



# THE BOARD OF DIRECTORS GOVERNANCE CHARTER

This governance charter sets out the composition and key processes of the Board of Aristocrat Leisure Limited (Aristocrat), its role, responsibilities and functions, as well as its relationship with management, and the authority delegated to the Board Committees.

## Authority

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The powers of the Board and individual directors are set out in Aristocrat's constitution and at law.

In exercising these powers and discharging the responsibilities set out in this Charter, the Board and individual directors will at all times act in accordance with the law, and will observe the highest standards of ethical behavior, including as set out in Aristocrat's Code of Conduct.

## Role and Responsibilities

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The primary roles of the Board are to demonstrate leadership, provide overall strategic guidance and effective oversight of management in implementing Aristocrat's objectives and instilling its values.

To achieve these roles, the Board has reserved for itself the specific powers and responsibilities set out in **Attachment 1**.

## Relationship between Board and Management

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The Board delegates responsibility for the day-to-day management of Aristocrat to the Managing Director & CEO (**CEO**) and through the CEO to other members of executive management. The Board may impose specific limitations on the delegation of authority from time to time. The CEO is accountable to the Board for the exercise of this delegation, with the support of executive management.

The Board:

- expects management reporting to be accurate, timely and candid, and expects to receive clear, reasoned and concise decision papers;
- has unrestricted access to management, usually via the CEO or the Company Secretary;
- is accountable to avail itself of any and all information necessary for it to effectively discharge its responsibilities and should put procedures in place to ensure this occurs; and
- adopts appropriate structures and procedures to ensure that it functions independently of management, including the separation of the

roles and responsibilities of the Chair and the CEO, and the non-executive directors meeting in the absence of management on a periodic basis.

## Appointment and role of the Chair

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The Chair, who is appointed by the Board, must be an independent non-executive director of Aristocrat.

The Chair is responsible for:

- leadership and effective performance of the Board;
- facilitating the relationship between the Board and the CEO;
- facilitating, encouraging and providing constructive and respectful discussion and debate during Board meetings;
- facilitating the proper briefing of all directors on all matters relevant to their role and responsibilities;
- committing the time necessary to discharge effectively his/her role as Chair;
- managing the Board's relationship with management; and
- monitoring the contribution of individual non-executive directors and counselling them on any areas that might improve Board performance and effectiveness.

In leading the Board, the Chair will focus on ensuring strategic issues and shareholder views are regularly reviewed.

The Chair is the major point of contact between the Board and the CEO.

## Membership

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### Composition

The Board is appointed by the shareholders and is accountable to those shareholders for the performance of Aristocrat. The Board is to comprise a majority of independent non-executive directors.

The Board is to be structured so that its membership provides the mix of skills, knowledge, experience and diversity to enable it to discharge its responsibilities and add value, and its size

facilitates effective discussion and efficient decision-making.

The Board determines its size and composition, subject to the terms of the constitution and the law. Under the constitution, there must be no less than three and no more than 12 directors, and a director should not serve more than 12 years as a director commencing from the date of nomination.

### Independence

The Board assesses annually the independence of each non-executive director. Each director is required to provide the Board with all relevant information to enable it to make this assessment.

The Board defines an independent director as a non-executive director (that is, not a member of management) who is free of any interest, position or other relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Aristocrat as a whole rather than in the interests of an individual shareholder or other party.

When assessing the independent status of a non-executive director, the Board will consider a range of factors, including:

- factors relevant to assessing the independence of a director as described in the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations*;
- any information, facts or circumstances that the Board considers relevant; and
- any materiality thresholds, standards or guidelines that the Board may adopt from time to time.

Any change to the nature of the independent status of a non-executive director must be notified to the Chair and Company Secretary at the earliest opportunity by that director.

### Board succession and renewal

The Board regularly evaluates and reviews its succession planning process to ensure the progressive and orderly renewal of the Board membership. Where there is a need for a new appointment, the Board (with assistance where necessary from external consultants) will identify candidates with the appropriate skills, experience and expertise to maintain the necessary Board skill mix. Any decision on the nomination of a new director will be made by the Board.

Any director nominated during the year will stand for election by shareholders at the subsequent Annual General Meeting (**AGM**) following their nomination. Shareholders are asked to approve the appointment of the director subject to the receipt of all necessary regulatory pre-approvals.

Non-executive directors are engaged by a letter of appointment setting out the key terms and

conditions of their appointment.

The tenure of the CEO as a director is linked to the CEO's executive office. Under the constitution, no other director may hold office for a continuous period in excess of three years or past the third AGM following their appointment, whichever is longer, without submitting for re-election.

Prior to each AGM, the Board will determine whether it recommends to shareholders that they vote in favour of the election or re-election (as the case may be) of each non-executive director standing for election or re-election, having regard to any matters the Board considers relevant, including the director's annual performance assessment and length of service.

### Induction and on-going training

Each non-executive director is expected to participate in an induction program on appointment, and to undertake ongoing education and training to maintain the skills and knowledge required to perform their role effectively. The Board will periodically review whether there is a need for directors to undertake professional development, and whether the Board collectively has the skills, knowledge and experience to deal with new and emerging business and governance issues.

Non-executive directors are encouraged to attend one major gaming trade show each year.

Where necessary, the Board will be briefed on material developments in the relevant legislative, regulatory and industry frameworks and/or macro or geopolitical issues relevant to Aristocrat's business.

## Conduct

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Each Director will ensure that no decision or action is taken that has the effect of placing his or her interests in priority to the interests of Aristocrat.

Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings where their own judgement differs from that of other Directors.

All Directors are expected to utilise their range of relevant skills, knowledge and experience for, and apply their judgement to all matters discussed at Board meetings.

## Board committees

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The Board may from time to time establish committees of directors to assist it in the discharge of its responsibilities and to allow detailed consideration of complex issues.

Each committee operates under a charter, approved by the Board, which sets out the authority, size and composition and roles and responsibilities of the committee, together with any relevant administrative arrangements and any other matters considered appropriate by the Board.

The Board has sole responsibility for the appointment of directors to committees and expects that, over time, directors may rotate on and off various committees taking into account the needs of the committees and the experience of individual directors.

The Board periodically reviews the appropriateness of the existing committee structure, as well as the membership and the charter of each committee.

The Board may also delegate specific functions to ad hoc committees on an “as needs” basis. The authority delegated to these committees is set out in Board resolutions.

## Administrative Matters

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### Meetings and proceedings

The Board meets as frequently as required to effectively discharge its responsibilities and will allocate sufficient time to perform their duties effectively. A meeting schedule is determined annually in advance by the Board. Additional Board meetings may be convened if matters requiring immediate consideration arise between scheduled meetings.

Board meetings and proceedings, including the procedure for passing circular resolutions outside of meetings, are governed by the relevant provisions in the constitution.

Directors will use all reasonable endeavours to attend Board meetings in person, however, if necessary, may participate by other forms of technology permitted by the constitution.

### Company Secretary

The Board will appoint the Company Secretary. All directors have access to the Company Secretary, who is directly accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board and corporate governance matters.

The Company Secretary advises the Board on governance matters, monitors compliance with Board policy and procedures, develops and maintains the information systems and processes that are appropriate for the Board to fulfil its role, coordinates the timely completion and dispatch of Board agendas and meeting materials, ensures that the business at Board meetings is accurately captured in the minutes, and provides administrative support to the Chair and the other directors.

The Company Secretary is responsible for communicating with the Australian Securities Exchange.

The Company Secretary attends Board meetings by standing invitation but may be asked to leave at any time. The Board may invite such other persons to its meetings (or part thereof) as it considers necessary or appropriate.

### Agenda and documentation

The agenda for each meeting is determined by the Chair, the CEO and the Company Secretary. Any director may approach the Chair and request that a particular item be added to the agenda.

The agenda and supporting documentation are to be distributed to directors within a reasonable time prior to each meeting.

Minutes of each Board meeting will be prepared by the Company Secretary, approved by the Chair in draft and circulated by the Company Secretary to all directors as soon as practicable.

### Access to independent professional advice

The Board has authority to conduct or direct any investigation required to fulfill its responsibilities and has the ability to retain, at Aristocrat’s expense, such independent professional advice as it considers necessary from time to time in the performance of its duties.

Each director has the right to seek independent legal or other professional advice at Aristocrat’s expense, subject to prior consultation with the Chair. If appropriate, a copy of the advice and all accompanying material must be made available to the Board.

### Evaluating performance

The Board will undertake an annual assessment of its performance (as a collective), including its performance against the requirements of this Charter, the performance of individual committees and the performance of individual non-executive directors. The assessment may be facilitated by an external consultant.

### Review of Charter

The Board will regularly review this Charter to determine its adequacy for current circumstances and make any appropriate amendments.

Approved by the Board	1 October 2019
Accountable	Corporate General Counsel & Company Secretary
Contact	Corporate General Counsel & Company Secretary

# Attachment 1 – Reserved Board responsibilities

## Leadership, Strategy and Oversight

- 1) Define Aristocrat's purpose and set its strategic direction.
- 2) Approve, review and oversee implementation of Aristocrat's strategy, business plans, annual budgets and significant corporate strategic initiatives.
- 3) Make decisions in relation to significant matters of a sensitive or extraordinary nature, including significant acquisitions and disposals, capital management issues and significant internal restructures and monitor the progress of those strategic initiatives.
- 4) Approve Aristocrat's remuneration framework and satisfy itself that remuneration policies are aligned with Aristocrat's purpose, values, strategic objectives and risk appetite.
- 5) Develop and approve succession plans for the Managing Director & Chief Executive Officer (CEO) and review and approve succession plans for senior executives.

## Governance

- 6) Monitor the effectiveness of Aristocrat's corporate governance practices to ensure that Aristocrat operates an appropriate corporate governance structure.
- 7) Assess the performance of each individual non-executive director and of the Board collectively.
- 8) Determine Board size and composition and approve the appointment of non-executive directors.
- 9) Drive Board succession planning to ensure membership of the Board is skilled, experienced and appropriate for Aristocrat's needs.
- 10) Oversee the work of Board committees and give due consideration to committee recommendations received.
- 11) Approve delegations of authority to the CEO and oversee the CEO's delegations of authority to management.
- 12) Determine the remuneration of the Chair of the Board and other non-executive directors within the limits approved by shareholders.
- 13) Monitor compliance with Aristocrat's continuous disclosure obligations including approving policies regarding disclosure and communications with the market and shareholders.
- 14) Oversee Aristocrat's sustainability program and approval of sustainability public disclosures.

## Appointment, remuneration and performance of the CEO and the CEO's direct reports

- 15) Appoint, and should it be necessary, terminate the employment of the CEO.
- 16) Evaluate the performance and approve the remuneration arrangements for the CEO and the CEO's direct reports (including quantum, structure and equity-based remuneration).
- 17) Approve performance targets and key accountabilities for the CEO and the CEO's direct reports, including specific contracted arrangements, and the assessment of individual performance against performance targets and key accountabilities.
- 18) Approve termination payments to the CEO and the CEO's direct reports for consistency with contractual entitlements and the rules of any incentive plan or policy.
- 19) Approve any equity-based awards to new or existing employees.

## Financial

- 20) Approve annual operating and capital expenditure budgets.
- 21) Oversee Aristocrat's financial position, including the quantum, nature and term of its debt facilities and its ability to meet its debts as and when they fall due.
- 22) Approve the statutory financial reports, the accounting policies on which the reports are based, the directors' reports (including the remuneration report) and key elements of other related regulatory lodgements and market releases.
- 23) Oversee the integrity of Aristocrat's financial and corporate reporting systems through overseeing systems of internal control, the establishment and review of financial performance objectives.
- 24) Oversee Aristocrat's external audit and internal audit activities, including approving the appointment and remuneration of the external auditors, approving the appointment of co-sourced internal auditors and overseeing the remuneration of co-sourced internal auditors.
- 25) Determine Aristocrat's dividend policy and approve the payment of dividends.
- 26) Approve decisions concerning the capital of Aristocrat.
- 27) Approve investment or capital expenditure initiatives, business acquisitions and other transactions above the CEO's approved level of delegated authority.

## Risk management

- 28) Review and approve the risk appetite within which the Board expects Aristocrat to operate.
- 29) Assist management in the identification of principal non-financial risks (including strategic,

operational and external risks) of Aristocrat's business.

- 30) Oversee and monitor these non-financial risks, including any concentrations of risk and interrelationships between risks.
- 31) Where Aristocrat identifies opportunities to create value by taking on further or different risks, approve strategies that could be undertaken to capitalise on the identified opportunities.
- 32) Compare the material risk assessment and the risk profile with Aristocrat's policies and risk appetite and ensure that identified material risks are reduced to or managed at levels determined to be acceptable by the Board.
- 33) Satisfy itself that Aristocrat has in place an appropriate risk management framework (for both financial and non- financial risks) and internal control systems which are in compliance with Aristocrat's risk management policy.
- 34) Monitor the effectiveness and adequacy of Aristocrat's risk management systems, including reviewing of processes for identifying areas of significant business risk and oversight of internal controls.

#### **People and Culture**

- 35) Approve and monitor the effectiveness of Aristocrat's Diversity & Inclusion Policy.
- 36) Approve the setting of, and monitor progress in achieving, the measurable objectives for achieving diversity and inclusion.
- 37) Approve Aristocrat's values and Code of Conduct, having regard to the desired culture within Aristocrat.
- 38) Oversee a culture within the organisation that aligns with Aristocrat's Code of Conduct.
- 39) Oversee Aristocrat's workplace health and safety measures and appropriate due diligence to ensure compliance with relevant laws and regulations.

#### **Legal and compliance**

- 40) Require appropriate compliance frameworks and controls to be in place and operating effectively for compliance with relevant laws and regulations.
- 41) Monitor significant litigation in which Aristocrat is involved.