



## **BOARD CHARTER**

**OCTOBER 2004**

# CHARTER OF THE BOARD OF DIRECTORS

## 1 STRUCTURE

- 1.1 The Board Charter sets out the role, functions and responsibilities of the Board of Directors (Board) of Aristocrat Leisure Limited (the Company). The Board is also subject to the provisions of the Company's Constitution.

## 2 FUNCTIONS OF THE BOARD

- To oversee the conduct of the Company's businesses;
- To select, appoint, regularly assess the performance of, determine the remuneration of and plan for the succession of, the Chief Executive Officer, Chief Financial Officer and Company Secretary and put in place clearly defined delegations of powers to those executives to enable them to carry out their responsibilities;
- To review and approve the Company's strategy, business plans and annual budgets and financial objectives. To agree with management appropriate performance indicators and monitor performance against those indicators and against the plans and budgets;
- To assist management to identify the principal risks of the Company's businesses and ensure the implementation of appropriate risk management and reporting systems;
- To take steps to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due;
- To ensure that appropriate human resources policies and planning systems are in place covering training, remuneration, awards and incentives, succession planning, monitoring of performance, equal opportunity and anti-discrimination;
- To establish and monitor policies to ensure compliance with the legal and regulatory regimes to which the Company is subject and to ensure corporate conduct of the highest standards of corporate behaviour;
- To select external auditors, approve the scope of the external audit, ensure that proper audit procedures are in place and that accounts comply with the Australian Accounting Standards and are true and fair;
- To ensure open and proper communication between the Company and its stakeholders; and
- To review its own processes and performance and composition and adopt processes for the nomination of new Directors and the retirement of Directors.

## 3 POWERS OF THE BOARD

- To approve strategy, business plans and budgets;
- To monitor the management of the Company's businesses;
- To initiate and adopt changes in accounting policies and practices;
- To provide advice, counsel and instruction to the Chief Executive Officer;
- To instruct and review the actions and recommendations of the various Committees of the Board;

- To meet from time to time without management being present;
- To act in all other matters affecting the Company which do not require shareholder approval; and
- To appoint from amongst its number a Chair who will lead the Board in its responsibilities.

#### **4 MATTERS RESERVED TO THE BOARD**

- 4.1 The matters set out in the Schedule attached are matters reserved to the Board for its own decision.

#### **5 COMMITTEES**

- 5.1 The Board may delegate any of its functions or powers to the extent permitted by the Constitution to Committees or individuals.

#### **6 MEETINGS**

- 6.1 The Board must meet at least ten times a year and more often if circumstances require. The Non-Executive Directors should meet on their own at least once during the year.
- 6.2 Executives of the Company, advisers and other external parties may be invited to attend meetings of the Board at its discretion.

#### **7 COMPANY SECRETARY**

- 7.1 The Company Secretary shall act as the Secretary of the Board and shall attend meetings of the Board and its Committees as required. The Company Secretary will prepare minutes of meetings of the Board, which shall be circulated to all Directors and confirmed at the next meeting of the Board.

## **SCHEDULE TO BOARD CHARTER**

### **MATTERS RESERVED TO THE BOARD FOR ITS OWN DECISION**

#### **Board and Management**

- Nomination and remuneration of Directors;
- Appointment of Chair;
- Appointment of the Chief Executive Officer, Chief Financial Officer and Company Secretary;
- Setting of objectives, key performance indicators and remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary (including bonuses and option/share awards);
- Succession planning;
- Approval of the appointment, objectives, key performance indicators and remuneration of executives reporting directly to the Chief Executive Officer (including bonuses and option/share awards);
- Assessment of performance of Board, Chief Executive Officer, Chief Financial Officer and Company Secretary;
- Appointment of Board Committees and approval of their terms of reference;
- Matters referred to Board by Committees;
- Corporate Governance matters; and
- Approval of related party transactions and disclosures.

#### **Strategy**

- Adoption and review and of the Company's strategy, business plans and annual budgets on the recommendation of the Chief Executive Officer and monitoring of progress in implementing strategy and achieving plans and budgets;
- Approval of capital expenditure and the acquisition/disposal of businesses or subsidiaries in excess of the approved authority limit of the Chief Executive Officer;
- Approval of any proposed acquisition or merger with another listed company, in Australia or overseas; and
- Listing or removal of the Company on a Stock Exchange.

#### **Finance**

- Capital planning and raising new capital;
- Executive and staff share, option and share-based savings and remuneration plans;
- Risk management and treasury policies;
- Approval of half-yearly and yearly profit announcements and reports;
- Accounting policies;
- Appointment of external and internal auditors and approval of the charters for external and internal audit;

- Approval of issue documents or prospectuses for the Company;
- Dividends and dividend reinvestment plan;
- Financial and risk management controls;
- Giving of security or guarantees by Group companies;
- Capital expenditure in excess of the approved authority limit of the Chief Executive Officer; and
- Approval of direct donations to political parties or their fund-raising organisations.

#### **Operational**

- Risk management strategy;
- Monitoring of performance;
- Employment and remuneration policies;
- Major capital expenditure projects; and
- Environmental and occupational health and safety matters.

#### **Secretarial and other**

- Calling of Shareholders meetings;
- Delegation of Board powers;
- Use of the common seal and procedures in lieu of use of common seal;
- Disclosure of Directors' interests and related party matters;
- Continuous disclosure policy;
- Compliance;
- Share/option/securities trading policies; and
- Directors' and officers' insurance and indemnities.