

## 1 Purpose of charter

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- 1.1 The Board charter sets out the role, composition and responsibilities of the Board of Altium Limited (“Altium”) within the governance structure of Altium and its wholly owned entities (“the Altium Group”).
- 1.2 The conduct of the Board is also governed by the Constitution of Altium, a copy of which is located at [www.altium.com](http://www.altium.com).

## 2 Membership and term

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- 2.1 The Altium Constitution provides for a minimum of three directors and a maximum of nine directors. The Board has adopted a policy to have a majority of non-executive directors.
- 2.2 The Board shall include a portion of independent non-executive directors. An independent director is a non-executive director and:
  - a. is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
  - b. within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment;
  - c. within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
  - d. is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer has no material contractual relationship with the company or another group member other than as a director of the company;
  - e. has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company;
  - f. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company.
- 2.3 The Board has adopted AASB standard 1031 to determine levels of materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of revenue over a twelve-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument Altium considers the strategic value and other material but non-quantitative aspects of the relationship in question.
- 2.4 The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and Altium (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.
- 2.5 Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent. Loss or gain of independence will be disclosed to the market immediately.
- 2.6 The Board has not adopted a tenure policy.

## 3 Responsibilities

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- 3.1 The Board has delegated authority for the operations and administration of the Altium Group to the CEO.
- 3.2 The directors' are responsible to the shareholders for the performance of the company. Their focus is to enhance the interests of the shareholders, employees and customers and to ensure the company and its controlled entities are properly managed. The board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the company.
- 3.3 The Board is responsible for promoting the success of the Altium Group in its role as:
  - a. a leading global developer and supplier of electronics design software for the Microsoft Windows environment; and
  - b. a commercial entity listed on the Australian Stock Exchange, in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.
- 3.4 The functions of the board include:
  - a. Review and approval of strategy, budgets and financial plans
  - b. Monitoring organizational performance and achievement of the company's strategic goals and objectives
  - c. Monitoring financial performance including the approval of the annual and half-year financial reports and liaison with the company's auditors
  - d. Appointment and assessment of the performance of CEO and other members of the senior management team
  - e. Ensuring there are effective management processes in place and approving major initiatives
  - f. Enhancing and protecting the reputation of the company
  - g. Review and ratify codes of conduct and legal compliance
  - h. 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
  - i. Reporting to shareholders.
- 3.5 The functions of management delegated by the board to the CEO and senior executives include:
  - a. Day to day management of the company's operations &
  - b. The implementation of corporate strategy

## 4 Chairman

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- 4.1 The Chairman is an independent non-executive director.
- 4.2 Should the Chairman be absent from a meeting, the Deputy Chairman (if any) should act as Chairman of the meeting. If both are not present, the members of the Board present at the meeting have authority to choose one of their number to chair that particular meeting.

## 5 Separation of functions between the Chairman and CEO

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5.1 The roles of the Chairman and CEO are strictly separated.

5.2 The Chairman is responsible for:

- a. leading the Board in its duties to the Altium Group;
- b. ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- c. facilitating effective discussions at Board meetings; and
- d. ensuring effective communication with shareholders.

5.3 The CEO is responsible for:

- a. policy direction of the operations of the Altium Group;
- b. the efficient and effective operation of the Altium Group;
- c. ensuring directors are provided with accurate and clear information in a timely manner to promote effective decision- making by the Board; and
- d. ensuring all material matters affecting the Altium Group are brought to the Board's attention.

## 6 Secretary

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The Company Secretary will be the Secretary of the Board.

## 7 Scope

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The activities of the Board are in relation to the Altium Group.

## 8 Reporting

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Proceedings of all meetings are minuted and signed by the Chairman or the chairman of the meeting.

Minutes of all Board meetings are circulated to directors and approved by the Board at the subsequent meeting.

## 9 Review of Charter

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The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.

## 10 Publication of the Charter

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Key features of the charter are to be outlined in the annual report to shareholders. A copy of the charter is available at [www.altium.com](http://www.altium.com). The charter is to be made available to shareholders of the Altium Group upon request.

## 11 Other Matters

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A number of operational matters relating to the Board such as meetings of directors, fees, “fit and proper” requirements, powers and duties of directors, share qualification, notification of interests, appointment and retirement, alternate directors, delegation and appointment of committees and election of directors are governed by the Constitution.

Reviewed and Amended 24 August 2015