



AUDIT AND RISK COMMITTEE CHARTER

NOVEMBER 2014

1. Introduction

- 1.1 The Audit and Risk Committee (the Committee) is established as a committee of the Board of Aristocrat Leisure Limited (the Company) on the terms set out in this charter and in accordance with the Board's charter and the Company's Constitution.

2. Purpose

- 2.1 The purpose of the Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities for the Aristocrat Leisure Limited group of companies' (the Group) in relation to:
- financial reporting;
 - system of internal control and management of material business risks;
 - internal and external audit functions; and
 - process for monitoring compliance with relevant laws and regulations (other than with respect to gaming laws and regulations, and conditions associated with maintenance of the Group's gaming licences which is the mandate of the Regulatory and Compliance Committee) and its own code of business conduct.
- 2.2 Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this charter in order to facilitate decision making by the Board.

3. Authority

- 3.1 The Committee will have the right to conduct or authorise investigations to ensure that they are appropriately informed to achieve their purpose. This includes the ability to seek any obtain information or advice it requires, interview from employees or external parties including management and internal and external auditors, and seek advice from external experts or specialists where the Committee considers that necessary or appropriate.

4. Composition

- 4.1 The Board shall determine the composition of the Committee. The Committee shall consist of at least three (3) independent non-executive directors. Independence is given the same meaning as in the Board charter. The members of the Committee shall be financially literate with at least one designated as a "financial expert".
- 4.2 A non-executive director (elect) may be appointed as a member of the Committee however will be unable to vote on any matter considered by the Committee.
- 4.3 The Board shall appoint the Chair of the Committee who must be an independent non-executive director. Subject to clause 3.4, in the absence of the Committee Chair, the members shall elect one of their members as Chair for that meeting.
- 4.4 The Chair of the Board should not be the Committee Chair.
- 4.5 The Managing Director & Chief Executive Officer (CEO), the Chief Financial Officer, the Group Risk & Audit Manager and other members of the senior management team as requested by the Committee Chair, should attend all Committee meetings. The Committee Chair may invite the external and internal auditors and others (as appropriate) to attend all or part of the meeting.
- 4.6 The Manager, Company Secretariat will serve as the Committee Secretary. If this person is unable to attend a Committee meeting, an appropriate member of the Company Secretariat team will attend in the capacity as Committee Secretary.

5. Committee meetings

- 5.1 The Committee will hold at least four (4) meetings per year. Meetings should correspond with the Group's financial reporting cycle. Additional meetings may be convened if necessary. It is expected that all members attend all meetings.
- 5.2 The quorum for a meeting is three (3) Committee members.
- 5.3 The Committee Chair will approve the agenda for each meeting. Any Committee member may require business to be included in the agenda, provided the Committee Chair and Committee Secretary have been given prior notice of that business.
- 5.4 The Committee will meet at least once annually with the external auditors, in the absence of management, and on any occasion during the year as requested by either the Committee or the external auditors.
- 5.5 The Committee Secretary will circulate the minutes of the meeting of the Committee to all members of the Committee for comment and change before being signed by the Committee Chair.
- 5.6 The minutes of Committee meetings will be circulated to the Board with the Board papers for the next Board meeting, and be tabled at the Board meeting along with any recommendations of the Committee.

6. Responsibilities of the Committee

The Committee should undertake the following functions and, as appropriate, advise or make recommendations to the Board:

Internal Controls

- 6.1 Consider whether management is setting the appropriate control culture by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.
- 6.2 Review management's procedures that ensure there is an effective internal control framework (including in relation to fraud, bribery and corruption)
- 6.3 Consider whether internal control recommendations made by internal and external auditors have been implemented by management within an appropriate timeframe.
- 6.4 Review the adequacy of the security and control of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

Risk Management

- 6.5 Gain an understanding of the current areas of greatest financial risk and how management is managing these effectively and ensure material risks have been dealt with in a timely manner to mitigate the company's exposure.
- 6.6 Ensure that the Group's risk profile is reviewed to ensure that material business risks are dealt with appropriately.
- 6.7 Review the Group's risk management framework at least annually to ensure that it continues to be sound and disclose in relation to each reporting period whether such a review has taken place.

Financial Reporting

- 6.8 Review all interim and annual financial reports, including related regulatory filings and any correspondence regarding the Group's financial reporting or related matters prior to their public release. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements.

- 6.9 Consider the completeness and consistency of financial statements with information known to the committee.
- 6.10 Review complex transactions and significant transactions outside the Group's normal business.
- 6.11 Review with management and the external auditors the interim and annual financial statements, the key accounting policies and judgements, and the results of the audit. Discuss significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice and all matters required to be communicated to the Committee under Generally Accepted Auditing Standards.

External Audit

- 6.12 Discuss and agree with the external auditor, before the audit/review commences, the nature and scope of the audit/review of internal controls over financial reporting, and ensure co-ordination with internal audit.
- 6.13 Meet separately with the external auditors to discuss problems and reservations arising before the interim and final results, and any matters the external auditor may wish to discuss that should be discussed privately.
- 6.14 Review reports on the internal controls over financial reporting prepared by external audit and management's response;
- 6.15 Review all representation letters to the external auditors signed by management and be satisfied that the information provided is complete and appropriate.
- 6.16 Review the relationship with the external auditor and evaluate the performance and overall effectiveness of external audit services annually.
- 6.17 Recommend to the Board annually or, as otherwise determined by the Board, the appointment and removal of external auditors and the level of their fees.
- 6.18 Recommend to the Board, the appropriate disclosure in the financial statements of the details of fees paid to the external auditors.
- 6.19 Establish and review annually the Group's Auditor Independence Policy.
- 6.20 At least four (4) times per year assess the external auditor's independence in accordance with the Group's Auditor Independence Policy.
- 6.21 Review and permit the external auditor to provide non-audit services in accordance with the Group's Auditor Independence Policy.
- 6.22 Require the external auditors to confirm, in writing, that they have complied with all professional and regulatory requirements relating to auditor independence prior to the announcement of the results for each period.

Internal Audit

- 6.23 Establish and review annually the Group's Internal Audit Charter.
- 6.24 Recommend to the Board the appointment and removal of the Group Risk & Audit Manager and any co-sourced internal audit service providers.
- 6.25 Ensure no unjustified restrictions or limitations are made to the activities and resources of the internal audit function.
- 6.26 Review and approve the annual internal audit plan and any changes to the plan.
- 6.27 Monitor the progress of the internal audit program, together with any additional investigative reviews, consider the implications for the control environment and monitor the implementation of agreed action plans by management.
- 6.28 Meet separately with the Group Risk & Audit Manager and any co-sourced internal audit service providers, if required, to discuss any matters that the Committee or internal auditors believe should be discussed privately.

- 6.29 Review the overall effectiveness of the internal audit function.
- 6.30 Review the performance of the Group Risk & Audit Manager and concur with the annual salary adjustment.
- 6.31 Review the performance of any co-sourced internal audit service providers annually and approve their fees.
- 6.32 Assess the independence of any co-sourced internal audit service provider.
- 6.33 Review and permit any co-sourced internal audit service provider to provide non-audit services in accordance with the Group's Auditor Independence Policy.

Other Responsibilities

- 6.34 Review the adequacy of the Group's insurance programs, having regard to the Group's evolving business footprint and the associated insurable risks.
- 6.35 Review the findings from the Whistleblower/Tip-offs Anonymous program.
- 6.36 Identify and direct any special projects or investigations deemed necessary.
- 6.37 Review policies to avoid conflicts of interest and review past or proposed transactions between the Company and members of the Board and management.
- 6.38 Perform other oversight functions as requested by the Board.

7. Self-Assessment

- 7.1 The Committee will review the performance of the Committee on an annual basis in accordance with the performance assessment approach determined by the Board.

8. Publication

- 8.1 This charter will be made available from the Group's website (www.aristocratgaming.com)