

**NATIONAL LEISURE & GAMING LIMITED**  
**AUDIT & COMPLIANCE COMMITTEE CHARTER**

**1. ROLE**

- 1.1** The role of the National Leisure & Gaming Limited (NLG) Audit & Compliance Committee (Committee) is to assist the NLG Board in fulfilling its corporate governance responsibilities in regard to:
- i. the reliability and integrity of financial information for inclusion in the NLG financial statements;
  - ii. audit, accounting and financial reporting obligations of NLG;
  - iii. safeguarding the independence of the external auditor;
  - iv. internal control systems;
  - v. monitoring legal and regulatory requirements;
  - vi. NLG's compliance responsibilities; and
  - vii. NLG's risk management framework.
- 1.2** To the extent practicable, the Committee is to undertake the functions of the Audit & Compliance Committee referred to in the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles)*.

**2. MEMBERSHIP**

- 2.1** Committee Members and the Chairman of the Committee are appointed by the NLG Board in accordance with clause 7.15 of the NLG Constitution.
- 2.2** The Committee will consist of at least three non-executive directors, appointed for a period determined by the Board.
- 2.3** The Chairman of the Committee is to be a non-executive director and is to be appointed by the Board. In the absence of the Chair, the remaining members will elect one of their number as Chair of the meeting. The Chairman must not also be the Chairman of the Board.
- 2.4** All members of the Committee shall be financially literate. The Chairman and at least one member of the Committee must have recent accounting or related financial expertise as determined by the Board. The Committee may seek the counsel of a financial expert at any time and may do so in accordance with clause 6 of this Charter.
- 2.5** At least one member of the Committee must have an understanding of the sectors in which NLG operates.
- 2.6** The Company Secretary or their nominee will act as Secretary to the Committee, unless otherwise determined by the Committee.

**3. MEETINGS**

- 3.1** The Committee will meet as frequently as required, but not less than three times per year. Any member may call a meeting of the Committee.
- 3.2** A quorum for a Committee Meeting is when at least two Members are present.
- 3.3** The dates, times and venues of each meeting of the Committee will be notified by the Secretary to all members of the Committee a reasonable time in advance of the meeting.
- 3.4** Supporting papers for each meeting of the Committee will be distributed by the Secretary to all members of the Committee a reasonable time in advance of the meeting. All Directors will

receive a copy of the supporting papers for the meeting, irrespective of their membership of the Committee unless circumstances otherwise require, for example, due to a conflict of interest.

- 3.5 Minutes of all meetings of the Committee are to be kept by the Company Secretary and are to be distributed to members for confirmation as soon as practicable.
- 3.6 Only members of the Committee are entitled to be present at a Committee meeting.
- 3.7 Directors and relevant NLG employees may be invited to attend all or part of any Committee Meeting as the Committee determines.
- 3.8 The Committee may meet with the internal or external auditors, external advisors, any executives or employees or any other non-executive Directors with or without executive management being present.
- 3.9 The Committee must meet with the internal and external auditors at least once a year without executive management present.
- 3.10 Committee meetings will be governed by the same rules, as set out in the Company Constitution, as they apply to the meetings of the Board.

## **4. RESPONSIBILITIES**

### **4.1 Financial Reporting**

The Committee's responsibilities include the review of all regular financial reports and other formal announcements relating to NLG's financial performance prepared for release to the ASX, regulators and the public, including half yearly and annual financial reports, before making appropriate recommendations to the Board, in relation to:

- i. Key accounting policies and practices;
- ii. Compliance with applicable accounting standards, ASX Listing Rules and other legal requirements in relation to the financial reports;
- iii. The extent to which the financial reports are affected by any unusual transactions, and major elements of judgement, significant audit adjustments and audit recommendations that have not been adjusted; and
- iv. With respect to the draft half yearly and annual financial statements, review:
  - a. that they represent a true and fair view of NLG's financial position and performance; and
  - b. the declaration signed by the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) required by section 295A of the *Corporations Act* and the statement required by Recommendation 7.3 of the *ASX Principles*.

### **4.2 Insurance**

Without limiting its scope, the Committee is to:

- i. Review and approve or ratify any material new insurances, proposed cancellations or variations of existing policies; and
- ii. Be advised of each renewal (including details of the principal terms) of material insurances.

### **4.3 Taxes**

Without limiting its scope, the Committee is to:

- i. Monitor compliance with all tax obligations;
- ii. Review any relevant taxation information submitted to the Committee; and
- iii. Where necessary, approve or ratify any material amendments to taxation policies.

#### 4.4 Internal Auditor

The Committee's responsibilities include:

- i. Consider and make a recommendation to the Board on the necessity to appoint an internal auditor;
- ii. Oversee the process for the appointment, re-appointment and removal of the internal auditors;
- iii. Assess the performance and independence of the internal auditors;
- iv. Respond to the internal auditors' needs as to their adequate resourcing, appropriate standing and non involvement in executive decisions making, and ensuring no management restrictions on their practices;
- v. Review and monitor compliance with the audit plans of the internal auditors, including scope and materiality level of their audits;
- vi. Review reports from the internal auditors on their audit findings, management responses and action plans in relation to those findings; and
- vii. Facilitate open communication between the internal auditors, the external auditors and the Board.

#### 4.5 External Auditor

The Committee's responsibilities include:

- i. Oversee the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
- ii. Recommend to the NLG Board:
  - a. appointment and removal of the external auditor;
  - b. terms of appointment or re-appointment of the external auditor; and
  - c. level of fees payable to the external auditors;
- iii. Review, develop and implement policy on engagement of the external auditors to supply non-audit services;
- iv. At least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services, and provide to the Board the written advice as required by section 300(11D)(a) of the *Corporations Act*;
- v. On an annual basis, obtain and review a report from the external auditor describing:
  - a. the audit firm's internal quality control and conflict procedures;
  - b. any material issues raised by the most recent quality control, or peer review, of the audit firm, and any steps taken to address such issues; and
  - c. all relationships between the external auditor and NLG.
- vi. Review and monitoring compliance with the audit plan of the external auditors; and
- vii. Review reports from the external auditors.

#### **Non Audit Services**

The external auditors shall not provide services which are considered to be in conflict with the role of the statutory auditor. These services include investigations and consulting advice, or sub contracting of activities normally undertaken by management, where the auditor may ultimately be required to express an opinion on its own work. Examples of services that should not be provided by the external auditors include:

- Preparation of accounting records and financial statements;
- Design and implementation of new IT systems and financial controls;

- Valuation services in relation to amounts which are included in NLG's accounts;
- Actuarial services;
- Internal audit services;
- Management functions, including senior management secondments;
- Recruitment and human resource services;
- Broker dealer or Investment Advisor Services; and
- Legal services.

The external auditors will be permitted to provide non-audit services that are not perceived to be in conflict with the role of the auditor. Examples of services that may be provided without Audit & Compliance Committee approval include:

- Tax compliance services;
- Advice on application of appropriate accounting standards; and audits or verification of regulatory returns.

The external auditors may be permitted to provide non-audit services where their detailed knowledge of NLG's activities could permit cost and output efficiencies, provided stringent independence requirements are satisfied. These services, based on recommendations from management must be approved by the Chairman of the Committee, who will consult with the other members of the Audit & Compliance Committee, the external auditors and management, as appropriate. Examples of such services include:

- Strategic tax advice;
- Due diligence on potential acquisitions/investments;
- Investigating accounting assignments; and
- Corporate finance advice (deal structuring and execution) including Independent Accountant's statements.

The Audit & Compliance Committee will recommend to the Board the appropriate disclosure in the Annual Accounts of the full details of fees paid to the external auditors.

#### **4.6 Compliance Responsibilities**

The duties and responsibilities of the Committee include:

- To monitor and assess NLG compliance, including effectiveness of its compliance framework and program;
- To assist in ensuring appropriate compliance information is provided to the Board; and
- To maintain open communication channels among the Committee, management and internal and external advisors in order to review and discuss specific issues, exchange views and information and confirm respective duties and responsibilities as appropriate.

#### **4.7 Risk Management**

The duties and responsibilities of the Committee include:

- Ensure NLG has an effective risk management framework, policies, systems and processes for identifying, assessing, monitoring and managing material business risks;
- Review any material changes to NLG's risk profile;
- Review the efficiency and effectiveness of NLG's risk management, internal control, operating and accounting control systems by reviewing reports received from management and the internal and external auditors;

- iv. Review management's report on the effective management of material business risks and implementation of a sound system of risk management and internal control and report to the Board as detailed in Recommendation 7.2 of the Principles; and
- v. Oversight and review of NLG's health and safety policies and procedures to ensure they reflect required performance standards and risk management practices.

#### **4.8 Other**

Other responsibilities of the Committee include, but are not limited to:

- i. Review policies and practices on sensitive issues referred to the Committee by the Board;
- ii. Review disclosures, including a statement in the Annual Report detailing the Committee's activities, the membership of the Committee, the number of Committee meetings and attendance over the course of the year, and the policy, in relation to the provision of non-audit services by the external auditors; and
- iii. In the event of the Board not accepting a recommendation by the Committee on the appointment, re-appointment or removal of the external auditors, make a statement explaining the recommendation and setting out the reason why the Board took a different decision.
- iv. Identify and direct any special projects or investigations as deemed necessary; and
- v. Examine any other matters referred to it by the Board.

### **5. REPORTING**

- 5.1** The Chair of the Committee, or a person nominated by the Chair of the Committee, is to report on the proceedings of its Meetings to the Board (which may be either verbally or in writing).
- 5.2** All recommendations of the Committee are to be referred to the Board for approval, except as otherwise provided in this Charter.
- 5.3** The Chair of the Committee, or a person nominated by the Chair of the Committee must attend the Board meeting at which NLG's financial statements are approved.

### **6. ACCESS TO INFORMATION AND ADVICE**

- 6.1** Committee Members have unlimited, direct access to the external auditors.
- 6.2** The Committee has the authority to seek any information it requires from any NLG executive or employee and all executives and employees must comply with such requests.
- 6.3** In carrying out its functions, the Committee may take independent legal, accounting or other professional advice or assistance, at the reasonable expense of NLG. Unless a conflict exists or to do so would be inconsistent with the Committee's duties, the Committee is to request such information, professional advice or assistance permitted under this clause 6 via the Chairman.

### **7. COMMITTEE PERFORMANCE**

To determine whether it is functioning effectively, the Committee shall:

- i. review this Charter annually and recommend any changes to the Board; and
- ii. undertake an evaluation of its performance and effectiveness, inviting comments from all members of the Board, at intervals considered appropriate by the Chairman.