with guidance for 2 degree and 1.5 degree scenarios would be 20 per cent and 33.6 per cent respectively.

Whilst we are confident in our approach and methodology for reducing scope 1 and 2 emissions, a significant proportion of our carbon emissions occur in the supply chain and during the use of our products. Whilst we have made further progress in understanding our scope 3 emissions this year, in order to achieve a robust science-based target, further work is required to calculate our full scope 3 emissions robustly.

During 2020 we have established a new sustainability strategy which includes two carbon targets. We aim to achieve carbon neutral certification by 2023 and work towards achieving net zero carbon by 2035. The net zero target is aligned with science-based targets.

### Performance against 2020 targets

Area of focus	Objective	Targets
<b>Carbon emissions</b>	Set science-based target	<p>Set science-based targets for 2025</p> <p><b>Achieved:</b> New short- and medium-term carbon targets have been set</p> <p>Interim target: Reduce carbon emissions per \$ million revenue by 5 per cent from 2019 levels</p> <p><b>Achieved:</b> We reduced our emissions per \$ million by 9 per cent</p> <p>Explore options to purchase emissions offsets</p> <p><b>Achieved:</b> Our new carbon strategy will include offsetting as part of a suite of energy and carbon reduction initiatives</p>
<b>Renewable energy</b>	Purchase electricity from renewable sources	<p>Purchase 100 per cent of electricity from renewable sources</p> <p><b>Achieved.</b></p>
<b>Internal reporting and recognition</b>	Implement a scheme to reward and recognise energy reduction efforts at the site and individual level	<p>Establish a programme to reward energy performance at the site level and provide recognition for individuals who have been instrumental in reducing energy use</p> <p><b>Paused:</b> We have paused this initiative whilst staff are working from home</p>
<b>Energy reduction</b>	Reduce energy use in our engineering labs	<p>Implement lab virtualisation and automation tools into the ENG lab in Paignton, and the labs in Beijing and Seoul</p> <p><b>Achieved:</b> Lab. automation tools have been installed in the ENG lab. The Beijing lab installation is due to be completed in Q1 of 2021. The Seoul office moved and no longer has a lab on site</p>







# Sustainability management and governance



We developed a new sustainability strategy during 2020, creating five promises that we will use to target our efforts over the next five years. This represents an exciting step forward and a higher level of ambition on sustainable action.”

**Angus Iveson**

Company Secretary and General Counsel  
FuturePositive Committee Chair

## Priorities

- **Sustainability governance:** An effective governance structure for environmental and social issues.
- **Materiality:** Identifying the most important environmental, social and corporate governance issues for Spirent to manage.
- **Stakeholder engagement:** Understanding and responding to the needs and expectations of our most important stakeholders.
- **Risk management:** Understanding and managing the principal sustainability risks for Spirent.
- **Compliance:** Ensuring we comply with all applicable legislation and policies.





# Sustainability management and governance

Spirent has a robust approach to managing environmental and social issues. There are five key areas to our responsible operating approach.

## 01: Sustainability management

## 02: Materiality

## 03: New sustainability strategy

## 04: Stakeholder engagement

## 05: Risk management

## 06: Responsible business practice

# 01 Sustainability management

An effective governance structure for environmental and social issues

### Governance structure

The CEO is ultimately responsible for sustainability at Spirent and oversees how we manage our material environmental, social and governance (ESG) issues. A Committee for the FuturePositive programme was established in 2016 comprising senior management representatives who have responsibility for each aspect of the strategy.

The FuturePositive Committee comprises:

Committee Chair	Company Secretary and General Counsel
Procurement	Vice-President Global Operations Global Procurement Director
Property	Director of Global Properties
People	Global Human Resources Director
Product	Senior Director Research and Development Product Development

External advisers have been appointed (Brite Green) to support the Committee in designing and implementing the FuturePositive programme and members of staff from across the business contribute to the Committee and annual workstreams.

The FuturePositive Committee meets four times a year to co-ordinate and monitor progress on the programme. The Committee is chaired by the Company Secretary who reports progress to the Board.

We have established a new sub-committee of the Audit Committee on sustainability and climate change which will oversee our new sustainability strategy, and monitor climate-related risks, opportunities and our performance against targets.

### Policies

Our sustainability approach is governed by an overarching Sustainability Policy. It can be found at <https://corporate.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.

## 02 Materiality

Identifying the most important environmental, social and corporate governance issues for Spirent to manage



We updated our materiality assessment in 2020 to ensure our sustainability programme is focused on the most important issues for Spirent and our stakeholders.”

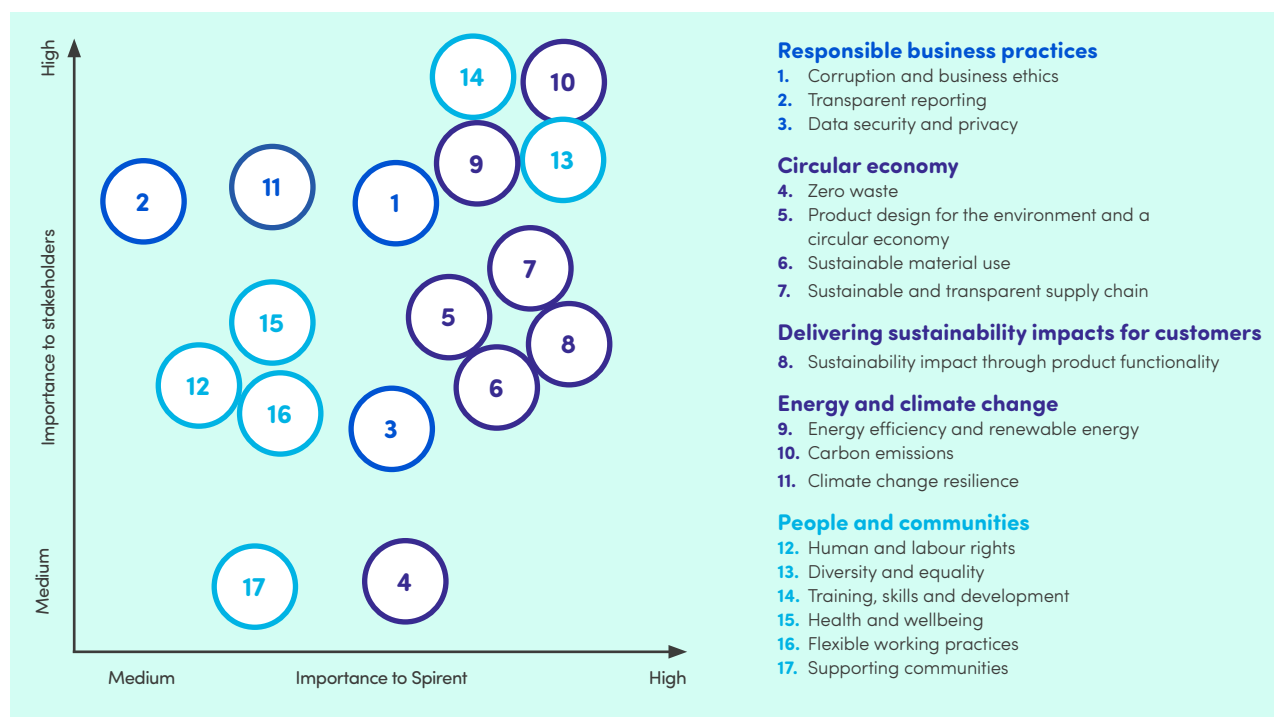
In 2020 we re-examined the sustainability issues that are material to Spirent using the five criteria set out in the AA 1000 standard using a risk-based approach:

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

We conducted desk-based research, direct correspondence and interviews with stakeholder groups to identify the themes that are most important to the business.

The results from the review reinforced our focus on energy and climate change, diversity, business ethics, human capital development and data security, along with how our products can help our customers deliver sustainability performance improvements.

The analysis is undertaken at least every two years and will next be updated in 2022.



## Materiality continued

Sustainability issues are relevant to our operations and across our sector. We have incorporated actions to address significant risks and opportunities into the way we operate.

Some issues are addressed at the Group level (e.g. climate change, learning and development, STEM programmes), whilst others are undertaken at the site level (e.g. community support initiatives).

We have set out how our material sustainability issues apply to our core business activities.

### Our business activities

### How our material sustainability issues apply

#### Our test solutions

We provide network test solutions to customers across the world. Our test solutions are used in research and development as well as operational monitoring of communications networks across a wide range of use cases. Our world-class equipment is often used for a long time by customers.

The use of our equipment and test solutions has a direct environmental impact across their lifecycle. Our hardware uses raw materials and energy to manufacture and transport. The equipment also consumes energy and is responsible for associated carbon emissions during its use. Our equipment will also become electronic waste at the end of its life. Our efforts are focused on controlling and reducing the negative impact in the supply chain and designing efficient and long-lasting products that can be recycled at the end of their life.

Our test solutions are used to develop emerging technologies that will help address global sustainability challenges, including electric and automated cars, cybersecurity and the Internet of Things (IoT).

We are also able to help clients improve their sustainability performance through our product functionality. With the continued growth of data demand globally, we are developing solutions to improve the efficiency and effectiveness of communications networks and labs. This includes allowing customers to operate effectively and efficiently in the Cloud, increasing R&D lab efficiency, reducing service engineer call-outs for telecoms operators and keeping networks and data safe from cyber attacks.

#### Our business activities

Our operations include hardware and software design, testing, and research and development. We have in-house finance, HR and IT, and procurement functions as well as an in-house sales and marketing team.

In some cases, we also work with third-party sales partners.

We influence the environmental performance of our products through our design process. We aim to reduce the physical impacts of hardware, employing design for environment principles, virtualising hardware and using software where possible.

Business ethics is a key issue, especially for those in sales, finance and HR. Those staff in higher-risk roles are given regular anti-corruption and bribery training and the business ethics practices of our third-party sales partners are assessed prior to and during the appointment.

The work that our staff conduct is predominantly low risk from a health and safety perspective.



## Our business activities

## How our material sustainability issues apply

### Manufacturing, logistics and components

We do not carry out any manufacturing activities ourselves but instead leverage the expertise and scale of specialist manufacturing partners. Similarly, logistics are also completed by third parties.

We have a global supply chain. Our products contain regulated materials which can have environmental and social impacts during their extraction, processing and transportation.

As we do not conduct manufacturing directly, the environmental and social impacts related to component and product manufacturing arise in our supply chain. The electronic industry as a whole faces challenges, including environmental impacts from raw material extraction and processing, labour and human rights, and transparency.

As such, we set high environmental, social and governance standards for all suppliers and conduct regular assessments and audits. We are expanding our environmental monitoring of key suppliers through our scope 3 emissions reporting.

We maintain very close control of the components and suppliers used to ensure only compliant components are used from suppliers which meet our standards. All products are manufactured to our exacting specifications and records are maintained.

Where possible, we reduce the environmental impacts from logistics by shipping hardware directly to customers and allow customers to expand the capability of that equipment in situ with product key upgrades. We are also expanding our software-based and Test-as-a-Service (TaaS) solution portfolio which will further reduce environmental impacts.

### Product use and end of life

Predominantly the customer use and end of life stages of our products' lifecycles have been outside of our direct influence, but our suite of hosted test services is increasing.

During use, our products use energy, occupy space and contribute to the heat load in clients' labs. Our hardware also uses cooling fans which generates noise which can be problematic for desktop use.

As such, energy efficiency, noise and size are key considerations for our products during use, and we have processes in place to improve the performance of our products in these areas. We have also developed products that maximise equipment utilisation and test automation for clients to reduce in-use impacts even further (Velocity and iTest).

With more of our test services being hosted by Spirent, we are also responsible for ongoing energy consumption.

Our products are designed for disassembly at end of life and are subject to waste electronics regulations.

### Confidential and personal data

By the nature of the work we do, we hold commercially sensitive data and personal information related to our own business and our customers.

We process personal data and commercially sensitive information which we need to keep secure.

As a result, we operate robust information security procedures and our SecurityLabs business achieved certification to ISO 27001 in 2018.

Cybersecurity is also critical for our customers and we have developed industry-leading security and performance solutions to help them manage cybersecurity risks.

## Materiality continued

### Our business activities

### How our material sustainability issues apply

#### Stakeholders

We work with national governments and some of the world's largest companies and we are listed on the London Stock Exchange.

As a result, our clients, investors and other stakeholders have high expectations of our environmental, social and governance management and ask us to disclose detailed information about how sustainability issues are relevant to our business and how we are managing them.

We also recognise that we operate within communities and we have an obligation to ensure that we operate responsibly and create a positive impact.

We are expected to demonstrate good management of environmental, social and governance issues and report on our performance.

We respond to customer questionnaires and participate in industry-wide initiatives (such as CDP).

We aim to create a positive impact on the communities we work in through volunteering and charitable donations and introduced a new Company-wide programme in 2018 to ensure we do this consistently and effectively.

#### Our facilities

We operate from 40 sites across the world. With the exception of our site in Paignton, UK, all our sites are leased. Around a quarter of these sites have an engineering lab or significant customer lab. The rest are sales or administrative offices.

The most important impact we have through our facilities is energy use; however, we have limited control over much of the infrastructure in the leased buildings we operate from. The main areas of influence are the engineering labs and our site in Paignton, UK, where we own the building.

We only use water on our sites for domestic use.

#### Talent

We operate in a sector with high competition for talent and in some areas there are sector-wide challenges with diversity and interest in science and technology jobs. Our employees require a high level of education and technical knowledge.

Our business relies heavily on human capital. Attracting, retaining and developing world-class talent is critical for our success. We also need to engage talented young people to encourage them into careers in science and technology, and contribute to the curriculum in schools and universities.







## New sustainability strategy

### 03 New sustainability strategy

We have launched our new sustainability strategy, with five key promises.

**Vision** Our solutions will help deliver on the promise of a sustainable future for all.

We will operate with integrity, respecting the environment and people everywhere.

#### Deliver a sustainable future



##### Promise of a sustainable future

**Our promise** We will showcase the environmental benefits that our solutions deliver for customers and embed sustainability into our go-to-market strategy.

#### Operate with integrity



##### Net zero carbon

**Our promise** We aim to achieve carbon neutral certification in two years, and work towards net zero carbon by 2035 through energy efficiency, 100 per cent renewable electricity and carbon offsets.



##### Promote diversity and invest in people

**Our promise** We will take action on diversity and set clear objectives. We will attract and develop talent and skills to drive innovation and support long-term sustainable growth. We will also enable and embed flexible working across all our operations.



##### Operate responsibly

**Our promise** We will roll out ISO 14001 management system practices globally and work towards sending zero waste to landfill. We will embed circular economy principles in our product design and reduce sustainability impacts in our supply chain.



##### Be accountable and transparent

**Our promise** We will expand our sustainability governance structures and reporting, and communicate regularly with staff on FuturePositive targets and progress.



## Promise of a sustainable future

### Our promise



We aim to showcase the environmental benefits that our solutions deliver for customers and embed sustainability into our go-to-market strategy.”

### Why is this important?

- Sustainability issues are increasingly important for our customers, with energy, climate change and cybersecurity being the most pressing.
- We are well placed to help customers reduce their direct impacts, through automation, virtualisation and analytics.
- We can help customers develop new technologies to tackle global sustainability challenges, including smart grids, autonomous vehicles and precision agriculture.
- Sustainability can play an important part in our customer centricity approach.

### Key themes and targets

Objective	Actions	Targets
<b>Reduce customer sustainability impacts</b>		
We will showcase how our solutions help our customers improve their sustainability performance directly.	Produce case studies annually for main solutions with environmental and sustainability benefits to customers.	Produce data-driven case studies for Velocity and VisionWorks by end of 2021.
<b>Support sustainable innovation</b>		
We will showcase how our solutions unlock the technologies to solve global sustainability challenges.	Produce case studies annually for each business unit on environmental and sustainability innovation supported by Spirent's test solutions.	Produce case studies on the new innovations that are supported by Spirent by end of 2021.
<b>Embed sustainability in customer centricity</b>		
We will make sustainability part of our go-to-market strategy.	Establish a clear plan to integrate sustainability into our go-to-market strategy.	Incorporate sustainability into our go-to-market plan by end of 2021.

# New sustainability strategy continued



## Net zero carbon

### Our promise



**We will achieve carbon neutral certification in two years, and aim to work towards net zero carbon by 2035 through energy efficiency, 100 per cent renewable electricity and carbon offsets.”**

### Why is this important?

- Climate change is a globally important issue.
- Our operations and supply chain are vulnerable to climate-related extreme weather, wildfires and disruption.
- Our investors and customers expect us to take action.
- There is an opportunity to drive efficiencies in the business and reduce operating costs.

### Key themes and targets

Objective	Actions	Targets
<b>Energy efficiency</b>		
Reduce energy use and costs.	Site consolidations and closer lab management.	Reduce energy use by at least 25 per cent from 2019 baseline.
<b>Carbon reduction</b>		
Achieve carbon neutrality certification in two years, and set a science-based target to reduce scope 1, 2 and 3 emissions to zero by 2035.	Achieve carbon neutral certification, measure scope 3 emissions and work with partners to reduce emissions.	Achieve corporate carbon neutral certification by end of 2022.  Reduce scope 1, 2 and 3 emissions to zero by 2035.
<b>Renewable energy</b>		
Source 100 per cent of electricity from renewable sources and work to purchase increasing energy from new generation capacity.	Secure green electricity contracts and EACs. Work to purchase energy from additional renewable energy sources.	Maintain 100 per cent of electricity from renewable sources annually.  Increase the proportion of electricity sourced from new renewable energy by 2026.
<b>Offsetting</b>		
Offset any remaining emissions after reductions and renewable energy.	Purchase good-quality carbon sequestration credits.	Offset any emissions that we cannot reduce within the scope of our carbon neutral certification by end of 2022.
<b>Engage key partners</b>		
Work with partners to reduce supply chain emissions.	Engage with suppliers and establish formal carbon agreements with key partners.	Set formal carbon reduction targets with key suppliers and report on progress by end of 2022.  Collate scope 3 carbon emissions from key suppliers by end of 2023.





## Promote diversity and invest in people

### Our promise



**We will take action on diversity and set clear objectives. We will attract and develop talent and skills to drive innovation and support long-term sustainable growth. We will also enable and embed flexible working across all our operations.”**

### Why is this important?

- Diversity and inclusion are key challenges for our communities.
- The technology sector faces a particular challenge on gender diversity.
- Our success relies on a pipeline of new talent and developing talent within our business.
- Spirent plays an important role in the communities it operates in.

### Key themes and targets

Objective	Actions	Targets
<b>Support diversity and inclusion</b>		
Improve our diversity practices and performance.	Complete a detailed diversity review and set improvement objectives. Report gender pay gap globally.	Complete diversity and inclusion assessment and set objectives by end of 2021.  Report our gender pay gap for all staff by end of 2022.
<b>Invest in skills, training and development</b>		
We will invest in the skills, training and development of our staff to drive innovation and support long-term sustainable growth.	Design an early career talent acquisition strategy, including school and university STEM programmes. Establish management systems to develop skills in house. Continue Leader.Assured programme.	Establish an early career talent programme and set performance metrics by end of 2021.
<b>Flexible working practices</b>		
We will actively encourage flexible working for the majority of staff by 2023.	Establish flexible working policies and practices.	Implement flexible working practices by end of 2021 and report on progress annually.
<b>Support our communities</b>		
Maintain support for communities at current level.	Run VTO and charitable giving initiatives.	

## New sustainability strategy continued



### Operate responsibly

#### Our promise



**We will roll out ISO 14001 management system practices globally and work towards zero waste to landfill. We will embed circular economy principles in our product design and reduce sustainability impacts in our supply chain.”**

#### Why is this important?

- Our sites have a significant environmental impact but we do not have Group-wide practices to manage impacts consistently or optimally.
- Our products' sustainability impacts are a visible and important area of impact.
- Much of our sustainability impact occurs in our supply chain and we have limited visibility and monitoring.

#### Key themes and targets

Objective	Actions	Targets
<b>Sustainable buildings</b>		
Manage the environmental impacts at each site and gain recognition.	Achieve ISO 14001 certification across the Group and work towards zero waste to landfill by 2026.	Achieve certification at one major engineering site by end of 2022 and all engineering sites by end of 2026.
<b>Sustainable product design</b>		
We will embed circular economy principles into the way we design our products.	Provide circular economy training for engineers, introduce sustainable innovation toolkit, conduct lifecycle assessments of key products and produce product eco-profiles to showcase credentials.	Circular economy training to be completed by senior engineers by end of 2021.
<b>Sustainable supply chain and manufacturing</b>		
We will establish programmes to better understand and reduce our supply chain impacts.	We will complete supplier audits and establish sustainability agreements with selected key suppliers. We will also seek to redesign our packaging to reduce sustainability impacts.	<p>Meet annual supplier audit targets, with increased number of non-hardware suppliers included.</p> <p>Collect scope 3 emissions data from key suppliers by end of 2023.</p> <p>Review packaging materials and redesign packaging to reduce impacts by 2023.</p>



## Be accountable and transparent

### Our promise



**We will expand our sustainability governance structures and reporting, and communicate regularly with staff on FuturePositive targets and progress.”**

### Why is this important?

- Investors and customers expect increasingly detailed information on our sustainability practices and performance.
- We have not historically communicated and engaged with staff well enough on sustainability.
- New legislation requires Spirent to establish Board-level oversight on climate change.

### Key themes and targets

Objective	Actions	Targets
<b>Robust sustainability governance</b>		
Ensure Board-level and senior management involvement in sustainability management.	Establish a new sub-committee of the Audit Committee. Establish a balanced score card for sustainability for the Board.	Establish sub-committee of the Audit Committee and report on sustainability performance.
<b>Robust reporting and communications</b>		
We will enhance our external communications and engage with staff effectively and regularly on sustainability issues.	We will report in accordance with the GRI Standard and TCFD. We will develop an effective internal communications programme and integrate sustainability into our external communications.	Produce a sustainability report in accordance with the GRI Standard for financial year ending 31 December 2021.



## Reporting and stakeholder engagement

### 04 Reporting and stakeholder engagement

Understanding and responding to the needs and expectations of our most important stakeholders

#### 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 Strategic report section of our Annual 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 questionnaires and have started a process to actively engage with customers and suppliers on sustainability issues.

In 2020 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 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 ESG rating agencies.

We have initiated closer collaboration with our contract manufacturers to improve our understanding of sustainability management and performance in our tier 2 suppliers. In particular we share information about supplier audits and performance.

In addition, we engage with our employees on sustainability issues in our regular “town hall” meetings and employee surveys. We continue to communicate with our employees on sustainability topics via emails, posters and the Company intranet, InsideSpirent. In 2020, we continued our partnership with Emplify to conduct two employee engagement surveys. The surveys review 17 key themes including meaning, purpose, professional development, shared values, leadership and autonomy. We complete the surveys every six months. The surveys show we have an engaged workforce and the participation rates in the surveys are very high. The surveys have also identified a number of areas where we perform especially well, including fairness and staff feedback, and some areas for improvement, including around taking holiday and goal support.

#### Stakeholder expectations

As part of our materiality analysis we have identified the needs and expectations of seven main stakeholder groups: investors, workforce, customers, suppliers, government/regulatory bodies, community and environment.

The groups were identified as having the largest influence on our business or where we can have a significant impact. The key issues raised are incorporated into our sustainability strategy development and we have introduced programmes to address all key issues raised by stakeholders.

Where possible, we have incorporated the consideration of sustainability issues into existing stakeholder engagement processes and, as such, the frequency of engagement ranges from continuous to annually.

We have designed this report to address the key themes raised by our stakeholders and we also respond to specific requests for information from stakeholders.

The Board acknowledges that there is a legal requirement for the Company to report on how the Board and its Committees have considered the requirements of Section 172 of the Companies Act 2006 in their decision making.

Supported by the Company Secretary and General Counsel, the Board, management or anyone tasked with preparation of Board materials give consideration to stakeholders in all matters requiring decision making, including strategic decisions.



## Workforce

We define workforce as full-time and part-time permanent employees.

### Key metrics:

- Total benefits and payments to employees
- Employee turnover rate

### Why is it important to engage?

The Company's long-term success is fundamentally linked to the commitment of our workforce to our purpose and their demonstration of our values on a daily basis.

### How we engage

We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their wellbeing.

The Board have decided that the global reach of the Group's employees is best served by Non-executive Directors meeting with members of the workforce in their home geographical area.

The Board also discussed feedback arising from town-hall meetings and employee surveys conducted through the year and reviewed our refreshed behaviours and values.

### Engagement in 2020

As detailed on page 36, safeguarding the health and wellbeing of our employees has been one of the Company's top priorities during the global COVID-19 pandemic. However, engagement has continued, with executive management continuing to hold virtual town-hall meetings and surveys. Virtual focus group meetings with Non-executive Directors continuing in spite of the restrictions in place around the world.

The Board and executive management are keen to learn from our experiences through the pandemic and will work to support more permanent flexible work options for employees.

The Board and the Nomination Committee has continued to receive updates on talent and succession plans, further details of which are set out in the Annual Report.

# Reporting and stakeholder engagement continued

## Investors

### Key metrics:

- Earnings per share
- Total dividends paid
- Total Shareholder Return (TSR)

### Why is it important to engage?

Continued access to capital is of vital importance to the long-term success of our business.

### How we engage

Through our engagement activities, we seek to obtain investor support for our strategic objectives and our approach to executing them.

The key mechanisms of engagement include:

- Annual General Meetings;
- investor presentations; and
- one-on-one meetings with relevant information being distributed to all investors through:
  - regulatory news releases;
  - corporate website at <https://corporate.spirent.com>; and
  - annual reports.

Feedback on formal engagement with investors is reported to the Board and used to inform the planning of future events and consultations.

### Engagement in 2020

In order to continue to engage with investors during the pandemic, executive management altered its standard information delivery methods:

#### Annual General Meeting

Due to COVID-19 restrictions, the Company's Annual General Meeting had to take place as a closed meeting. The Board was available to engage with shareholders and proxy advisers in advance of the meeting and offer a question and answer facility to all stakeholders through the Company website. The Board was pleased that 85.24 per cent of the Company's total voting rights were represented in votes cast either electronically or by mail for the resolutions seeking approval.

#### Half-Year Results

The Company's Half-Year 2020 Results presentation was made available to all investors online, with a pre-recorded presentation and a live question and answer session being accessible via the Company's website at <https://corporate.spirent.com>.

#### Capital Markets Day

In response to investor requests, and in addition to our standard investor engagement calendar, executive management held an online Capital Markets Day on 8 October 2020 with presentations given by senior executives on Spirent's strategic objectives. A recording of the sessions is available to all stakeholders on the Company's website.

## Customers

### Key metrics:

- Order intake
- Performance feedback

### Why is it important to engage?

Understanding our customers' needs and behaviours allows us to deliver relevant products and services, retain existing customers and attract new ones. It also identifies opportunities for growth.

### How we engage

The need to stay engaged with our existing and prospective customers during the global COVID-19 pandemic has forced us to be innovative in our approaches to digital marketing, increase our social media presence and enhance the provision of virtual demos through our updated website at <https://corporate.spirent.com>

### Engagement in 2020

Spirent has expanded its key account programme to help our customers to remain connected to our team in spite of the restrictions in place due to COVID-19. Our increased digital presence enables us to share information on current products and new innovations via virtual webinars and demonstrations, providing support for existing services.



## Environment

### Key metrics:

- Greenhouse gas emissions
- Energy use

### Why is it important to engage?

All companies have a responsibility to work to reduce their impact on the environment and engage with stakeholders to discuss how everyone can move towards a more sustainable business model.

### How we engage

Environmental issues are included in our Supplier Code of Conduct audits, helping to inform our responses to enquiries received from investors and other monitoring bodies.

Spirent continues to participate in the MSCI ESG ratings and the Carbon Disclosure Project.

### Engagement in 2020

Our commitment to sustainability has been highlighted in 2020 through agreement with the Board for a more ambitious, longer-term vision for our ESG activities to develop our existing FuturePositive programme. The resulting new five-year sustainability strategy, details of which can be found on pages 68 to 73 and on the Company's website at <https://corporate.spirent.com>.

## Regulators / governmental bodies

### Key metrics:

- Compliance
- Best practice

### Why is it important to engage?

Policies and regulatory changes, including changes to the global political landscape and laws and regulations affecting terms of trade, may provide opportunities and pose risk to our operations.

### How we engage

Ongoing engagement with trade compliance authorities ensures compliance with export regulations.

Participation in consultation exercises enables Spirent to play a part in the development of regulation and ESG best practice.

### Engagement in 2020

Spirent continues to engage with authorities on export regulations, developing its reporting framework to ensure it is ready to comply with the recommendations of the Task Force on Climate-Related Financial Disclosures.

Spirent continues to comply with the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010, using our influence to support efforts to protect the human rights of workers in our supply chain around the world.

The Board monitors the Company's gender pay gap reporting process and encourages the executive management to look at ways of reducing the gap across the Group.

## Suppliers

### Key metrics:

- % of Supplier Code of Conduct Certifications
- % of payments made within payment terms

### Why is it important to engage?

Engaging with our supply chain means that we can ensure security of supply and speed to market. We depend on the high standards of our carefully selected suppliers in order for us to deliver market-leading products and services.

### How we engage

Spirent has a Supplier Code of Conduct, based on the Electronic Industry Citizenship Coalition (RBA) Code v5.1. The Code sets out our expectations for environmental management, health and safety, labour rights and management systems as well as the provision of sustainability data.

Suppliers are subject to audits to ensure they continue to meet high standards on ESG issues and to foster greater collaboration.

### Engagement in 2020

Supplier Code of Conduct checks continued through 2020, with remote interviews and document reviews taking the place of in-person audits during the COVID-19 pandemic. Suppliers were also encouraged to focus on the health and wellbeing of staff throughout the period.

## Community

### Key metrics:

- Charitable donations and participation
- Support for STEM education efforts

### Why is it important to engage?

Spirent has the capacity to create a significant positive impact in its communities, investing time and resources into projects that create lasting value in the communities where we work.

### How we engage

Spirent's Charitable Giving programme provides each member of staff with two days' paid volunteer time off (VTO) per year, a new scheme to match employee charitable donations, and a further fund to provide financial support to local charities directly by the Company.

### Engagement in 2020

Spirent engages with a number of educational institutions around the world, running work experience, apprenticeships and industrial placement schemes for students interested in a career in our industry. Our STEM Ambassador programme focuses on encouraging women into technology careers as part of our commitment to increasing opportunities for diversity and inclusion.

## Reporting and stakeholder engagement continued



### How the Board considers stakeholders when making decisions

#### Growth strategy

The Board carries out a review of the Company's strategy on an annual basis, including the approval of the business plan for the following three years and financial budget for the following year. In 2020 the Board's strategic review included a review of progress against strategic priorities, Spirent's long-term strategic goals, and presentation of Business Unit strategies. During its review the Board focused on selected Group priorities including: the Group's IT strategy, culture and the financial impact of the strategy. The Board also considered a portfolio review and updating of a formal M&A framework to identify areas for organic and inorganic investment.

In making its decision to approve the business plan and future strategy of the Company, the Board also considered the impact of the strategy on the long-term position of the Company and its reputation as well as feedback from engagement exercises with our workforce, customers and suppliers.

#### Culture and values

As part of a formal review of culture and values, the Board was deeply involved in seeking to ensure that leadership is leveraging all available resources and skills across the Group to drive the best possible performance. Two all-employee engagement surveys have been undertaken in the period plus more focused engagement surveys to address specific issues identified in the wider engagement survey. Results have been shared with the Board. In addition the Board has reviewed the revised core values and "way we work" principles introduced during the year.

In April 2020, the CEO launched the updated "The Way We Work" framework at an all-employee virtual townhall. Built on feedback from engaging with workforce, customers and suppliers, this framework sets out ambitions and behaviours that will underpin the Group's future success. Support for managers to encourage these behaviours has been made available and the Board will continue to monitor the framework as it matures.







## 05 Risk management

Understanding and managing the principal sustainability risks for Spirent

Spirent is exposed to a number of risks and uncertainties. These risks may arise from internal factors, but some will be a result of external factors over which the Group has little or no direct control. It is the effective management of these risks that supports Spirent in delivering on its strategic objectives, safeguards the Group's assets and, over time, will enhance shareholder value.

The process to identify and manage the principal risks and uncertainties of the Group is an integral component of Spirent's internal control system. The Group's robust approach to risk management is set out in our Annual Report each year.

The Directors confirm that there is an ongoing, robust process to identify, evaluate and manage 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.

The Board has identified seven principal risks, two of which are related to the themes addressed in our FuturePositive programme: business continuity and employee skills. The full set of risks is set out in the 2020 Annual Report.

Risk	Potential impact
<p><b>Business continuity</b></p> <p>Operational risks are present in the Group's businesses, including the risk of failed internal and external processes and systems, human error and external events, such as a natural disaster, a global pandemic or cybersecurity attacks. For example, a significant portion of our communications operations are located in California which has in the past experienced natural disasters, including earthquakes and wildfires.</p> <p>Contract manufacturers are used for the manufacture of a substantial amount of Spirent's products. Spirent's major contract manufacturer is located in Thailand.</p> <p>The incidence of cybercrime continues to rise. Spirent is dependent on its information technology systems for both internal and external communications as well as for its day-to-day operations.</p> <p>The Group has taken steps to manage the increase to business continuity risk as a result of the COVID-19 pandemic, including invoking business continuity plans in each location, closely monitoring the impact to the supply chain with additional inventory procured on key components and by adding secondary suppliers, and by boosting the global Spirent information technology systems to enable the workforce to work remotely.</p>	<p>A significant natural disaster or global pandemic could disrupt the Group's ability to conduct business and adversely impact revenue and operating results.</p> <p>Failed internal and external processes, systems or human error could lead to compliance issues.</p> <p>Trade compliance issues continue to remain a focus, particularly with China.</p> <p>Disruption, financial problems of contract manufacturers or limitations in their manufacturing capacity could limit supply and/or increase cost.</p> <p>If a cyber-attack were to be successful it could result in loss of data, and confidential information and damage to Spirent's intellectual property, causing major disruption to the business. There would also be a potential impact on Spirent's credibility in the security market.</p>
<p><b>Employee skill base</b></p> <p>Employees are crucial to the success of our business. Attracting and retaining highly qualified and skilled employees is essential to enable the Group to deliver on its strategy and to the success of the business.</p>	<p>Intense competition for personnel is faced from other companies and organisations and the loss of key employees, the failure to attract and retain other highly skilled employees, or the failure to adequately plan for succession may impair Spirent's ability to run and expand the business effectively.</p>

## Mitigating actions

An important component of Spirent's corporate governance is its risk management strategy. IT disaster recovery plans are in place for all core business systems and ensure that the wider operations are all fully covered. In 2020, we performed the annual refresh and test of the Group Business Continuity and Disaster Recovery Policy and Procedure.

Regular meetings are held with contract manufacturers and a regular on-site presence is maintained. In addition, the Group's largest manufacturing subcontractor has multiple worldwide sites and comprehensive business continuity plans.

During 2020, we continued with a programme of work to develop processes and procedures in the area of cybersecurity.

Investing in people is at the core of the Group's strategy. The aim is to find, keep and engage the highest calibre of employees and encourage their contribution and development. An environment that fosters innovation and collaboration is critical to Spirent's success, as is ensuring incentive plans are competitive.

Succession planning for senior posts in the Company is reviewed periodically by the Board.

Appropriate career paths and internal recognition programmes are developed for both technical and non-technical staff.

Regular reviews are performed to ensure that all elements of compensation across the Group are competitive with the market.

## 06 Responsible business practices

Ensuring we comply with all applicable legislation and policies

Spirent has robust processes in place to ensure that it operates in compliance with all applicable legislation, contractual obligations and any voluntary agreements we subscribe to. Our key policies and approaches are set out below.

### 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 <https://corporate.spirent.com>.

Any critical concerns can be communicated to the Board through the Group's 'whistleblowing' procedure. The procedure, which forms part of the Business Ethics Policy, contains arrangements for a confidential reporting facility for reporting to the Audit Committee as appropriate. The Audit Committee reviews any reports and the actions arising therefrom.

### 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.

The Group's processes are compliant with the General Data Protection Regulation (GDPR) and we operate an information security management system certified to ISO 27001 for our SecurityLabs business based in Plano and San Jose.

Our procedures restrict the type and quantity of confidential information collected and stored and there are robust procedures in place to protect customer data from unauthorised access and disclosure.

Periodic information security risk assessments are performed and training is provided to staff to prevent information security breaches. Our internal controls are audited and we have a whistleblower procedure in place for staff to report information security concerns.

Spirent has implemented a response procedure to manage breaches of confidential information if they were to occur.

Confidential waste is shredded if in hard copy and certificates of destruction are provided for any electronic storage devices disposed of at end of life.

## Responsible business practices continued

### 06 Responsible business practices continued

#### Electronic waste and use of hazardous materials

We aim to reduce the waste we produce including electronic and hazardous waste. We have not set formal waste reduction targets.

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.

Spirent's hardware products are classified as Category Nine (Monitor and Control Equipment) and came into scope of the EU's Restriction of Hazardous Substances Directive (RoHS) in July 2017 and all products comply with the requirements of the Directive.

We monitor the weight of electronic equipment sold in European markets and participate in WEEE compliance schemes. In 2020 we sold around 4.8 tonnes of electronic equipment in European markets, a 22 per cent increase from 2019.

#### Electronic equipment sold in European markets by weight

Country	Marketed products kg		Change
	2020	2019	
Sweden	182	408	(55%)
Germany	1,154	1,185	(3%)
France	2,473	1,318	+88%
UK	1,060	1,091	(3%)
<b>Total</b>	<b>4,869</b>	<b>4,002</b>	<b>22%</b>

#### Conflict minerals

We have robust processes in place to avoid the use of conflict minerals in our products. The Group is not directly required to comply with or report under Section 1502 of the Dodd-Frank Act, the US Conflict Minerals Law. Our material, component and supplier management processes ensure that it would be in compliance if it were brought in within the scope of this legislation. The Group's practices comply with the EU Directive on Conflict Minerals which came into effect from 1 January 2021.

#### Modern slavery

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 and monitor suppliers by performing regular evaluation surveys to assure ourselves of each supplier's commitment in this area. Spirent's full statement on modern slavery and human trafficking can be found on the Company's website at <https://corporate.spirent.com>.

#### 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 and political contributions and governs conflict of interest and gifts.

The Board oversees implementation of the Business Ethics Policy.

There were no reported incidents, dismissals or legal cases related to corruption during 2020.

#### 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 2020.

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.



## 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 ISO 45001. Health and safety committees cover 1,160 members of staff (78 per cent of staff).

The health and safety risk profile for the Group remained low during 2020, with two reported accidents (2019 nine), none of which were reportable under the RIDDOR regulations and none of which required hospitalisation.

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 2020.

## ESOS

The Group is not required to comply with stages 1 or 2 of the UK Energy Savings Opportunity Scheme (ESOS) Regulations 2014.

## Streamlined Energy and Carbon Reporting (SECR)

Spirent is within scope of the Streamlined Energy and Carbon Reporting (SECR) Regulations and meets its requirements through this Sustainability Report and the disclosures made in the Annual Report.

## Carbon emissions calculation methodology

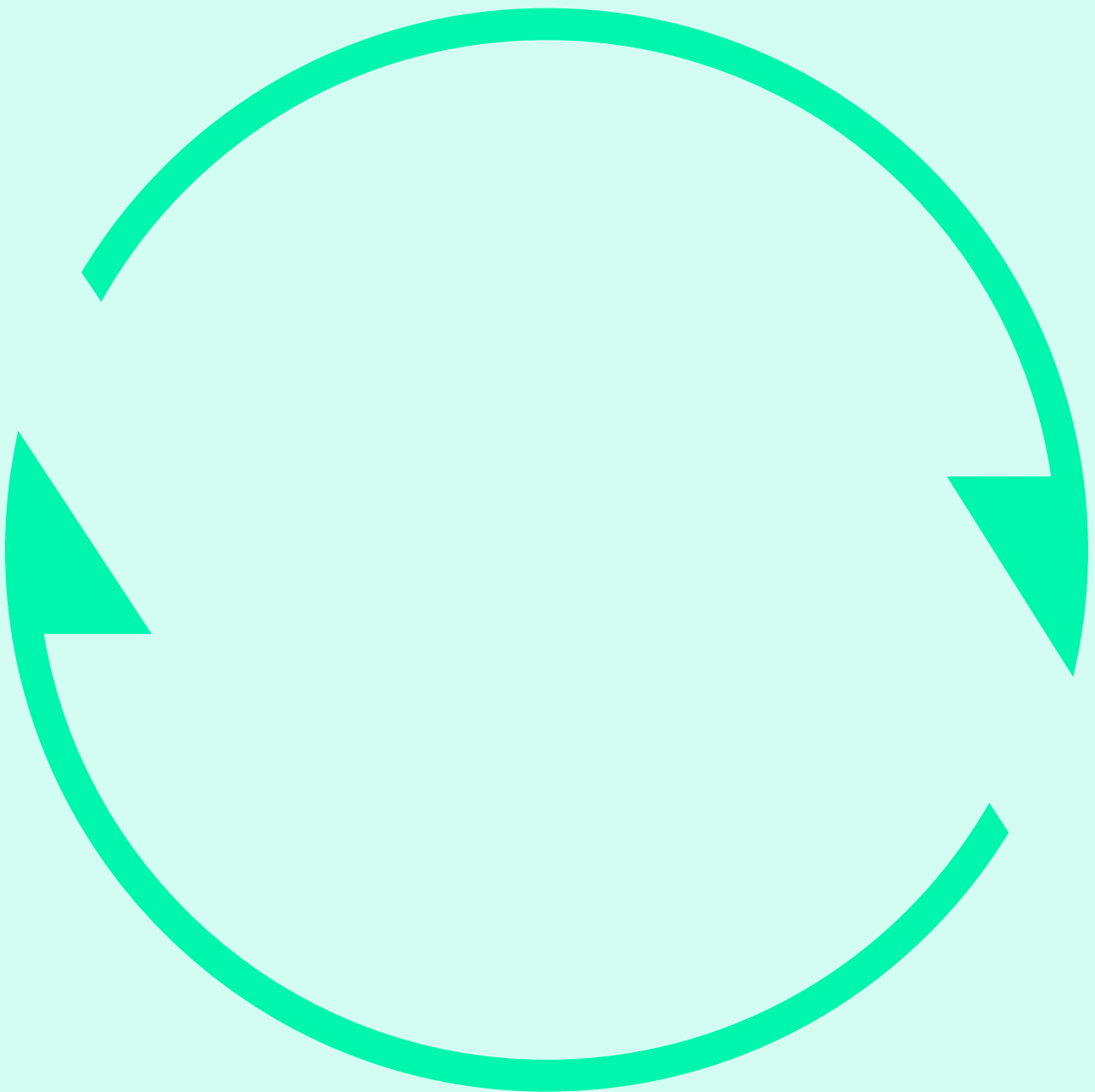
We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated financial statements as reported in the Company's Annual Report 2020.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under these Regulations, and location-based emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020, the US Environmental Protection Agency and the International Energy Agency. Contract-based emissions factors were sourced from the energy providers.

Scope 3 emissions from air travel were calculated from data provided by travel agents and airlines on distance flown. Detailed emissions data was provided for UK flights based on aircraft type used. For all other regions, DEFRA short- and long-haul emissions factors were used. Data was not available for five small administrative sites and air travel for these sites was estimated based on headcount and average mileage for the Group.

Emissions from our main contract manufacturers are calculated using Group-level data apportioned by spend. Manufacturers with a spend of greater than \$5 million have been included in the scope of reporting. Where data was not available, emissions have been estimated using the average emissions intensity. 1.5 per cent of electricity use has been estimated.

# Appendix



## Auditor assurance statement



### Scope and objectives

Spirent Communications plc ('Spirent'), acting through Brite Green Ltd ('Brite Green'), commissioned Adrian Henriques ('the Auditor') to undertake independent assurance of its 2020 Sustainability Report ('the Report'). The Auditor has no other relationships with Spirent or Brite Green that might compromise his independence. The assurance process was guided by AA1000AS (2018) and designed to provide Type 1 moderate assurance. However, the principle of impact was not applied. 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 the Auditor

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; see [www.henriques.info](http://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.

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 and 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 applied.

In the context of the pandemic and the highly unusual circumstances in which Spirent worked in 2020, it is hard appropriately to judge the performance that Spirent has achieved.

### Observations

Without affecting our assurance opinion, we also provide the following observations related to the principles of Inclusivity, Materiality and Responsiveness.

#### Inclusivity

Spirent engages with all its key stakeholders. Engagement with suppliers has continued beyond Tier 1 of its supply chain, even in the current difficult circumstances.

It is welcome that Spirent continued its engagement with staff throughout the many changes that the pandemic required of staff. Moreover staff showed very high levels of participation in the survey.

Spirent has also revised its approach to the governance of sustainability, with responsibility more firmly anchored with the Board and plans to link pay with sustainability factors in the future.

#### Materiality

The Report covers the material issues relevant to Spirent.

Spirent has developed a new strategy for sustainability based on a revised materiality analysis and wider vision of its impacts. This should provide a platform for taking a circular economy focus and a wider lifecycle approach to products.

#### Responsiveness

Steady progress has been achieved on energy reduction and supplier audits. Spirent has also moved to 100 per cent renewable electricity purchase. In addition, Spirent has set much more ambitious long term carbon targets, which is important.

Although the pandemic compromised some aspects of STEM support and volunteering, there is extensive reporting on staff who appear to have maintained a very positive attitude during the year.

### Adrian Henriques

London, February 2021



## GRI index

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

GRI Standard	Reported	Page number
<b>GRI 102: General disclosures</b>		
<b>Organisational profile</b>		
102-1 Name of the organisation	Y	1
102-2 Activities, brands, products and services	Y	3-7, 12-14
102-3 Location of headquarters	Y	91
102-4 Location of operations	Y	52, 55
102-5 Ownership and legal form	Y	1
102-6 Markets served	Y	3-7
102-7 Scale of the organisation	Y	2020 Annual Report
102-8 Information on employees and other workers	Y	34-49
102-9 Supply chain	Y	28-32
102-10 Significant changes to the organisation and its supply chain	Y	28
102-11 Precautionary principle or approach	Y	8-9, 68-73
102-12 External initiatives	Y	1
102-13 Membership of associations	N	—
<b>Strategy</b>		
102-14 Statement from senior decision maker	Y	2
102-15 Key impacts, risks and opportunities	Y	63-66, 80-82
<b>Ethics and integrity</b>		
102-16 Values, principles, standards and norms of behaviour	Y	60-83
102-17 Mechanisms for advice and concerns about ethics	Y	81

### Key

Y	Reported
NM	Not material
P	Partially reported
N	Not reported



GRI Standard	Reported	Page number
<b>Governance</b>		
102-18 Governance structure	Y	62 and 2020 Annual Report
102-19 Delegating authority	Y	62
102-20 Executive-level responsibility for economic, environmental and social topics	Y	62 and 2020 Annual Report
102-21 Consulting stakeholders on economic, environmental and social topics	Y	74-89
102-22 Composition of the highest governance body and its committees	Y	2020 Annual Report
102-23 Chair of the highest governance body	Y	2020 Annual Report
102-24 Nominating and selecting the highest governance body	Y	2020 Annual Report
102-25 Conflicts of interest	Y	2020 Annual Report
102-26 Role of highest governance body in setting purpose, values and strategy	Y	62 and 2020 Annual Report
102-27 Collective knowledge of highest governance body	Y	2020 Annual Report
102-28 Evaluating the highest governance body's performance	Y	2020 Annual Report
102-29 Identifying and managing economic, environmental and social impacts	Y	63-66
102-30 Effectiveness of risk management processes	Y	80-81 and 2020 Annual Report
102-31 Review of economic, environmental and social topics	Y	63-66
102-32 Highest governance body's role in sustainability reporting	Y	74 and 2020 Annual Report
102-33 Communicating critical concerns	Y	81
102-34 Nature and total number of critical concerns	N	—
102-35 Remuneration policies	Y	2020 Annual Report
102-36 Process for determining remuneration	Y	2020 Annual Report
102-37 Stakeholders' involvement in remuneration	Y	2020 Annual Report
102-38 Annual total compensation ratio	N	—
102-39 Percentage increase in annual total compensation ratio	N	—

## GRI index continued

GRI Standard	Reported	Page number
<b>Stakeholder engagement</b>		
102-40 List of stakeholder groups	Y	74-79
102-41 Collective bargaining agreements	Y	82
102-42 Identifying and selecting stakeholders	Y	74-79
102-43 Approach to stakeholder engagement	Y	74-79
102-44 Key topics and concerns raised	Y	63, 74-79
<b>Reporting practices</b>		
102-45 Entities included in the consolidated financial statements	Y	1
102-46 Defining report content and topic boundaries	Y	1, 62-66
102-47 List of material topics	Y	62-66
102-48 Restatements of information	Y	54, 56
102-49 Changes in reporting	NM	—
102-50 Reporting period	Y	1
102-51 Date of most recent report	Y	31 December 2019
102-52 Reporting cycle	Y	Annual
102-53 Contact point for questions regarding the report	N	—
102-54 Claims of reporting in accordance with the GRI Standards	Y	1
102-55 GRI content index	Y	86-90
102-56 External assurance	Y	85
<b>GRI 103: Management approach</b>		
103-1 Explanation of the material topic and its boundary	Y	63-66
103-2 The management approach and its components	Y	8-83
103-3 Evaluation of the management approach	N	—
<b>GRI 205: Anti-corruption</b>		
205-1 Operations assessed for risks related to corruption	Y	64, 82
205-2 Communication and training about anti-corruption policies and procedures	Y	42, 64, 82
205-3 Confirmed incidents of corruption and actions taken	Y	82

**Key**

Y	Reported
NM	Not material
P	Partially reported
N	Not reported



GRI Standard	Reported	Page number
<b>GRI 302: Energy</b>		
302-1 Energy consumption within the organisation	Y	54-55
302-2 Energy consumption outside of the organisation	Y	57
302-3 Energy intensity	Y	54-55
302-4 Reduction of energy consumption	Y	54-55
302-5 Reductions in energy requirements of products and services	Y	23-24
<b>GRI 305: Emissions</b>		
305-1 Direct (Scope 1) GHG emissions	Y	56-57
305-2 Energy indirect (Scope 2) GHG emissions	Y	56-57
305-3 Other indirect (Scope 3) GHG emissions	Y	57
305-4 GHG emissions intensity	Y	56-57
305-5 Reduction of GHG emissions	Y	56-57
305-6 Emissions of ozone-depleting substances (ODS)	NM	—
305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	NM	—
<b>GRI 306: Waste</b>		
306-1 Waste generation and significant waste-related impacts	P	82
306-2 Management of significant waste-related impacts	P	82
306-3 Waste generated	P	82
306-4 Waste diverted from disposal	N	—
306-5 Waste directed to disposal	N	—
<b>GRI 308: Supplier environmental assessment</b>		
308-1 New suppliers that were screened using environmental criteria	Y	29-30
308-2 Negative environmental impacts in the supply chain and actions taken	Y	28-33
<b>GRI 401: Employment</b>		
401-1 New employee hires and employee turnover	Y	40
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Y	40
401-3 Parental leave	Y	40
<b>GRI 402: Labour/management relations</b>		
402-1 Minimum notice periods regarding operational changes	N	—
<b>GRI 403: Occupational health and safety</b>		
403-1 Occupational health and safety management system	Y	42, 64, 78, 80, 83
403-2 Hazard identification, risk assessment and incident investigation	Y	83
403-3 Occupational health services	Y	83
403-4 Worker participation, consultation and communication on occupational health and safety	Y	83
403-5 Worker training on occupational health and safety	Y	42
403-6 Promotion of worker health	Y	36, 52



## GRI index continued

GRI Standard	Reported	Page number
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Y	82
403-8 Workers covered by an occupational health and safety management system	Y	82
403-9 Work-related injuries	Y	82
403-10 Work-related ill health	Y	82
<b>GRI 404: Training and education</b>		
404-1 Average hours of training per year per employee	Y	42-43
404-2 Programmes for upgrading employee skills and transition assistance programmes	Y	42-47
404-3 Percentage of employees receiving regular performance and career development reviews	Y	43
<b>GRI 405: Diversity and equal opportunity</b>		
405-1 Diversity of governance bodies and employees	Y	38
405-2 Ratio of basic salary and remuneration of women to men	P	39
<b>GRI 406: Non-discrimination</b>		
406-1 Incidents of discrimination and corrective actions taken	N	—
<b>GRI 407: Freedom of association and collective bargaining</b>		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Y	82
<b>GRI 408: Child labour</b>		
408-1 Operations and suppliers at significant risk for incidents of child labour	P	65
<b>GRI 409: Forced or compulsory labour</b>		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	N	—
<b>GRI 412: Human rights assessment</b>		
412-1 Operations that have been subject to human rights reviews or impact assessments	Y	30-31
412-2 Employee training on human rights policies or procedures	Y	42
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Y	28-32
<b>GRI 414: Supplier social assessment</b>		
414-1 New suppliers that were screened using social criteria	Y	28-32
414-2 Negative social impacts in the supply chain and actions taken	Y	28-32
<b>GRI 418: Customer privacy</b>		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	N	—

**Key**

Y	Reported
NM	Not material
P	Partially reported
N	Not reported



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