

# Altium Limited Corporate Governance Statement



This Corporate Governance Statement has been prepared in accordance with *Corporate Governance Principles and Recommendations (4th Edition)*, *ASX Corporate Governance Council* and was current as at **29 August 2021**, the date approved by the Board of Directors of Altium Limited. All Policy and Charter Documents were reviewed during the period. The Company's ASX [Appendix 4G](#) has been lodged with the ASX and is also on the Company's website at: [www.altium.com/company/investor-relations/publications-and-reports/key-documents](http://www.altium.com/company/investor-relations/publications-and-reports/key-documents)

## **Principle 1 – Lay solid foundations for management and oversight**

*A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.*

### **Recommendation 1.1**

A listed entity should have and disclose a board charter setting out:

- a) the respective roles and responsibilities of its board and management; and
- b) those matters expressly reserved to the board and those delegated to management.

The Board Charter sets out the roles and responsibilities of the board and management, clearly identifying which matters are the responsibility of the Board and those which the Board delegates to management.

The role of the Board, as set out in the Board Charter, is to enhance the interests of the Company's shareholders, employees and customers and to ensure the Company and its controlled entities (the Group) are properly managed. The Altium Board is responsible for promoting the success of the Group as a leading global developer and supplier of electronic product development solutions; and as a commercial entity listed on the ASX. At a more detailed level, the Board Charter outlines the Board's functions and responsibilities, which include the review and approval of corporate strategy, budgets and financial plans; monitoring organisational performance and achievement of the Group's strategic goals and objectives; monitoring financial performance including the approval of the annual and half-year financial reports and liaison with the company's auditors; appointment and assessment of the performance of the CEO and other members of the senior management team; ensuring there are effective management processes in place and approving major initiatives; enhancing and protecting the reputation of the company; reviewing and ratifying codes of conduct and legal compliance; ensuring the risks facing the company and its controlled entities have been identified and that appropriate controls, monitoring and reporting mechanisms are in place; and reporting to shareholders.

The functions of management delegated by the Board to the CEO and senior executives include the day-to-day management of the Group's operations and implementation of the corporate strategy. The Board Charter is available here:

[https://www.altium.com/governance/board\\_charter](https://www.altium.com/governance/board_charter)

<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</li> <li>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	<p>Human Resources Committee, as set out in the Human Resources Committee charter, is responsible for identifying and making recommendations to the Board for the appointment of new Board candidates, having regard to their skills, experience and expertise. The Board assesses candidates against a range of criteria including background, experience, professional skills, personal qualities, potential for any candidate’s skills to augment the existing Board and the candidate’s availability to commit to the Board’s activities. If these criteria are met and the Board appoints the candidate as a Director, that Director will retire at the following Annual General Meeting and be eligible for election by shareholders.</p> <p>The Board ensures appropriate background and reference checks are undertaken in relation to that potential Board candidates. Any material information concerning that Board candidate will subsequently be disclosed to Altium shareholders in the notice of meeting as part of the election or re-election process of that Board candidate.</p> <p>The Human Resources Committee Charter is available here: <a href="https://www.altium.com/governance/HRC_Charter">https://www.altium.com/governance/HRC_Charter</a></p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment</p>	<p>All Altium directors and senior executives have entered into written appointment agreements which detail their individual duties and responsibilities.</p> <p>Specifically:</p> <ul style="list-style-type: none"> <li>• the non-executive directors have each executed a letter of appointment setting out the terms and conditions of their appointment; and</li> <li>• the executive directors and senior executives of Altium have entered into service contracts, setting out the terms and conditions of their employment.</li> </ul>
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Company Secretaries are accountable to the Board through the Chair on all Board matters. They are appointed by the Board. They ensure that all relevant business is brought to the Board and they follow through the implementation of all Board decisions. The role of the Company Secretary is to act in good faith, with care and diligence to:</p> <ul style="list-style-type: none"> <li>• ensure the company abides by its constitution, the provisions of the Corporations Act 2001 and the ASX Listing Rules;</li> <li>• ensure the necessary company registers are established and maintained as required by the Corporations Act 2001;</li> <li>• undertake the preparation and filing of all relevant ASIC filings within appropriate time limits;</li> <li>• supervise the organisation of all Board and shareholder meetings via the preparation of notices, agendas, proxy documentation, minutes, etc.;</li> <li>• keep abreast of current protocols and procedures in order to advise the Chairman and Board as required;</li> <li>• supervise the issue of share and option allotment notifications; and</li> <li>• communicate with the ASX and ASIC on behalf of the group.</li> </ul>

**Recommendation 1.5**

A listed entity should:

- a) have and disclose a diversity policy;
- b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- c) disclose in relation to each reporting period:
  1. the measurable objectives set for that period to achieve gender diversity;
  2. the entity’s progress towards achieving those objectives; and
  3. either:
    - the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or
    - if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.

Altium has a Diversity Policy which outlines the Company’s principles to support diversity and inclusion. The Group recruits, develops, promotes and pays our people in a way that supports our commitment to being more diverse and inclusive, with final decisions based on merit. Where possible and requested, Altium allows flexible ways of working, including flexible working hours, job sharing and working remotely. We strive for pay equity and continuously monitor to identify, eliminate and rectify gaps.

Altium supports the initiatives of the AICD and the 30% Club to promote greater female representation on the boards of ASX 300 companies.

There were no measurable objectives set for FY21, however enhancing gender diversity amongst our organisation remains a priority for Altium and we are pleased to report that 37% of our global workforce at the end of FY21 (FY20: 34%), and 40% of our Board of Directors, are female. To further promote gender diversity at Altium the following initiatives and measurable objectives will be adopted:

- Progress towards a gender diversity target for C-suite\* executives of 30% by 2024;
- Change to: Conduct a gender pay equity audit by 2023 to establish gender pay equity baseline;
- Conduct global diversity and inclusion surveys by 2023 to baseline level of engagement and inclusion;
- Conduct both conscious and unconscious bias training for all our people managers by 2022;
- Continue our association with those talent acquisition agencies who champion diversity;
- Benchmark Altium’s position and progress on gender diversity against industry peers and Australian listed companies; and
- Embedding diversity and inclusion awareness into the onboarding experience for all new starters.

The following table provides details of employee numbers:

Category	Number of FT Regular Employees as of 30 June 2021	FY2021 Percentage
<b>Australia</b>		
<b>Total Employees</b>	28	
Female Employees	17	61%
Male Employees	11	39%
<b>Globally</b>		
<b>Total Employees</b>	791	
Female Employees	293	37%
Male Employees	498	63%
<b>Senior Female Executives</b>	1	11%*
<b>Female Board Members</b>	2	40%

Notes:

- A **Senior Executive** is now defined as a C-Suite\* -A Senior Vice President or higher who reports directly to the CEO or President. This is a new definition being applied in FY21.
- Altium does **not** qualify as a **‘relevant employer’**.

The Diversity Policy is available here: [https://www.altium.com/governance/diversity\\_policy](https://www.altium.com/governance/diversity_policy)

<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>● have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>● disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	<p>The Board assesses its collective performance, the performance of the Chairman and of its committees on a regular basis. The Chairman also undertakes assessment of individual Director performance. Any issues that arise from these assessments are raised with the Director concerned. The Board prefers to monitor performance regularly so that it can immediately address any issues as and when they arise. This practice occurred during the reporting period.</p> <p>The Board conducted an internal performance review of itself led by the Chair of the Human Resources Committee during the FY2021 financial year.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <ol style="list-style-type: none"> <li>a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ol>	<p>All senior executives who report to the CEO have performance reviews which are conducted during the financial year. Executive performance is measured against a number of indicators including performance against budgets, achievement of financial long-term and short-term goals as well as organisational development, talent and attrition management, personal development and contribution to strategic planning. In addition to annual reviews, informal monitoring and reviews occur on a regular basis with issues addressed as and when they arise. Various tools, including consultative support, access to resources, coaching, and mentoring opportunities are made available in the ongoing development of senior executives.</p> <p>Annual performance evaluations were conducted during the reporting period in accordance with the process described above.</p>

**Principle 2 – Structure the board to be effective and add value**

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

**Recommendation 2.1**

The board of a listed entity should:

1. have a nomination committee which:
  - has at least three members, a majority of whom are independent directors; and
  - is chaired by an independent director; and disclose
  - the charter of the committee;
  - the members of the committee; and
  - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
  
2. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Nomination Committee function is performed by the Human Resources Committee. The committee has 3 non-executive members who are all independent. The members at the date of this Statement are:

Human Resources Committee			Number of Meetings in FY2021	
Director Name	Independent Status	Date Appointed	Held	Attended
Samuel Weiss	Independent	25-Feb-09	4	4
Raelene Murphy	Independent	21-Sept-16	4	4
Lynn Mickleburgh (Chair)	Independent	1-Mar-17	4	4

As set out in the Human Resources Committee Charter, the role of the Human Resources Committee is, among other things, to assist and advise the Board on director selection and appointment practices; Board, committee and director performance evaluation processes and criteria; director induction and development programs; board and committee composition; and succession planning for the Board, CEO and senior executives.

The main responsibilities of the Human Resources Committee are detailed in the Human Resources Committee Charter, which has undergone a review and refresh to ensure it continues to be aligned to the Corporate Governance Principle 4<sup>th</sup> Edition, a copy of the charter is available here: [https://www.altium.com/governance/HRC\\_Charter](https://www.altium.com/governance/HRC_Charter)








**Recommendation 2.2**

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The Board recognises the importance of having directors who possess a broad range of skills, knowledge, experience and diversity in order to facilitate and optimise board deliberation, review and decision-making as well as deliver strong governance to the global business of Altium.

The Board Skills Matrix is reviewed annually by the Altium Board to assess the composition of existing skills and determine what skills will be required to support Altium’s long term strategy of transformation in our industry, nurture our commitment to good governance and adapt to our changing environment.

The mix of skills and experience represented by the Board is specified below in the 2021 Board Skills Matrix:

Capability Description		Commentary
	Financial Expertise – Financial Expertise with Deep Public Accounting Experience in Finance, Accounting, Planning & Analysis, M&A and Capital Management	The Board has a good mix of public company finance skills, software finance skills and management oversight of the finance function including capital management and corporate transactions
	IT & Cybersecurity – Executive Experience in Cybersecurity & Scaling IT Infrastructure	The Board has excellent technology and engineering experience and has elevated cyber risk, data protection and digital governance to a high priority for the Board and the Company
	Global Markets & Partnerships – Leadership Experience in Two or More International Markets	All Directors have depth and experience
	Go-to-market and Digital Customer Experience - Executive Experience in B2B SAAS Sales, Digital Marketing, Customer Success and Customer Experience	The Board has significant technology and digital experience and capability but would benefit from increased depth in SaaS.
	Industry Knowledge – Industry experience in Engineering Software including Electronic Design, Supply Chain, Ecosystem and Manufacturing	The Board has great depth in EDA in Supply Chain Management and manufacturing. It would like to further enhance its knowledge in Ecosystem
	Cloud & Technology – Expertise in Agile Software Development and Delivery of Cloud and Platform Solutions at Scale	The Board has deep expertise in software engineering and would like to enhance its capacity in Platform and Cloud solutions
	Strategy – Experience Leading & Executing Corporate Strategy and Industry Transformation for a High Growth Software Company	All Directors have depth and experience



Governance & Risk – Board Level Experience in Governance, Risk and Compliance with an ASX Listed Company

The Board has a strong compliance culture and deep ASX experience. It has elevated board focus on ESG, and hired a new General Counsel/ Company Secretary to enhance the management of governance, compliance and risk in accordance with its status as a member of the ASX100



People & Culture – Corporate Experience with Remuneration, Org Design, Diversity & Inclusion, Talent Development, and Scaling HR Operations

The Board have deep experience in driving a high-performance culture and has broad Remuneration and People experience in global organisations

The Board Skills Matrix can also be found here: [https://www.altium.com/governance/board\\_skills\\_matrix](https://www.altium.com/governance/board_skills_matrix)

**Recommendation 2.3**

A listed entity should disclose:

- the names of the directors considered by the board to be independent directors;
- if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and
- the length of service of each director.

The Board believes that to add value, a Director needs to have knowledge either of the group, the industries in which the group operates, (EDA/Software industries), or commercial knowledge and practice, while bringing independent views and judgment to the Board’s deliberations.

The Human Resources Committee has established criteria for Board independence and reviews each Director’s independence. Whilst the Board has adopted AASB standard 1031 to determine materiality, it also considers specific factors such as Directors’ shareholdings, length of service and relationships with key advisers when determining each Director’s independent status. In addition, all transactions between the Company and Directors, or any interests associated with the Directors, are reviewed to ensure the structure and terms of the transaction are in compliance with the Corporations Act 2001 and appropriately disclosed.

The following table lists the position, independence status and tenure of each of the Directors as at the date of this Statement:

Director Independence			
Name	Position	Independence	Date Appointed
Samuel Weiss	Chairman Non-executive Director	Yes	1 Jan 2007
Aram Mirkazemi	Chief Executive Officer Executive Director	No	16 Oct 2012
Raelene Murphy	Chair of the Audit & Risk Management Committee Non-executive Director	Yes	21 Sept 2016
Lynn Mickleburgh	Chair of the Human Resources Committee Non-executive Director	Yes	1 Mar 2017
Sergiy Kostynsky	President & Chief Technology Officer Executive Director	No	1 Jan 2018

<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>Altium has 3 Non-executive Independent directors (Sam Weiss, Raelene Murphy and Lynn Mickleburgh), and 2 Executive Directors (Aram Mirkazemi and Sergiy Kostynsky). All board members act with independent thought in the best interests of the company.</p>	
<p><b>Recommendation 2.5</b></p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Mr Samuel Weiss, the Chairman of the Board, is an independent, non-executive director. His position is separate from that of the CEO of Altium, Mr Aram Mirkazemi. As set out in ASX's guidance in the Fourth Edition of the Corporate Governance Principles, the fact that Mr Weiss has served on the Board of Altium since 2007 does not mean he should cease to be considered independent. The Board believes that the Chairman is an independent director because he has the necessary skills and experience to perform this role with a high degree of autonomy from the management of the Company. Additionally, the Board considers that its overall composition and expertise make it well placed to fulfil its duties, in particular, to effectively oversee and constructively challenge the performance of management</p>	
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Upon appointment, new Directors are provided with an induction manual which advises them of the group structure, products, policies, procedures and guidelines. The new Director undertakes an orientation process in close consultation with the Chairman and Company Secretaries who are on hand to answer questions and tailor the orientation towards the specific needs of each Director. With written approval from either the Chairman or Company Secretary, the Board supports and encourages Directors to seek any relevant training to enhance their contribution to the Board. Training may also be recommended by the Board or by the Human Resources Committee to further extend the skills of Board members.</p>	
<p><b><i>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</i></b></p> <p><i>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</i></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should articulate and disclose its values.</p>	<p>Altium's <b>Core Values</b> are;</p> <ul style="list-style-type: none"> <li>• Diversity in Thoughts</li> <li>• Transparency</li> <li>• Ingenuity</li> <li>• Perseverance</li> <li>• Adaptability</li> <li>• Agility</li> </ul>	<p>These values are demonstrated by</p> <ul style="list-style-type: none"> <li>(a) Regular product releases delivering next generation products</li> <li>(b) Combining high volume selling with a sophisticated value proposition</li> <li>(c) Strong revenue growth and expanding profit margins</li> <li>(d) Showing diversity in thinking whilst aligning action and purpose</li> </ul>
<p><b>Recommendation 3.2</b></p> <p>A listed entity should:</p>	<p>The Group is committed to conducting business with honesty and integrity and the conduct of every employee is vital in achieving this aim.</p> <p>The Group's Code of Conduct lays out the appropriate behaviour expected from all Group employees. The Code of Conduct is reviewed regularly and updated as necessary, to reflect the high standards of behaviour, professionalism and practice necessary</p>	



<p>a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	<p>to maintain the group’s integrity. It is not intended to cover all issues that may arise, but rather to provide a framework within which employees can address ethical issues that may arise through the daily business of the group. Management is expected to report breaches of this Code confidentially to the Group General Counsel, Chief People Officer or member of the Human Resources team. All material breaches of the Code are expected to then be reported immediately to the Chair of the Human Resources Committee who will, in confidential consultation with the Committee, keep the Board informed with regards to the handling of these breaches.</p> <p>Employees are expected to perform the duties associated with their position to the best of their ability in a diligent, impartial and conscientious manner. This includes compliance with group policies, legislative and industrial obligations.</p> <p>The Code of Conduct is available here: <a href="https://www.altium.com/governance/code_of_conduct">https://www.altium.com/governance/code_of_conduct</a></p>
<p><b>Recommendation 3.3</b></p> <p><b>A listed entity should:</b></p> <p>a) have and disclose a whistleblower policy; and</p> <p>b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>The Group has a Whistleblower Policy which covers the processes for dealing with disclosures made by employees and stakeholders of suspected improper conduct within the Group in a confidential and secure manner and is intended to apply to whistleblowers in all countries in which the Group operates.</p> <p>Under the Policy, the Audit and Risk Management Committee will receive copies of all whistleblower reports from Protected Disclosure Officers (as appropriate), in addition, serious and/or material Reportable Conduct will be immediately referred by the Protected Disclosure Officers to the Chairman of the Audit and Risk Management Committee who will keep the board regularly updated by standing agenda items and the escalation process within the Whistleblower Policy until the matter is finalised. These reports will be made on a ‘no names’ basis, maintaining the confidentiality of matters raised under this policy.</p> <p>The Whistleblower Policy is available here: <a href="https://www.altium.com/governance/whistleblower_policy">https://www.altium.com/governance/whistleblower_policy</a></p>
<p><b>Recommendation 3.4</b></p> <p><b>A listed entity should:</b></p> <ul style="list-style-type: none"> <li>• have and disclose an anti-bribery &amp; corruption policy; and</li> <li>• ensure that the board or a committee of the board is informed of any material breach of that policy.</li> </ul>	<p>The Group strives to maintain a high standard of integrity, investor confidence and good corporate governance. This can only be achieved and maintained if the community is confident that employees are not influenced by gifts, benefits and bribery.</p> <p>The Group has an Anti-Bribery and Corruption Policy which outlines the Group’s requirements regarding the management of gifts and benefits, to protect employees and the Group. The Group’s employees must not give or accept gifts and benefits that will compromise, or appear to compromise, their integrity and objectivity in performing their duties, or cause, or appear to cause a conflict of interest.</p> <p>The Anti-Bribery and Corruption Policy applies to all Group employees globally. Internationally, Group employees are subject to the laws of the country they are in and must abide by them. However, in addition, the principles of the Anti-Bribery and Corruption Policy must be followed regardless of whether or not that country has specific bribery and corruption laws. Any material breach of the Anti-Bribery and Corruption Policy will be reported to the Audit and Risk Management Committee which will keep the Board updated as to the handling and resolution of the material breach.</p> <p>The Anti-Bribery and Corruption Policy is available here: <a href="https://www.altium.com/governance/antibriberyandcorruption_policy">https://www.altium.com/governance/antibriberyandcorruption_policy</a></p>

**Principle 4 – Safeguard integrity in corporate reporting**

*A listed entity should have appropriate processes to verify the integrity of its corporate reports.*

**Recommendation 4.1**

The board of a listed entity should:

(a) have an audit committee which:

- has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- is chaired by an independent director, who is not the chair of the board, and disclose:
  - the charter of the committee;
  - the relevant qualifications and experience of the members of the committee; and
  - in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Audit Committee function is performed by the Audit and Risk Management Committee. The committee has 3 non-executive members who are all independent, and its chair is not the chair of the Board. The members at the date of this Statement are:

The Audit and Risk Management Committee			Number of Meetings in FY2021	
Director Name	Independent Status	Date Appointed	Held	Attended
Raelene Murphy (Chair)	Independent	17 Nov 2016	3	3
Samuel Weiss	Independent	23 Jul 2007	3	3
Lynn Mickleburgh	Independent	1 Mar 2017	3	3

The qualifications of each director are disclosed in the Directors' Report. Committee chair Raelene Murphy is a Fellow of Chartered Accountants Australia & New Zealand and a graduate of the Australian Institute of Company Directors.

The key role of the Audit and Risk Management Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Group's financial reporting, internal control system, risk management system and the internal and external audit functions. The role of the Audit and Risk Management Committee is not to absolve the individual Directors from their responsibilities, but rather to assist them in discharging their responsibility to exercise due care, diligence and skill in relation to the entity.

When appropriate, the Audit and Risk Management Committee may invite non-committee members to attend meetings to provide information or advice on matters before the committee. The committee also meets from time to time with the external auditor independently of management, to encourage free and open discussion.

The Audit and Risk Management Committee Charter is available here: [https://www.altium.com/governance/audit\\_charter](https://www.altium.com/governance/audit_charter)

<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>In relation to the financial statements for the financial year ended 30 June 2021 and the half-year ended 31 December 2020, the Company's CEO and CFO have provided the Board with declarations, in accordance with Section 295A of the Corporations Act, that in their opinion:</p> <ul style="list-style-type: none"> <li>• the financial records of the Company have been properly maintained;</li> <li>• the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company; and</li> <li>• the financial statements have been formed on the basis of a sound system of risk management and internal control which is operating effectively.</li> </ul> <p>This has been informed by questionnaire responses completed by employees who use the financial systems and provide input to the financial statements</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Altium releases Half Year Financial Reports which are reviewed by external auditor, PWC and Full Year Financial Reports which are audited by external auditor PWC.</p> <p>Altium is committed to providing clear, concise and effective disclosure in its corporate reports. The Company's goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions. Altium's process for verifying unaudited periodic corporate reports is as follows:</p> <ul style="list-style-type: none"> <li>• reports are prepared by or under the supervision of subject matter experts</li> <li>• material statements in the reports are reviewed for accuracy and material requirements and appropriately interrogated</li> <li>• other than administrative announcements all ASX announcements must be approved by the Board. The Chair signs off on all announcements on behalf of the Board.</li> </ul> <p>This process is intended to ensure that all applicable laws, regulations and company policies have been complied with and that the source of the information is able to be verified and that appropriate approvals have been obtained before a report is released to the market.</p>

**Principle 5 – make timely and balanced disclosure**

*A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*

**Recommendation 5.1**

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Board has adopted a Continuous Disclosure Policy which outlines the Group’s obligations and procedures on information disclosure. The focus of these procedures is on timely and continuous disclosure and to improve access to information for all investors.

The Continuous Disclosure Policy has been designed with regard to ASX Listing Rules Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B and to the 10 principles set out in ASIC Regulatory Guide 62 Better disclosure for investors. The Board has nominated the Chairman and CEO to have responsibility to:

- ensure the Company is compliant with ASX Listing rules and the Corporations Act 2001 continuous disclosure requirements;
- oversee and coordinate disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public; and
- educate Directors and staff on the group’s disclosure policies and procedures and raise awareness of the principles underlying continuous disclosure.

Price sensitive information is publicly released through the ASX before disclosing it to analysts or others outside the Group. Further dissemination to investors is also managed through the ASX. In addition, the Board has developed procedures for responding to market rumours, leaks and inadvertent disclosures.

Information can be viewed through the Group’s website immediately after the stock exchange confirms an announcement has been made via a direct link to the ASX Company Announcements page, with the aim of making the information accessible to the widest audience. Releases such as the Chairman’s address, notice of meeting, presentations etc are posted to a dedicated “Investor information” section of the Group’s website

<https://www.altium.com/company/investor-relations/investor-news/market-announcements>

The Continuous Disclosure Policy is available here: [https://www.altium.com/governance/continuous\\_disclosure\\_policy](https://www.altium.com/governance/continuous_disclosure_policy)

**Recommendation 5.2**

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Board approves all material announcements before they are released to the market. The Chair signs off on all ASX announcements on behalf of the Board. In addition, each Altium director receives an immediate notification from the ASX of any Altium Limited ASX announcement.

**Recommendation 5.3**

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation

Before Altium delivers any new and substantive investor/analyst presentation, a copy of the presentation is released to the ASX. Copies of all investor presentations and the audio of open investor calls and Altium Technology Day presentations can be found here: <https://www.altium.com/company/investor-relations/publications-and-reports/presentations>

**Principle 6 – Respect the rights of security holders**

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

**Recommendation 6.1**

A listed entity should provide information about itself and its governance to investors via its website.

Relevant Governance sections of the Altium website ([www.altium.com](http://www.altium.com)) include:

**COMPANY**

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• <a href="#">About Altium</a></li><li>• <a href="#">Investor News</a><ul style="list-style-type: none"><li>○ Market Announcements</li><li>○ Financial Calendar</li><li>○ AGM Info</li></ul></li><li>• <a href="#">Publications &amp; Reports</a><ul style="list-style-type: none"><li>○ Financial Reports</li><li>○ Annual Reports</li><li>○ Presentations</li></ul></li></ul> | <ul style="list-style-type: none"><li>• <a href="#">Key Documents</a> - includes all Governance Charters &amp; Policies</li><li>• <a href="#">Investor Center</a><ul style="list-style-type: none"><li>○ FAQ</li><li>○ Share Registry</li><li>○ Dividends</li><li>○ Advisers</li></ul></li></ul> |
|---|--|

**Recommendation 6.2**

A listed entity should have an investor relations program that facilitates effective two-way communication with investors

Altium has a Communication Policy, which is designed to maintain and increase investor confidence and satisfaction in the accessibility of company information. Altium aims to achieve this by communicating effectively with shareholders, giving timely access to balanced and understandable information and making it easy for them to participate in general meetings, whilst adhering to the ASX Listing Rules and the Corporations Act 2001 continuous disclosure requirements. The objective of the policy is to concisely and accurately communicate to shareholders:

- our strategy,
- how we implement that strategy, and
- the financial results consequent upon our strategy and its implementation.
  
- The Board aims to ensure that the shareholders are informed of all major developments affecting the company's state of affairs through the use of company announcements, investor updates, financial releases, the Annual Financial Report and Annual General Meeting. Shareholders are also invited to ask questions of the board at the AGM.

The Company will respond to any enquiry from shareholders or prospective shareholders in a timely fashion.

The Communication Policy is available here: [https://www.altium.com/governance/communication\\_policy](https://www.altium.com/governance/communication_policy)

The following Altium contacts are available to investors:

**Ms Kim Besharati - US Based**  
**Chief of Staff, VP Investor Relations, Corporate Affairs**  
Phone: +1 858 864 1513  
Mobile: +1 760 828 3567  
Email: [investor.relations@altium.com](mailto:investor.relations@altium.com)

**Ms Alison Raffin – Australia Based**  
**Company Secretary**  
Ph: +61 2 9474 7890  
Email: [investor.relations@altium.com](mailto:investor.relations@altium.com)

<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	<p>Altium shareholders are encouraged to attend general meetings and notice of such meetings will be given in accordance with the Altium Constitution, the Corporations Act 2001 (Cth), and the ASX Listing Rules.</p> <p>As set out in the Altium Constitution, shareholders may:</p> <ul style="list-style-type: none"> <li>• attend meetings in person;</li> <li>• appoint a proxy, attorney or representative to vote on their behalf;</li> </ul> <p>Meetings are usually held in the Sydney CBD in a central location with access to numerous forms of public transport. Alternatively, meetings may be held electronically with shareholders able to vote and ask questions during the meeting or alternatively pre submit questions and lodge proxy forms prior to the meeting. Due to COVID 19, the 2020 Annual General Meeting was held entirely virtually for the first time. Shareholders were given the opportunity to pre- submit questions prior to the meeting - to which the company released answers via the ASX platform prior to the meeting - and further were able to submit questions via text during the meeting to which the Chairman responded live. This format was generally positively received by shareholders. With the current COVID 19 uncertainty still a factor in 2021 the Group will again be using a virtual platform to hold our AGM with the added enhancement of shareholders being additional able to orally ask questions during the meeting.</p>
<p><b>Recommendation 6.4</b></p> <p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>Since the 2017 AGM, Altium has held a POLL Vote on ALL resolutions put to shareholders.</p>
<p><b>Recommendation 6.5</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Altium Shareholders may elect to receive information electronically from Altium and its Share Registry (Computershare) unless a hard copy is required to be posted under the Corporations Act 2001 (Cth), ASX Listing Rules or Altium Constitution. Altium and its registry will communicate by post with shareholders who have not elected to receive information electronically. All company announcements will be electronically available through both the ASX Announcements platform and the company website <a href="http://www.altium.com">www.altium.com</a> Recordings of Investor conference calls will be placed on the company's website. Shareholders can email the Company via <a href="mailto:investor.relations@altium.com">investor.relations@altium.com</a>.</p>

**Principle 7 – Recognise and manage risk**

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

**Recommendation 7.1**

The board of a listed entity should:

have a committee or committees to oversee risk, each of which:

- 1) has at least three members, a majority of whom are independent directors; and
- 2) is chaired by an independent director, and disclose:
- 3) the charter of the committee;
- 4) the members of the committee; and
- 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Risk Management Committee function is performed by the Audit and Risk Management Committee. The committee has 3 non-executive members who are all independent. The members at the date of this Statement are:

The Audit and Risk Management Committee			Number of Meetings in FY2021	
Director Name	Independent Status	Date Appointed	Held	Attended
Raelene Murphy (Chair)	Independent	17-Nov-16	3	3
Samuel Weiss	Independent	23-Jul-07	3	3
Lynn Mickleburgh	Independent	1-Mar-17	3	3

The qualifications of each director are disclosed in the Directors' Report. Committee chair Raelene Murphy is a Fellow of Chartered Accountants Australia & New Zealand and a graduate of the Australian Institute of Company Directors.

The key role of the Audit and Risk Management Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to the Group's financial reporting, internal control system, risk management system and the internal and external audit functions. The role of the Audit & Risk Management Committee is not to absolve the individual Directors from their responsibilities, but rather to assist them in discharging their responsibility to exercise due care, diligence and skill in relation to the entity.

The Audit and Risk Management Committee Charter is available here: [https://www.altium.com/governance/audit\\_charter](https://www.altium.com/governance/audit_charter)

**Recommendation 7.2**

The board or a committee of the board should:

- review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; &
- disclose, in relation to each reporting period, whether such a review has taken place.

The Board has tasked the Audit and Risk Management Committee to establish the company's risk management *profile*, approve the risk management strategy and to monitor the Group's risk profile with due regard to the risk appetite statement set by the Board and implementation of the risk management system.

The Audit and Risk Management Committee reviewed the risk framework during the period to satisfy itself that it is appropriate for the business.

In addition to Audit and Risk Committee meetings, the full Board met thirty-one times during the financial year. This high number of Board meetings, compared with previous years, was considered necessary by directors to strategically and operationally navigate the impact of COVID19. The Audit and Risk Committee, as well as the Human Resources Committee, maintained their regular quarterly cadence to discharge and execute their respective Charters, however matters pertaining to risk (both financial and non-financial) as well as human capital management among other matters were regularly considered by the full Board during FY21.

<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Altium does not have an internal audit function. However, as set out in the Audit and Risk Management Committee Charter, the Committee has the responsibility to ensure that Altium has appropriate internal audit systems and controls in place and has oversight of the effectiveness of the internal controls. The Committee is responsible for the conduct of investigations of breaches or potential breaches of these internal controls and from time to time will seek external assurance.</p> <p>The Committee works closely with the External Auditor, PWC, and the corporate Finance team to ensure that internal controls are monitored and reviewed to ensure their effectiveness. Grant Thornton audits the Company’s international subsidiaries where local statutory audits are required. Our Share Registry, Computershare Investor Services Pty Limited, engaged PWC to conduct an independent audit of our Share Registry to produce an assurance report regarding the design and operating effectiveness of Computershare’s’ internal controls in accordance with ASX Rule 5.23.1 for the period 1 Jul 2020 - 30 June 2021.</p> <p>The Committee continues to monitor the need for an internal audit function as a standing agenda item with reference to the size and complexity of the growing business.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Altium recognises and deals with a variety of business risks. The Group has a framework in place which enables it to actively assess and manage risk on an ongoing basis. Altium’s Operating and Financial Review (OFR), contained in our 2021 Annual Report, outlines the risks the Group considers to be the most material in terms of potentially impacting the future financial and operating results of the Group. These include pandemic risk; strategic and operational risk; financial, compliance and regulatory risk; security of sensitive information; ability to attract and retain key personnel; and economic risk. The OFR also includes a description of the Group’s policies, procedures and/or activities to mitigate each risk.</p> <p>The 2021 Annual Report also includes an Environmental, Social and Governance (ESG) Report which provides more detail on how the Group considers and approaches our sustainability strategy and the management of our ESG risks and opportunities. Consistent with supporting Altium’s Core Values and Vision, human capital management is identified as the most significant sustainability-related risk management priority for our business. In addition to this, data security and customer privacy has also been identified as a leading risk management priority.</p> <p>Altium’s 2021 Annual Report is available here: <a href="https://www.altium.com/company/investor-relations/publications-and-reports/annual-reports">https://www.altium.com/company/investor-relations/publications-and-reports/annual-reports</a></p>



**Principle 8 – Remunerate fairly and responsibly**

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

**Recommendation 8.1**

The board of a listed entity should:

1. have a remuneration committee which:
  - a) has at least three members, a majority of whom are independent directors; and
  - b) is chaired by an independent director, and disclose:
    - c) the charter of the committee;
    - d) the members of the committee; and
    - e) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
2. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Remuneration Committee function is performed by the Human Resources Committee. The committee has 3 non-executive members who are all independent. The members at the date of this Statement are:

Human Resources Committee			Number of Meetings in FY2021	
Director Name	Independent Status	Date Appointed	Held	Attended
Samuel Weiss	Independent	25-Feb-09	4	4
Raelene Murphy	Independent	21-Sept-16	4	4
Lynn Mickleburgh (Chair)	Independent	1-Mar-17	4	4

As set out in the Human Resources Committee Charter, the role of the Human Resources Committee is, among other things, to assist and advise the Board on remuneration strategy, policies and practices for the Board, the CEO and Executive Team members. The policies and practices are designed to:

- enable the Group to attract, retain and motivate directors and executives who will create value for shareholders;
- be fair and appropriate having regard to the performance of the Group and the relevant director or executive; and
- comply with relevant legal requirements.

The main responsibilities of the Human Resources Committee are detailed in the Human Resources Committee Charter, which is available here: [https://www.altium.com/governance/HRC\\_Charter](https://www.altium.com/governance/HRC_Charter)

**Recommendation 8.2**

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

**Non-executive Directors' remuneration**

Non-executive Directors' remuneration disclosure can be found in the Remuneration Report in Altium's 2021 Annual Report.

**Executive Directors' and senior executives' remuneration**

The structure and disclosure of the Group's remuneration policies for Executive Directors and senior executives are outlined in Altium's 2021 Annual Report.

**Recommendation 8.3**

A listed entity which has an equity-based remuneration scheme should:

- (A) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (B) disclose that policy or a summary of it.

The Group has an equity-based remuneration scheme and has adopted a Director and Employee Share Trading Policy for all employees and Designated Officers (including all Directors, Associate Directors and Direct Reports to the CEO).

The Director and Employee Share Trading Policy supplements, but does not replace, the insider trading provisions in the Corporations Act 2001. The aim of the Director and Employee Share Trading Policy is to ensure that all Designated Officers and Employees are aware that the Act places restrictions on persons trading shares whilst in the possession of Inside Information.

Designated Officers must not deal in options, hedges, and derivatives or like instruments which limit exposure to the market price of Company Securities ("Derivative") or create or give a mortgage, or security or other right to a lender or financier ("Security Interest") over any Company Securities.

Employees must not at any time enter into a transaction (e.g. a derivative) that operates or is intended to operate to limit the economic risk of holdings of unvested Company Securities or vested Company Securities which are subject to holding locks and were or may be delivered to the Employee or their nominee under an employee incentive plan.

The Director and Employee Share Trading Policy is available here: [https://www.altium.com/governance/share\\_trading\\_policy](https://www.altium.com/governance/share_trading_policy)