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# CORPORATE GOVERNANCE STATEMENT

## FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2019

# CORPORATE GOVERNANCE STATEMENT

## Our approach to Corporate Governance

The Board of Aristocrat Leisure Limited (Company) is committed to maintaining high standards of effective corporate governance arrangements to help create, protect and enhance shareholder value and ensure the future sustainability of the Company. The Company's strong governance framework provides a solid structure for effective and responsible decision making and setting a culture of integrity, transparency and accountability that flows throughout the Company.

## Corporate governance framework



## Compliance with ASX Corporate Governance Principles

The Company has endorsed and followed the ASX Corporate Governance Council Principles and Recommendations 3rd Edition (ASX Principles) throughout the 2019 financial year (the Reporting Period). This Corporate Governance Statement sets out key features of our governance framework and compliance with the ASX Principles are set out below.

The Board continually reviews the Company's governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments, including as reflected in the 4th Edition of the ASX Principles (the 4th Edition). Many of the new suggestions contained in the 4th Edition are already embedded in the Company's existing governance arrangements, as outlined in this Corporate Governance Statement. The Company intends to early adopt and report against the 4th Edition for the year ending 30 September 2020.

This statement has been approved by the Board and is dated 20 November 2019.

## Aristocrat's 2019 Areas of Governance Focus

During the Reporting Period, the Board and its Committees undertook a number of governance initiatives. These included:

- Employing an active and ongoing program to implement recommendations from last year's Board effectiveness review, as well as the targeted corporate governance review which benchmarked the Company's governance processes and practices against market practice and emerging best practice.
- Part of these reviews considered how risk management governance should operate for Aristocrat to ensure there is strong and consistent Board oversight and accountability of risk. The Board agreed to transition oversight of non-financial/strategic risk from the Strategic Risk Committee to the full Board and the Strategic Risk Committee was discontinued with effect from 1 October 2019.
- Reviewing and updating of Board and Committee Charters to align to the 4th Edition in keeping with our intention to early adopt and report against the 4th Edition for the year ending 30 September 2020.
- Implementing best practice whistleblower frameworks and policies, globally.

These initiatives ensure that the Company continues to have strong corporate governance practices and an appropriate culture in place, while at the same time maintaining the Board's strong strategic focus.

# 1. THE BOARD

## 1.1. The role of the Board

The Board's primary role is to oversee management of the business operations of the Company on behalf of the shareholders.

The primary responsibilities reserved for the Board include the:

- Review, monitor and approval of Group strategy;
- Management of performance, with specific responsibility for the monitoring of Group performance;
- Selection, appointment, remuneration and performance evaluation of the Chief Executive Officer (CEO), as well as succession planning;
- Evaluation of the principal risks of the Group and oversee the effectiveness of risk management and compliance;
- Establishment and monitoring of policies to ensure compliance with the legal and regulatory regimes to which the Group is subject and to ensure the highest standards of corporate conduct; and
- Promotion of open and proper communication between the Group and stakeholders.

The roles and responsibilities of the Board are set out in the Board Charter.



A copy of the Board Charter is available in the Governance section of the Company's website [www.aristocrat.com](http://www.aristocrat.com)

The Board has authorised the CEO to oversee the day-to-day business and operations, within the limits of specific authorities set out in the delegations approved by the Board. The CEO has, in turn, approved sub-delegations of authority that apply to management.

The CEO is accountable to the Board. The Board monitors the decisions and actions of the CEO and the Group's progress on achieving the short, medium and long-term objectives as set by the Board.

## 1.2. The Board is structured to add value

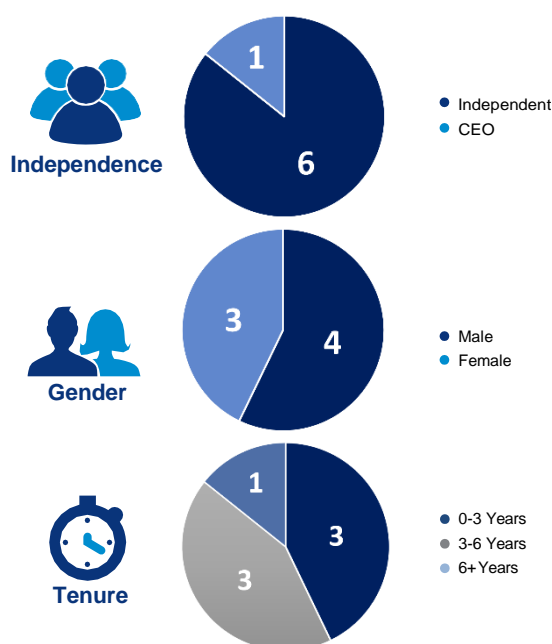
As at 30 September 2019, the Board comprised six independent Non-Executive Directors and the CEO/ Managing Director, who is an Executive Director.

There was one change to the composition of the Board during the Reporting Period – Dr Ian Blackburne retired as Chairman and as a Non-Executive Director following the Annual General Meeting (AGM) in February 2019, with Mr Neil Chatfield succeeding Dr Blackburne as Chairman of the Board.

The names of the Directors and their respective qualifications, experience and responsibilities are set out in the Directors' Report within the Annual Report.

The Board's approach to its composition and renewal is determined using the following principles:

- **Skills and experience:** A relevant blend of skills, expertise and experience to enable it to deal with current and emerging opportunities and risks, and to effectively review and challenge the performance of management. As an organisation with diverse global operations, the Board considers it important that it has members with experience in the major jurisdictions in which the Group operates, as well as having members with global business experience.
- **Independence:** The Board considers that all of its Non-Executive Directors, including the Chair, were independent during the year and continues to be independent.
- **Diversity:** The Board has a diversity objective that includes geographical, gender and skills diversity to effectively discharge its responsibilities.
- **Tenure profile:** The Board balances the length of service of each of its Non-Executive Directors so that it is appropriately balanced and Board succession and renewal planning is managed over the medium to longer term.









### 1.3. Board skills and experience

The Board seeks to have an appropriate and diverse mix of skills, experience, expertise and diversity (including geographical, gender and skills diversity) to effectively discharge its responsibilities, appropriately monitor risk management and add value to the Group.

The Board has identified the following areas as strategic priorities for the Group to drive sustained shareholder value:

- Financial performance and sustainable profitability by unlocking adjacent opportunities, continued growth of the Group's recurring revenue base and driving continued momentum in various markets within a framework of effective controls.
- Execution of strategic priorities, including developing and delivering on a sustainable strategic framework for the business.
- Continue to embed effective risk management throughout the organisation, including operating within agreed risk appetite.
- Product quality and delivery, product innovation, great game content and customer centricity.
- Driving leadership effectiveness and a high performing culture through development, retention and succession planning across all management levels and for creative talent.

Having regard to these strategic priorities, the following table sets out the mix of skills and experience the Board considers necessary or desirable and the extent to which they are represented on the Board as at 30 September 2019:

Skills and experience	Number of the 7 Directors with that skill
 <b>Executive leadership</b> Significant experience at a senior executive level	6
 <b>Capital management and corporate</b> Senior experience in capital management strategies and corporate finance	3
 <b>Global business experience</b> International business experience	7
 <b>Risk management</b> Senior experience in financial and non-financial risk management	5
 <b>Financial reporting and management</b> Senior experience in financial management, reporting and audit	2
 <b>Corporate governance, legal and regulatory</b> Commitment to the highest standards of corporate governance and legal compliance, including experience with an organisation that is subject to rigorous governance and regulatory standards	7
 <b>Digital technology*</b> Senior experience in technology, especially in digital, software or computer industries and oversight of implementation of major technology projects	5
 <b>Industry knowledge and expertise</b> Senior executive or Board level experience in the land-based and/or digital gaming industry, including an in-depth knowledge of product and markets	4
 <b>Remuneration and people</b> Board remuneration committee membership or management experience in people management, succession planning and remuneration policy	7

\*Other Directors on the Board have broader technology experience which is also valuable.

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#### 1.4. Director Independence

All Directors, whether independent or not, are expected to bring an impartial judgement to bear on Board decisions and are subject to the Board's policy regarding management of conflicts of interest, as well as common law and Corporations Act requirements.

Each year, the Board assesses whether each of the Non-Executive Directors are independent. In making such an assessment, consideration is given to whether the Non-Executive Director satisfies Aristocrat's criteria for independence. Those criteria are set out in the Board Charter.

During the 2019 financial year, the Board reviewed each Non-Executive Director's independence and concluded that each Non-Executive Director is independent.

The Board considers Pat Ramsey to be an independent Non- Executive Director, notwithstanding his previous employment with Aristocrat. Mr Ramsey was employed by Aristocrat for approximately nine months in the role of Chief Digital Officer prior to his appointment as a Non-Executive Director effective 1 October 2016. The Board considers that the short length of his employment, the position he held within Aristocrat, and the fact that it has been over three years since Mr Ramsey held his executive role, means that his independence is not compromised, and the Board is confident that he brings objective and independent judgement to the Board's deliberations.

Details, including the term of office, qualifications, experience and information on other directorships held by each member of the Board can be found in the Directors' Report within the Annual Report.

#### 1.5. Non-Executive Director selection and succession planning

The Board adopts a structured and rigorous approach to Board succession planning. This process is continuous and the Board regularly evaluates and reviews its succession planning process to ensure the progressive and orderly renewal of Board membership.

Before a candidate is nominated by the Board, the candidate must confirm that they will have sufficient time to meet their obligations to the Company and that they expect to meet all gaming licensing and regulatory approval conditions.

In addition, because the Company operates in a highly regulated environment, the Company undertakes comprehensive background and reference checks on candidates – further information is set out in section 1.7 of this Corporate Governance Statement.

An election of Non-Executive Directors is held each year. Any new Non- Executive Director nominated during the year is known as a Non-Executive Director (Elect) and will stand for election by shareholders at the subsequent AGM. Shareholders are asked to approve the appointment of the Non-Executive

Director (Elect) subject to the receipt of all necessary regulatory pre-approvals. Until the receipt of all necessary regulatory pre-approvals, a Non-Executive Director (Elect) may attend all meetings of the Company but will have no entitlement to vote on any resolutions proposed at any meeting of the Board or any committee.

The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a Non-Executive Director (including whether Directors support the election or re-election), is disclosed in the notice of meeting provided to shareholders. Non-Executive Director candidates are also invited to address the meeting and provide details of the relevant qualifications, experience and skills they bring to the Board.

The Board has continued to implement and deliver on its orderly renewal process by the appointment of Mr Neil Chatfield to succeed Dr Ian Blackburne as Chairman of the Board following the AGM in February 2019 and the appointment of Mr Philippe Etienne to the Board on 7 November 2019.

#### 1.6. Background checks

As the Company operates in a highly regulated environment and is required to be licensed by gaming regulatory authorities in more than 320 jurisdictions, the Company undertakes comprehensive background checks on candidates to demonstrate that the individual is suitable to be associated with the gaming industry. Non- Executive Directors are required to be licensed in over 50 jurisdictions.

Background checks include employment, criminal history, bankruptcy and disqualified company director and officer checks. In addition, gaming regulators conduct detailed background investigations on Non-Executive Directors, requiring them to disclose historical and current personal and financial information and records and participate in interviews. For certain roles, personal appearances must be made (Nevada and Mississippi) and because the formal meetings are predetermined by each regulatory authority, the candidate has very little control of the dates of these appearances and typically require separate overseas trips to attend the appearances.

While spouses are not required to be licensed, they are required to provide certain personal and financial information which will be supplied to gaming regulators; this also applies to all children living with Non-Executive Directors under the age of 18.

The process for applying for gaming licenses is lengthy, complex and time-consuming and there is an ongoing obligation to keep the regulators notified of any material changes, such as a change of address or the purchase of new property within the timeframe required by the regulator. As a result, Non-Executive Directors are required to provide financial statements and other requested records semi-annually to the Aristocrat licensing team to ensure ongoing regulatory requirements are fulfilled.

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## 1.7. Appointment terms

New Non-Executive Directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines the Company's expectations of Non-Executive Directors with respect to their participation, time commitment and compliance with the Company's policies and regulatory requirements.

Each senior executive enters into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements. Key contract details of those senior executives who are KMP<sup>1</sup> are summarised in the Remuneration Report within the Annual Report.

## 1.8. Induction and ongoing professional development opportunities

New Non-Executive Directors joining the Board participate in a comprehensive induction program (which includes meeting with the Chair and senior executives) and are provided with the Director's Handbook. Given the geographic diversity of the Board and Group operations, induction for US based Non-Executive Directors include specific sessions targeted to Australian corporate governance and the program also includes site and office visits to some of the Group's key jurisdictions.

Recognising the importance of providing continuing education, Non-Executive Directors take part in a range of training and continuing education programs which are conducted by internal and external experts. Topics covered include cyber security, risk appetite and management, digital disruption and technology.

Non-Executive Directors also receive regular business briefings at Board meetings on each area of the Group's business, in particular regarding performance, key projects, risks and strategies for growth. In addition, Non-Executive Directors have unfettered access to members of the Executive Steering Committee (ESC) and are encouraged to meet with the ESC to further their knowledge and understanding of the Group's businesses.

All Aristocrat Directors become members of the Australian Institute of Company Directors (AICD) and are encouraged to further their knowledge through participation in seminars hosted by the AICD and other forums sponsored by professional, industry, governance and Government bodies.

Non-Executive Directors are also encouraged to attend one major gaming trade show each year and broaden their knowledge of the business by visiting offices in different locations.

## 1.9. Access to information and independent advice

Directors are entitled to the following:

- Unrestricted access to employees and records, subject to law; and
- Independent professional advice at the Company's expense, where reasonable and necessary to fulfil their duties and subject to prior consultation with the Chairman, and for the Chairman, prior consultation with the Chair of the Audit Committee.

In addition, Directors are emailed copies of all market announcements released on ASX to ensure timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

## 1.10. The role of the Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, for the proper functioning of the Board and facilitating the Company's corporate governance processes. Each Director is entitled to access the advice and services of the Company Secretary.

In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary are set out in the Director's Report within the Annual Report.

## 1.11. Director shareholding requirements

Non-Executive Directors have agreed to a minimum shareholding policy under which they will acquire (within a five year period) a minimum shareholding equivalent in value to their annual base fee.

<sup>1</sup>"KMP" means Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the relevant reporting period.



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## 2. BOARD COMMITTEES

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During the Reporting Period, the Board had four principal Committees to assist in carrying out its responsibilities. These are the:

- Audit Committee;
- Human Resources and Remuneration Committee;
- Regulatory and Compliance Committee; and
- Strategic Risk Committee.

The composition of each Committee and the number of meetings held and attended by each member of the Committee during the year can be found in the Directors' Report within the Annual Report.

Further sub-committees of the Board may be convened to confer on particular issues from time to time.



A copy of each current Committee Charter is available in the Governance section of the Company's website [www.aristocrat.com](http://www.aristocrat.com)

### 2.1. Audit Committee

The Audit Committee comprises at least three independent Non-Executive Directors and is chaired by an independent Non-Executive Director who is not the chair of the Board.

All members of the Audit Committee are financially literate, and the committee possesses sufficient financial expertise and knowledge of the industry in which the Group operates.

Members of the Group's internal and external audit firms attend Audit Committee meetings by invitation, together with the internal Group Risk and Audit Manager and relevant senior executives.

The Audit Committee reviews and makes formal recommendations to the Board in relation to the adequacy of accounting and (operating alongside the Strategic Risk Committee) risk management procedures, financial reporting, systems of internal control and management of material business risks and internal and external audit functions. The Audit Committee Charter includes a more detailed description of the duties and responsibilities of the committee.

The Audit Committee is a direct link for providing the views of internal and external auditors to the Board, when necessary, independent of management influence. Time is allocated for detailed questioning of the material presented by each of the external and internal auditors.

### *Selection of auditor*

The Audit Committee is responsible for overseeing the external auditor selection process. This process includes assessing each of the submissions received and making a formal recommendation to the Board on the appointment (or removal) of the external auditor.

As part of that selection process, the Audit Committee assesses each of the submissions received on overall audit approach and methodology, independence, relevant industry experience, experience and qualifications of key audit staff and cost.

The Audit Committee is also responsible for reviewing the relationship with the external auditor and evaluating the performance and overall effectiveness of external audit services annually.

### *Auditor independence*

The Group's policy on auditor independence restricts the types of non-audit services that can be provided by either the internal or the external auditors. In addition, any non-audit services which are to be provided by the internal or the external auditors need to be pre-approved by the Chair of the Audit Committee.

The Audit Committee requires the external auditor to confirm annually that it has complied with all professional regulations or guidance issued by the Australian accounting profession relating to auditor independence and reviews the independence of the auditors four times a year. The Group requires the lead external audit partner to rotate every five years.

PricewaterhouseCoopers (PwC) continues in office as the Company's auditor during the Reporting Period. PwC is engaged on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence on acquisitions. During the year, PwC was primarily engaged for tax services relating to assistance with one-off changes to the Group Structure (refer to Note 6-2 to the Financial Statements in the Annual Report). These services are not recurring. PwC is awarded assignments on a competitive basis in accordance with the policy on auditor independence, which in future will restrict PwC from performing tax and advisory services.

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### *Attendance of auditor at AGMs*

The external auditor attends the AGM and is available to answer questions from shareholders on:

- Conduct of the audit;
- Preparation and content of the auditor's report;
- Accounting policies adopted by the Group in relation to the preparation of the financial report; and
- Independence of the auditor in relation to the conduct of the audit.

### **2.2. Human Resources and Remuneration Committee**

The Human Resources and Remuneration Committee comprises at least three independent Non-Executive Directors and is chaired by an independent Non-Executive Director.

As well as providing an overview of people issues, particularly talent management, succession and development planning for senior management and diversity, the committee advises the Board on remuneration policies and practices, evaluates the performance of the CEO against pre-agreed goals, and makes recommendations to the Board on remuneration of the CEO and the senior management team.

The committee regularly obtains and considers advice from remuneration consultants appointed by the Board.

While the Board does not have a designated nomination committee, the Human Resources and Remuneration Committee assists the Board as necessary to take on the role of nominations and governance, including in respect of the following functions:

- Determining the appropriate size and composition of the Board;
- Determining the appropriate criteria (necessary and desirable skills and experience) for appointment of Directors;
- Recommendations for the appointment, re-election and removal of Directors;
- Ensuring there are appropriate induction and professional development programs for Directors; and
- Overseeing succession plans for the CEO and other senior management.

This structure is working efficiently and effectively to ensure there is adequate governance in relation to the elements set out above, however the Board continues to assess this on an ongoing basis.

### **2.3. Regulatory and Compliance Committee**

The Regulatory and Compliance Committee comprises at least three independent Non-Executive Directors and one member of management who is primarily responsible for Group gaming compliance.

The committee assists the Board to fulfil its corporate governance and oversight responsibilities relating to the compliance by the Group with gaming laws and regulations, and policies, and codes and conditions associated with maintenance of the Group's gaming licenses.

### **2.4. Strategic Risk Committee**

The Strategic Risk Committee's mandate was to assist the Board by monitoring key identified strategic (enterprise-wide) risks and overseeing the Group's risk management strategy in connection with these identified risks.

There has been a high level of attention and scrutiny within the corporate and regulatory environment over the past 12-18 months in connection with non-financial risk governance and oversight. The result has been an increase in governance requirements and best practice expectations for listed companies and directors. The Board took this opportunity to review and consider how risk management governance should operate for Aristocrat, with this review including engagement with external advisors, to ensure there is strong and consistent Board oversight and accountability of risk.

Following this review, the Board agreed to transition oversight of non-financial/strategic risk from the Strategic Risk Committee to the full Board and the Strategic Risk Committee was discontinued with effect from 1 October 2019. This transition supports the following:

- continued strong risk governance and oversight;
- ensuring that risk is embedded in Board discussions regarding strategy and execution and that risk appetite is considered as part of major strategic decisions; and
- being a truly global company, Aristocrat's enterprise risks are often interrelated, complex and cross-jurisdictional and are more appropriately overseen by the entire Board, with the entire and diverse skills set of the Board being applied.



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# 3. PERFORMANCE EVALUATION & REMUNERATION

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## 3.1. Board performance evaluation process

The Board (with assistance, where necessary or appropriate, from external consultants) regularly carries out a review of the performance of the Board, its committees, and each Director.

The review assesses, amongst other things:

- The effectiveness of the Board and each committee in meeting the requirements of their Charters;
- Whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- The contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and
- Whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them to properly perform their functions.

The Board establishes the procedures and oversees the assessment program. The results and any action plans following the assessment are documented, together with specific performance goals that are agreed by the Board.

A detailed and externally facilitated Board review was undertaken last year covering the effectiveness of the Board and its Committees, as well as Non-Executive Director performance. The external facilitator held individual discussions with each Director. The Board and the external facilitator then discussed Board and Committee performance as a group.

In addition, a targeted corporate governance review was undertaken last year to benchmark the Company's corporate governance processes and practices in a range of areas against market practice and emerging best practice.

The focus during this Reporting Period was employing an active and ongoing program to implement key recommendations from the externally facilitated reviews. In addition, a Board review was undertaken during the Reporting Period.

The Board also undertakes regular reviews of its structure and composition, to manage retirements and succession planning in an orderly way and to ensure the Board continues to have the appropriate overall skill set.

Directors are encouraged to raise any issues of concern regarding the performance of any other Director with the Chairman, or if the concern relates to the Chairman, with the Chair of the Audit Committee.

## 3.2. Senior executive performance evaluation process

Each year the Board sets financial, operational, management and individual targets for the CEO. The CEO (in consultation with the Board), in turn sets targets for his direct reports.

Performance against these targets is assessed periodically throughout the year and a formal performance evaluation for senior management is completed for the year end. Further details are set out in the Remuneration Report contained within the Annual Report.

Performance evaluations of the CEO and his direct reports took place in the 2019 financial year in accordance with the processes described above.

## 3.3. Remuneration

Details of the principles and amounts of remuneration of Directors and senior executives who are KMP are set out in the Remuneration Report contained within the Annual Report, which also includes disclosures on equity-based remuneration provided by the Group.

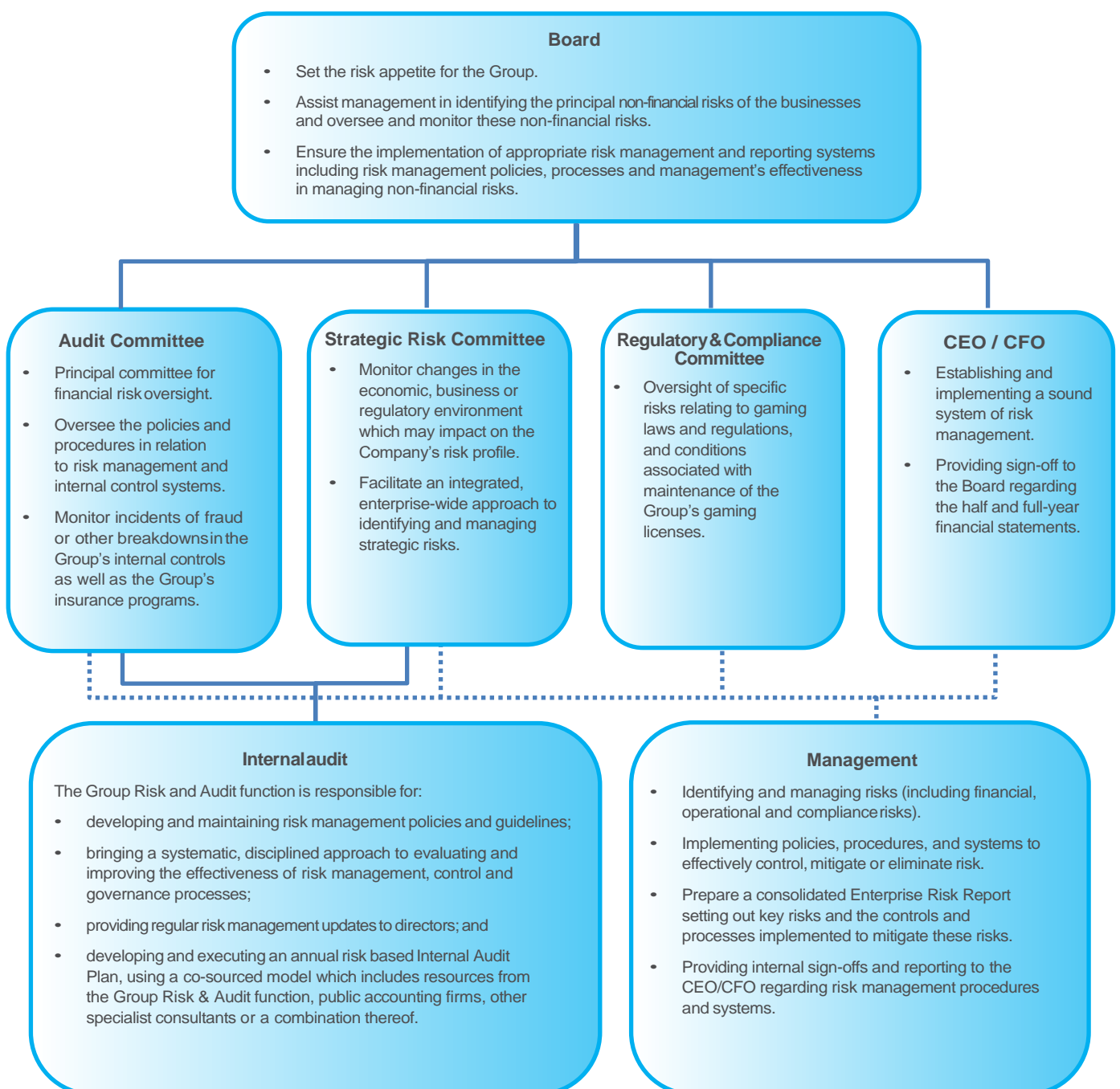
# 4. RISK FRAMEWORK

## 4.1. Risk identification and management

The Board recognises the importance of effective risk oversight, risk management and internal control for good corporate governance and is committed to embedding risk management practices to support the achievement of business objectives and fulfil corporate governance obligations.

The Group has established a formal risk management framework, which is aligned to ISO31000 Risk Management and the ASX Principles. This provides guidance on how Aristocrat identifies, assesses, manages and escalates risk with the potential to impact our strategic and operational objectives.

The division of the key risk management functions is set out below.



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Aristocrat's risk management framework consists of the following:

- Risk Management Policy – the Policy clearly defines the Company's approach to risk management, and the role of each employee in managing risk at all levels of the organisation.
- Risk Appetite Statement (RAS) – the RAS defines the level of risk and opportunity that Aristocrat is willing to accept to achieve its strategic and operational objectives whilst meeting its legal requirements.
- Risk Management Support Guide – the Guide assists employees across the business to operationalise the Risk Management Policy and RAS.
- Enterprise Risk Reporting – this identifies the Company's key (Extreme and Very High) strategic risks that could impact the achievement of strategic objectives, in addition to key mitigants and treatments plans required to drive risks to an acceptable level.

The Group's risk management framework is overseen by the Audit Committee, who review (with input from the Strategic Risk Committee) the framework at least annually, to satisfy itself that it continues to be sound. The Group's risk management framework was reviewed during the Reporting Period.

#### 4.2. Business and sustainability risks

The Company monitors its exposure to risks, including economic, environmental and social sustainability risks. Material business risks (and how those risks are managed or intended to be managed) are described in the Operating and Financial Review section of the Annual Report (OFR), which also outlines the Group's activities, performance during the year, financial position and main business strategies. There are no additional material exposures to economic, environmental and social sustainability risks in addition to that disclosed in the OFR.



The Company's approach to corporate social responsibility, including the progress and status of Aristocrat's CSR actions, can be found on the Company's website [www.aristocrat.com](http://www.aristocrat.com)

#### 4.3. Chief Executive Officer and Chief Financial Officer declaration

Before approving the 2019 half year and full year financial statements, the Board obtained written declaration from the CEO and CFO that, in their opinion, the financial records of the Company have been properly maintained and 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 opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

# 5. DIVERSITY

The Group recognises its legal and ethical obligations and is committed to promoting and achieving broader diversity across the Group and has prioritised this as part of its sustainability strategy.

The Group's workforce is made up of individuals with diverse skills, values, background and experiences and employs more than 6,400 people around the world including in Australia, the United States, New Zealand, the United Kingdom, Israel, India, Argentina, Mexico, Hong Kong and Macau.



The Company's approach to diversity is outlined in its Diversity Policy which is available in the Governance section of the Company's website [www.aristocrat.com](http://www.aristocrat.com)

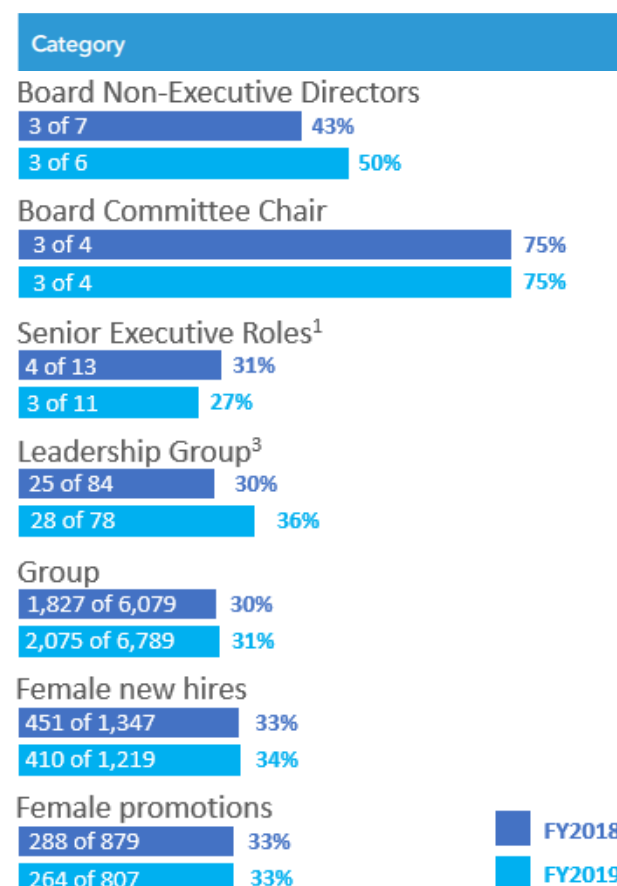
The Board is responsible for approving measurable objectives in accordance with the Diversity Policy and, with the assistance of the Human Resources and Remuneration Committee, for annually assessing those objectives and the progress against them.

The Board's review and renewal process has been specifically focused on increasing the Board's gender diversity.

The following diversity-related measurable objectives supporting gender diversity have been endorsed by the Board:

- Increase the number of women in the 'Leadership Group', comprising the Board, Senior Executive Roles<sup>1</sup> and Senior Management Roles<sup>2</sup>; and
- Increase in the proportion of female hires and promotions.

The following information is provided about the proportion of women across the Group as at 30 September 2019:



<sup>1</sup>Senior Executive Roles comprise of the CEO and his direct reports.

<sup>2</sup>Senior Management Roles include direct reports to those in Senior Executive Roles.

<sup>3</sup>Leadership Group comprises the Board, Senior Executive Roles and those in Senior Management Roles.

# 6. GOVERNANCE POLICIES

## 6.1. Aristocrat's mission statement and values

Aristocrat's mission statement is "to bring joy to life through the power of play". Underpinning that mission statement is a shared set of values that guide and inspire the Company's employees:

- It's all about the player;
- Talent unleashed;
- Collective brilliance;
- Good business, good citizen.



More information about our mission statement and values are available in the Culture & Careers section of the Company's website, [www.aristocrat.com](http://www.aristocrat.com)

## 6.2. Aristocrat's governance policies

Detail of Aristocrat's corporate governance policies are summarised in the table below.

### Global Employee Handbook and Code of Conduct

The Code applies to all employees and directors, and provides an ethical and behavioural framework for the way business is conducted and contains a set of general business ethics including (but not limited to):

- To act honestly and fairly in all dealings and to conduct business with strict professional courtesy and integrity;
- To abide and comply with all applicable laws and regulations; and
- To report suspected corrupt or unethical conduct.

### Whistleblower Policy

Encourages, supports and promotes honest and ethical behaviour by providing a framework for the escalation of 'reportable conduct'. This includes, but is not limited to, criminal activity (such as theft, fraud, dishonesty, corruption), illegality, a breach of law or regulation, miscarriages of justice, a serious breach of internal policy, discrimination, harassment, unethical or improper behavior, workplace safety issues, bribery, or any other misconduct or improper state of affairs or circumstances in relation to an Aristocrat company.

### Share Trading Policy

Supports compliance with insider trading laws and protects Aristocrat's reputation in relation to trading in securities by its directors and employees. It reflects the Corporations Act prohibition on hedging of unvested performance share rights and vested securities that are subject to disposal restrictions at all times, irrespective of trading windows.

### Continuous Disclosures Policy

Governs the reporting of market sensitive information and includes processes to manage confidentiality, engagements with the media and investment community. Appoints a management disclosure committee which in practice comprises the CEO, CFO and the Corporate General Counsel & Company Secretary. The committee has responsibility for reviewing proposed disclosures and making decisions in relation to what information can be or should be disclosed to the market.

### Diversity Policy

Designed to promote a diverse and inclusive workplace, reflective of the diverse cultures and communities in which Aristocrat operates around the world. See section 5 of this Corporate Governance Statement on diversity disclosures.

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### **Anti-Bribery and Anti-Corruption Policy**

This policy is designed to bring awareness to all employees, directors, officers, contractors and consultants that certain types of payments may constitute corruption, an illegal benefit or an act of bribery and that any such payments are prohibited. Aristocrat applies a “zero tolerance” approach to acts of bribery and corruption.

### **Dealing with Government Employees and Political Parties**

As a part of Aristocrat’s commitment to high ethical standards, employees are encouraged to demonstrate care that their actions, regardless of intent or motive, and not to place government employees or members of political groups in a situation whereby they may be in breach of their employment regulations or duties. Contributions to political parties and politicians of any kind are strictly prohibited.

### **Conflict of Interest Policy**

The conflicts of interest policy explains conflicts of interest and helps employees understand how to identify and manage conflicts.



The Global Employee Handbook and Code of Conduct, Whistleblower Policy, Share Trading Policy, Continuous Disclosures Policy and Diversity Policy are available in the Governance section of the Company’s website, [www.aristocrat.com](http://www.aristocrat.com)



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# 7. COMMUNICATIONS WITH SHAREHOLDERS AND MARKET DISCLOSURES

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## 7.1. Investor relations programs

The Company conducts regular briefings including interim and full year results announcements, investor days, site visits and attends regional and industry specific tradeshows in order to facilitate effective two-way communication with investors and other financial markets participants.

Access to executive and operational management is provided at these events. Additionally, separate one-on-one and/or small group meetings are provided when requested and in compliance with governance parameters set by the Company. The Company recommends all investor meetings are attended by at least one of the following: Chairman, CEO, CFO or GM, Investor Relations & Treasury. Pending resourcing and availability, the Company prefers to have a minimum of two executives attend most investor meetings.

The Company's objective is to provide best practice disclosure and comply with all applicable laws and Group policies. Therefore all discussions with analysts are conducted by or with the prior approval of the CEO, or CFO or the GM, Investor Relations & Treasury, and are limited to an explanation of previously published material and general discussion of non-price sensitive information, including relevant industry insights.

Unless authorised by the CFO or GM, Investor Relations & Treasury, meetings with analysts will not be held between the end of the half-year or full-year and the date on which those results are announced. Any meetings during this period are strategic in nature only, with no financial questions addressed.

## 7.2. Annual general meeting

The Company is committed to facilitating shareholder participation in shareholder meetings, and to respectfully dealing with shareholder inquiries. The Notice of AGM is published on the Company's website.

The Company uses technology to facilitate the participation of shareholders in meetings including live webcasting of meetings. Online proxy voting facilities allow shareholders to appoint a proxy ahead of the meeting without having to attend in person.

Shareholders are encouraged to participate in general meetings and are given an opportunity to submit questions in advance and ask questions of the Company and its auditor at the AGM.

Voting on resolutions set out in the Notice of AGM is conducted by way of a poll.

## 7.3. Communications with shareholders

The Company's website ([www.aristocrat.com](http://www.aristocrat.com)) forms a key part of the Company's communications with shareholders and the wider investment community. The Company's website contains copies of announcements to the ASX, notices of meetings, annual reports, business reviews, investor presentations and financial statement as well as the key corporate governance policies and other corporate governance materials referred to in this document. The names and biographical information for each of the Directors and members of the executive steering committee is set out on the website.

The Company encourages investors to receive communications from and send communications to, the Company and the share registry electronically.

The Company emails shareholders (who have elected to receive electronic communications) when important information becomes available such as dividend statements, notices of meeting, voting forms and annual reports. Electronic communication allows the Company to communicate with shareholders faster and reduce its use of paper.

## 7.4. Integrity of disclosures in periodic reports

The Company produces a number of periodic corporate reports, including the annual directors' report and half year and full year financial statements.

There are various processes in place to review and confirm the accuracy and reasonableness of the disclosures contained in those reports. The Board has established a Management Disclosure Committee comprising of the CEO, CFO and the Corporate General Counsel and Company Secretary to which it has delegated responsibility for overseeing the process for ensuring all ASX announcements are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

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In addition, management has oversight over the preparation of, and undertakes a review of, the periodic corporate reports relevant to their business unit. Subject matter experts and relevant executives further review and approve the disclosures.

The following periodic corporate reports are audited by PricewaterhouseCoopers (PwC), our external auditor:

- The Remuneration Report;
- Full year financial statements.

While the external auditors do not provide an audit opinion on the annual Directors' report, including the operating and financial review section, contained in the Annual Report, it is reviewed by PwC as well as the Audit Committee, prior to approval by the Board.

The half year financial report and directors' report are subject to an audit review report by PwC.

The CEO and CFO also provide the Board with written declarations in relation to half year and full year financial statements as described in section 4.3 of this Corporate Governance Statement.