

Background

The Australian *Modern Slavery Act 2018* (Cth) is government legislation designed to reduce modern slavery in global supply chains and requires entities that meet the reporting requirements to prepare an annual Modern Slavery Statement to assess and address modern slavery risks in their operations and supply chains.

1. The reporting entity covered by this statement

This statement is made pursuant to Part 2 of the Modern Slavery Act 2018 (Cth) and is submitted on behalf of Altium Limited (Altium) for the period of FY2021.

Altium is a multinational software and cloud computing corporation that creates software for engineers to design printed circuit boards (**PCB**) and to collaborate in the cloud. Altium was founded in Australia in 1985, is registered in Australia and listed on the Australian Securities Exchange and has its global headquarters in San Diego, California.

Altium recognises that modern slavery is an abuse of human rights and a serious crime and is committed to help to reduce modern slavery by maintaining and improving systems and processes to ensure we are not complicit in any human rights violations in our operations and supply chains.

2. The structure, operations and supply chains of the reporting entity.

a) Structure

Altium is the parent company of a corporate group of entities in which Altium has full ownership over the 26 subsidiaries which have their principal place of business in 13 different countries. See Figures 1 and 2 for further information regarding Altium's global corporate structure and wholly owned and controlled subsidiaries. (Tasking BV was sold on 5 Feb, 2021)

The decision-making, operations, governance and supply of our group are led by Altium Limited. Each subsidiary acts in accordance with the decisions made by Altium Limited.

Since its start in 1985 in Tasmania, Altium has expanded to have offices in multiple markets, including:

- North America: San Diego, Boston, Dallas, Parsippany, New York City, Fremont and Vancouver;
- Europe: Stanstead Abbots, Karlsruhe, Cambridge, Amersfoort, Moscow, St. Petersburg, Kiev, Katowice, Munich, and Markelo; and
- Asia Pacific: Shanghai, Beijing, Shenzhen, Tokyo, Ho Chi Minh City Bangalore and Sydney.

Altium has approximately 735 employees and a rapidly growing network of channel partners, with over 50 authorised value-added resellers.

Altium Modern Slavery Statement

ACN 009 568 772
ALTium LIMITED



Figure 1 – Altium's Global Structure

NAME	PRINCIPAL PLACE OF BUSINESS /COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2021 %	2020 %
Altium BV	Netherlands	100.00%	100.00%
Altium Canada Limited	Canada	100.00%	100.00%
Altium Europe GmbH	Germany	100.00%	100.00%
Altium Inc.	USA	100.00%	100.00%
Altium Information Technology (Shanghai) Co. Ltd	China	100.00%	100.00%
Altium Insurance Inc.	USA	100.00%	100.00%
Altium IP Co Pty Ltd	Australia	100.00%	100.00%
Altium IP Hold Co Pty Ltd	Australia	100.00%	100.00%
Altium Japan KK	Japan	100.00%	100.00%
Altium LLC	USA	100.00%	100.00%
Altium Netherlands BV	Netherlands	100.00%	100.00%
Altium Poland Sp.z.o.o	Poland	100.00%	100.00%
Altium Software India Private Limited	India	100.00%	100.00%
Altium Sweden AB	Sweden	100.00%	100.00%
Altium UK Limited	United Kingdom	100.00%	100.00%
Altium Vietnam Company Limited	Vietnam	100.00%	100.00%
Ciiva GmbH	Switzerland	100.00%	100.00%
Gumstix Inc.	USA	100.00%	100.00%
Gumstix Research (Canada) Ltd	Canada	100.00%	100.00%
Morfik Technologies Pty Ltd	Australia	100.00%	100.00%
Octopart Inc.	USA	100.00%	100.00%
PCB:NG Inc.	USA	100.00%	100.00%
Perception Software Inc.	USA	100.00%	100.00%
Protel AG	Switzerland	100.00%	100.00%
Tasking BV ¹	Netherlands	-	100.00%
Tasking US LLC	USA	100.00%	-

¹Tasking BV was sold on 5 February 2021 (refer Note 6).

Figure2 - Altium Limited's Subsidiaries.

b) Operations

Altium has over 30 years of continuous research and development in PCB design. Altium's flagship product is known for excellence in native 3D PCB Computer Aided Design. By incorporating all the tools engineers and PCB designers need into a single, user interface, Altium Designer dramatically increases design successes, while reducing overall design times. From concept to PCB design, 3D modeling, and output generation for final manufacture, Altium Designer provides an efficient, powerful workflow for board-level electronics designers.

Altium electronic design tools are used in a variety of industries by engineers including Automotive, Aerospace & Defence, Life Science, Mobile Devices & Communications, Consumer Electronics, Electronics & High-tech, Research & Education, Industrial Controls Automation, Computers and Semiconductors.

c) Supply Chain

Historically, as a software supplier and search engine operator, Altium has not had to manage a substantive supply chain other than the purchase of office products and supplies.

More recently, with the acquisition of Gumstix Inc, Gumstix Research (Canada) Ltd (a small-scale assembler of printed circuit boards) and PCB:NG (a contract manufacturer of printed circuit boards), the Group has taken on responsibility for the supply chain management of a more traditional manufacturing process.

Gumstix Inc operates in San Francisco; Gumstix Research (Canada) Ltd operates in Vancouver, CA and PCB:NG Inc is in New York City. All Company operated factories employ ethical labour policies and manufacturing processes that are environmentally conscious.

In total Altium has 106 suppliers, located in America, China, Taiwan, Japan, Slovakia and Germany.

The main types of goods in Altium's supply chain sourced directly from suppliers include:

- The purchase of Hardware.
- The purchase of Software.
- The purchase of other Equipment such as computers and equipment for office staff, network infrastructure.
- The purchase of office supplies such as office furniture and stationery.

The main types of services provided to Altium sourced directly from suppliers include:

- IT Support, Web Hosting, Transportation, Office Cleaning, Courier and Recruitment services
- Compliance, Accounting, Legal, Insurance, Cloud and Tax professional services.

3. The risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.

Altium's supply chain is predominantly the procurement of technology-related goods and services.

Altium believes that the main modern slavery risk in its supply chain is related to some of the regions and countries it operates within and sources its products from. The Global Slavery Index 2018 identified China and Malaysia as the two main suppliers within the electronics industry (which is a known high-risk industry), and while a number of Altium's third party expenses and purchases from vendors and partners are advanced technology providers with specialised skills – which we consider to be low risk – Altium recognises that there is a risk of involvement from within high-risk countries at any stage along its supply chain. Altium acknowledges that even where risks may not have yet been identified, there is still potential for them to exist.

Altium identifies certain risks at indirect levels of its supply chain as follows:

- As a party involved in the design and production of electronics, Altium considers that the goods produced in connection with its PCB design software could be at risk of being produced by firms who abuse modern slavery, particularly in instances where they may be manufactured or sourced from high-risk locations according to the Global Slavery index;
- The most common types of risks associated with the electronics industry include poor or substandard working conditions, low wages, debt bondage and the absence of employment agreements and entitlements or legal protections.

Internally, Altium has established and posted its Whistleblower Policy & Procedures, encouraging the reporting of any instances of suspected unethical conduct involving, but not limited to, Altium's businesses, by an Altium Director, officer, employee, and contractor or supplier. This policy is designed to ensure that those persons who make a report shall do so without fear of intimidation, disadvantage or reprisal.

4. The actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes

Altium has commenced a risk assessment of its supply chain to understand where risk of modern slavery practices may exist.

The risk assessment process includes an analysis of procurement categories across suppliers with consideration given to:

- The type of goods and services being procured.
- The geographical locations in which those vendors operate.
- The size and volume of transactions with vendors.
- The distance from the risk or control that Altium can have over the supply chain.

We have approached specific vendors to proactively seek assurances on how they manage the risk of modern slavery within their own supply chains. The following interim processes actions are in place to help prevent modern slavery occurring in our own operations and in the supply chain:

Our operations

Altium has established measures regarding fair labour practices and guidelines that create a respectful and safe work environment for our employees globally. We are committed to treating all of our employees with respect and we strictly prohibit the use of slavery, forced labour, child labour and human trafficking. To prevent the occurrence of forced, compulsory or child labour, we have implemented local labour policies and practices. Any person who applies for employment at Altium does so on a voluntary basis and all employees are legally entitled to leave upon reasonable notice without penalty. In accordance with Altium's global recruiting guidelines, offers of employment must be conditional upon successful completion of required background checks. Background checks are required to protect the safety of the employees and to ensure that employees meet the standards required by Altium. Employment Contracts are written in both English and local languages, and we ensure there are no detrimental working conditions. We do not hold any employee's original identification documents. All employees have freedom of movement.

All Altium Employees are required to abide by the company's Code of Conduct which details the importance of acting honestly, ethically and responsibly whilst maintaining a high standard of personal integrity and complying with the legislative, industrial and administrative requirements of each jurisdiction in which the company operates. Employees are required to treat fellow employees with respect and not engage in bullying, harassment or discrimination, treating everyone with courtesy, respect and sensitivity to their rights.

Our supply chain

- a. All suppliers are subject to legal agreements with Altium.
- b. We undertake an appropriate due diligence process in the evaluation of prospective suppliers, on a proportionate basis set by our assessment of the related risks.
- c. We will publish a Supplier Code of Conduct in 2022 to set out our requirements for our suppliers. We will work with our suppliers to ensure their compliance with our Code.
- d. We review the performance of suppliers based on their relative risk to Altium. Where necessary, we work closely with suppliers to develop corrective action plans and carry out our review findings. This process, however, has been adversely affected due to the impact of the COVID-19 pandemic, which has reduced Altium's engagement with suppliers. Altium's ability to engage with its supply chain was impacted by manufacturing shutdowns imposed as a result of the COVID-19 global pandemic. While a number of Altium's offices were partially open throughout stages of the 2020 and 2021 financial years, most of the group's workforce worked remotely, which further contributed to the difficulties of engaging manufacturers, producers and suppliers within the company's supply chain.

e. In relation to larger supplier purchases, we run requests for proposal processes that incorporate procedures to assess compliances including with government sanctions procedures.

f. Altium utilizes its own tools for vendor management, as well as using third party risk assessment tools for additional due diligence.

Altium has identified additional actions that will further reduce the risk of modern slavery within our operations and supply chain which either have been or will be actioned in 2022, including:

- The publication of a modern slavery policy that outlines our expectations on the management of modern slavery risks within our organization and through our supply chain.
- The establishment of an action plan to strengthen our business case process for new investment and contract approval/renewal processes to include consideration of modern slavery and other vendor risks in our decision making on allocation of resources.
- Guidelines for staff and management to ensure appropriate due diligence is conducted during procurement activities and to set out the Company's expectations for the management and mitigation of modern slavery risks. Training modules on modern slavery risks have been identified for front line staff and management.
- Guidelines will be updated to ensure that existing controls specifically address modern slavery as an area of concern.

5. Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

Altium is committed to the highest standards of conduct and ethical behaviour in all our business activities, and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

Altium is committed to continual improvement of its modern slavery risk processes by:

- Undertaking an annual review of our supply chain to identify modern slavery risks.
- Updating our modern slavery guidelines.
- Performing an annual review of key policies to ensure modern slavery risk mitigation is appropriate.
- Continuing to work with suppliers to encourage improvement in practices.

Altium has a Whistleblower Policy in place, to encourage the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving Altium businesses, and will ensure that those persons who make a report shall do so without fear of intimidation, disadvantage or reprisal. The Whistleblower Policy includes processes to deal with disclosures made by employees and stakeholders of suspected improper conduct within the Altium Group in a confidential and secure manner and is intended to apply to whistle-blowers in all countries in which Altium operates.

The Whistleblower Policy goes hand in hand with the Employee Code of Conduct and Anti-Bribery & Corruption Policy. Under the Company Code of Conduct, Altium employees are required to act responsibly if they become aware of any unethical behaviour or wrongdoing by any employee, or supplier and report breaches of the code to the appropriate person or body within the company. Management are expected to report breaches of the code to the Vice President of Human Resources with all material breaches reported immediately to the General Counsel who will keep the Board informed in regard to the handling of any breaches.

To date, we haven't been made aware of any allegations of human trafficking/slavery activities against any of our suppliers. If we were, we would act immediately to take appropriate action and report it to the relevant authorities.

6. Describe the process of consultation with any entities the reporting entity owns or controls

Altium policies are implemented uniformly throughout the Altium group, inclusive of each corporate entity and its respective subsidiaries. It is an expectation that every Altium employee observes and adheres to these standards, save for instances where the local law enforces a higher and more stringent standard of conduct upon them – in which case that individual will be expected to apply both sets of standards in conjunction with each other.

As detailed above, the Altium Ltd Board is responsible for compliance for all Altium codes and policies within the group. The board approved a Modern Slavery Policy in Financial Year 2021 to be implemented across the Altium Group.

7. Any other relevant information

Altium assesses risk in our supply chain to make sure the steps we take to combat modern day slavery and human trafficking are relevant and effective.

We will implement a Supplier Code of Conduct for all suppliers, along with a due diligence process to assess the supplier's reputation and respect for the law, and make sure that our contracts, policies and recruitment practices are appropriate to protect against, and mitigate the risk of, modern day slavery and human trafficking. We will also provide awareness training for key internal stakeholders that are involved in the procurement process at Altium.

This statement has been approved by the Board of Altium Limited on 30 November 2021.

Signed



Name: Samuel Weiss

**Chairman
Altium Limited**



Name: Raelene Murphy

**Non-Executive Director
Altium Limited
Chair Audit and Risk Committee**

Date: 30 November 2021