



Ainsworth Game Technology Limited

ACN: 068 516 665

AUDIT & RISK COMMITTEE CHARTER

23 June 2021

Version 1.010

AUDIT & RISK COMMITTEE CHARTER

Ainsworth Game Technology Limited (“the Company”)

ROLE

The role of the Audit & Risk Committee is to assist and advise the Board in fulfilling its corporate governance and oversight responsibilities in relation to corporate reporting processes, including the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The key areas of responsibility are;

- Oversight of the financial reporting process
- Review of significant financial responsibilities and disclosures;
- Oversight of the risk management and internal control environment;
- External Auditor engagement and independence issues;
- Evaluating the internal and external audit processes
- Compliance (including code of conduct); and
- Reporting to the Board on findings and recommendations.
- It is not a policy making body, nor does it have substantive executive function in its own right.

In discharging their responsibilities, the committee members have a duty to act in the best interests of the company as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

RESPONSIBILITIES

The main responsibilities of the Audit & Risk Committee are to:

- a) assist the Board to discharge its fiduciary responsibilities with regard to the Company’s accounting, control and reporting practices by monitoring the management over corporate assets;
- b) review internal controls and any changes thereto approved and submitted by the Company’s Chief Financial Officer (CFO);
- c) provide assurance regarding the quality and reliability of financial information used by the Board, to enable the Board to maintain confidence in the financial reports;
- d) review, amendment and oversight of the risk management procedures implemented and control framework with which the Company operates. The responsibilities of the Committee in relation to oversight and monitoring of risk management should include:
 - whether the Committee is receiving appropriate risk management information regularly enough;
 - that the format of the information provided meets the needs of the Committee members;
 - at least annually evaluate the adequacy and timeliness of management reporting to the Committee as financial, non-financial, current and emerging risk trends; and
 - discussion of key risk management procedures with senior executives, internal and external audit.

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REPORTING

The Audit and Risk Committee is to review the financial information reporting and processes, including:

- a) Review management representations, including the CEO and CFO declarations regarding the financial report and financial records.
- b) Review management's process for ensuring that information contained in analyst briefings, investor presentations and press announcements is consistent with published financial information, and is balanced and transparent.
- c) Review significant accounting and reporting issues and assess the appropriateness of accounting policies and methods chosen by management, particularly those relating to significant accounting estimates and judgements and the assessment of going concern.
- d) Review the content of a written Report regularly prepared by the Internal Auditor to ensure the completeness of the Audit and the rectification of any matters of concern;
- e) Review the appropriateness of disclosures in the financial statements and financial reporting to stakeholders, particularly with regards to estimates and judgements.
- f) Review all matters required to be communicated to the audit committee under Australian Auditing Standards with management and the external auditor, such as key audit matters for listed companies, significant internal control deficiencies, indications of fraud or corruption and non-compliance with laws or regulations.
- g) Review the other sections of the annual report before its release and consider whether the information is understandable and consistent with members' knowledge about the entity and its operations, and is unbiased.
- h) Review recent regulatory and professional pronouncements and understand their impact on the financial statements.
- i) Review the results of the audit with the external auditor, including significant adjustments, uncorrected misstatements and any difficulties encountered or unresolved disagreements with management.
- j) Review and recommend to the Board the adoption of the Company's half year and annual financial statements presented by management including income tax and other fiscal matters incorporated within the financial statements.

EXTERNAL AUDITOR

The Audit and Risk Committee is to review the performance of the external auditors on an annual basis, including:

- a) Provide a recommendation to the board on the selection, appointment, re-appointment or replacement of the external auditor and rotation of the engagement partner.
- b) Review with the external auditor the scope and terms of the audit and the audit fee including a review of non-audit services provided by the external auditor.
- c) Review the audit plan for coverage of material risks and financial reporting requirements
- d) Monitor and review auditor independence and objectivity.
- e) Establish ongoing communications with the auditors and ensure access to directors and the audit committee.

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- f) Review reports from the external auditors (including auditor's reports, closing reports and management letters).

The external auditor will be invited to attend Audit & Risk Committee meetings to discuss financial matters and business risk during the year as follows:

- a) to discuss the external audit and internal audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and any difficulties encountered, any restrictions on scope of activities or access to information, significant disagreements with management and the adequacy of management response prior to announcement of results.
- b) to finalise half-year and annual reporting:
 - (i) review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made
 - (ii) review the draft financial report and recommend Board approval of the financial report
- c) as required, to organize, review and report on any special reviews or investigations deemed necessary by the Board subject to the engagement not impairing audit independence.

INTERNAL AUDIT

The Audit & Risk Committee is to review the performance of the internal audit programme on an annual basis, including:

- a) Assess the overall effectiveness and evaluate performance of the internal audit function.
- b) Review the internal audit structure, independence and access to senior management, the Committee and the board.
- c) Review and approve the strategic internal audit plan, often for a 2-3 year period to assess whether it addresses the business risks of the entity.
- d) Review and approve the annual internal audit plan and any significant changes made to the plan.
- e) Review reports of results of internal audit engagements, audit-related activities, team capability, audit performance and other important matters.
- f) Enquire of the CFO to determine any scope or budget limitations that may impede the execution of internal audit responsibilities.

RISK MANAGEMENT, FRAUD, AND INTERNAL CONTROL

The Audit & Risk Committee is to consider the impact of the entity's culture on risk management and internal control, including:

- a) Monitor changes in the economic and business environment, including consideration of emerging trends and other factors related to the entity's risk profile.
- b) Review the effectiveness of processes for identifying the entity's risks and the appropriateness of the risk management procedures to maintain activities within the Board's risk appetite.
- c) Review disclosures in the annual corporate governance statement in relation to the recognition and management of business risks.
- d) Consider the adequacy and effectiveness of the internal control and risk management framework by reviewing reports from management, internal audit and external audit, and by monitoring management responses and actions to correct any noted deficiencies.

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- e) Understand the processes management has implemented for managing insurable risks and, if applicable, self-insurance, including assessing the adequacy of insurance cover.
- f) Review the business continuity planning process and be satisfied that material risks are identified and appropriate business continuity plans are in place.
- g) Review management's anti-fraud/corruption strategies and programs.
- h) Enquire of management and the external auditor regarding their assessments of the risk of material misstatement in the financial report due to fraud.
- i) Enquire of management, the internal auditor and the external auditor whether they are aware of any actual, suspected or alleged fraud or corruption affecting the entity and how they responded to such instances.

Consistent with the company's determined appetite for risk, it includes assisting the Board to understand risks, which may:

- a) impede the company from achieving its goals and objectives;
- b) impact on the company's performance;
- c) affect the health, safety or welfare of employees, visitors and others in relation to the company's operations;
- d) threaten compliance with the company's regulatory and legal obligations;
- e) impact on the community and the environment in which the company operates;
- f) impact on the company's reputation and that of its people;
- g) result in personal liability for company officers arising from the company's operations.

Other Committee Objectives

The company's risk policy objectives will be achieved by company-wide implementation of effective risk identification, management and mitigation programs, including:

- a) Monitoring and reviewing issues that may impede the goals, objectives and performance of the company
- b) Maintenance of an enterprise risk management framework and appropriate operational risk management frameworks based on industry accepted standards
- c) Maintenance of internal control systems in order to provide accurate, relevant, timely and reliable financial and operational information
- d) Monitoring and reviewing safety systems throughout the company's operations
- e) Monitoring of operations and maintenance of records to ensure compliance with company policies and regulatory requirements
- f) The reporting to the risk committee and board on significant circumstances and risk related issues, which may materially affect the company
- g) Implementation of management systems and loss prevention and control measures directed at managing the potential for loss and damage to the company
- h) Management of insurance programs to ensure appropriate coverage by reputable insurers at competitive premium levels with regard to the company's circumstance and need
- i) Ensuring an appropriate risk-aware culture has been embedded throughout the company.

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COMPLIANCE AND ETHICS

The Audit & Risk Committee is to consider the impact of the entity's culture on compliance processes, including.

- a) Monitor the impact of changes in key laws, regulations, internal policies and accounting standards affecting the entity's operations.
- b) Review the effectiveness of the entity's systems, policies and practices that relate to compliance with laws, regulations, internal policies and accounting standards, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- c) Obtain regular updates from management and the head of compliance about compliance and ethical matters that may have a material impact on the entity's financial statements, strategy, operations or reputation, including material breaches of laws, regulations, standards and company policies.
- d) Review and monitor related party transactions.
- e) Review processes and procedures designed to ensure compliance with the ASX listing rules on continuous disclosure.
- f) Review and, where applicable, approve the policies, processes and framework for identifying, analysing and addressing complaints (including whistleblowing) and review material complaints and their resolution.
- g) Review the entity's process for communicating the code of conduct to staff and assess the effectiveness of, and compliance with the code.
- h) Discuss with management whether all regulatory compliance matters of the entity have been considered in the preparation of the financial statements, such as compliance with accounting standards and the requirement for the financial statements to reflect a 'true and fair' view.

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General Risk Oversight and Monitoring

- a) Review the company's risk appetite and risk tolerance, as determined by the board on a holistic enterprise-wide basis, and with respect to relevant categories of operational risk
- b) Review and assess the various categories of risk faced by the company, including any concentrations of risk and interrelationships, between risks
- c) Review and assess the likelihood of occurrence, severity of impact of those risks, and any mitigating measure affecting those risks
- d) Review the responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles
- e) Review the risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the board and risk committee
- f) Review management's implementation of the company's risk treatment and mitigation policies and procedures, to assess compliance and effectiveness
- g) Review the quality, type and presentation of risk-related information provided to the board
- h) Review the objectivity of the company's risk management function and the processes for resolution of differences that might arise
- i) Review the utility, effectiveness and efficiency of the company's risk management function in the context of the company's size, scale, complexity and scope of operations

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- j) Review how the company's risk management policy and strategy is communicated throughout the company to ensure it is embedded as part of the company's corporate culture
- k) Review internal communication and control systems
- l) to encourage the timely flow of risk related information to personnel
- m) Review reports to management, external auditors, internal auditors, legal counsel, regulators and consultants, as appropriate, regarding the risks the company faces and the company's management of those risks

Internal Control and Risk Management

- a) Assess the internal process for determining and managing key risk areas, particularly:
 - compliance with laws, regulations, standards and best practice guidelines;
 - important judgments and accounting estimates;
 - litigation and claims;
 - fraud and theft.
- b) Address the effectiveness of the internal control, risk management and performance management systems with management and the internal and external auditors
- c) Assess effectiveness of, and compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures
- d) Obtain regular updates from the management and company lawyers about compliance matters
- e) Ensure the CEO (or equivalent) and the CFO (or equivalent) are reasonably able to state that their declarations under s 295A of the Corporations Act 2001, relating to financial statements and reports of the company, are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to the financial reporting risks

Risk Transfer and Insurance

- a) Review how certain risks of the company have been mitigated by risk transfer strategies
- b) Review and analyse the extent to which any risk transfer strategies give rise to new risks which may be material
- c) Review the company's insurance arrangements including:
 - Type of cover
 - Scope of cover
 - Duration of cover
 - Adequacy of cover
 - Cost of cover
 - Terms and conditions of cover including exclusions and limitations
 - Counter party risk of insurer, including through engaging professional insurance broker services

OTHER RESPONSIBILITIES

Perform other activities related to this charter as requested by the board.

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COMPOSITION

The Audit & Risk Committee must comprise at least three members and include:

- (i) Only non-executive directors;
- (ii) A majority of independent directors; and
- (iii) An independent chairperson, who is not chairperson of the Board

In the event of any casual vacancy, the board should use all reasonable endeavours to fill that casual vacancy as soon as practically possible.

The members of the Committee are appointed and maybe removed and replaced by the Board. All appointments, removal and resignation of Committee members must be recorded in the minutes of the Board.

Composition of the committee will be reviewed annually by the Board to ensure the appropriate balance of skills, knowledge and experience. Each member must be financially literate.

The chairperson of the Committee (the “Chairperson”) and a deputy chairperson are nominated by the Board and may be removed and replaced by the Board.

Role of the Chairperson

The Audit & Risk Committee Chairperson shall have the following responsibilities:

- Planning and conducting meetings;
- Overseeing reporting and communications to the full Board;
- Leading verbal presentations to the full Board on findings and recommendations;
- Involvement in the selection of Audit Committee members in conjunction with the full Board;
- Performance evaluation of the Committee and Audit Committee members based on individual self assessments provided; and
- Discussing performance evaluation outcome with Board Chairperson and provide a summary of findings and recommendations to the Board.

INDUCTION OF NEW MEMBERS

An induction process for all new members is to be undertaken to ensure they understand their responsibilities, current issues, the objectives of the audit processes and the expectations of the Board concerning the performance of Committee members.

This induction process includes:

- Providing a copy of the Committee’s charter and recent Committee papers and minutes;
- Providing copies of relevant company policies;
- An explanation by management and internal audit of the control, risk and compliance frameworks and current audit and financial reporting issues;
- Meetings with management and internal audit to discuss any unusual transactions or other matters as required; and
- Introduction to the external auditor.

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MEETINGS OF THE COMMITTEE

The Board or any member of the Committee (“Member”) may convene a meeting of the Committee by giving not less than 72 hours (or less in an emergency) notice in writing or by telephone to the other Members with a brief statement of the matter(s) to be dealt with at the meeting.

The Committee shall meet at least two times in each financial year of the Company, currently 30 June.

An agenda and meeting papers will be prepared and provided in advance to members, along with appropriate briefing materials.

The Chairperson will determine the procedure for meetings of the Committee, either generally or for any particular meeting. The procedure may allow attendance at the meeting by telephone or video conference. It is the duty of all Members to attend each meeting of the Committee.

A quorum for a meeting of the Committee is all of the Members unless the Chairperson excuses a Member from attendance because of ill health or other unavoidable cause, or unless there is a vacancy in respect of one of the three Members in which case the quorum for a meeting of the Committee shall be two Members.

Each Member has one vote.

The Committee may act by simple majority decision of the Members participating in a meeting. If the Chairperson is unable to attend a meeting the deputy chairperson shall be Chairperson.

The Company Secretary shall act as secretary and the secretary’s functions shall include ensuring meetings are held, the recording and distribution of minutes of meetings and other documents are circulated to the Committee. The minutes must contain sufficient detail of the proceedings to convey the basis and reasons for the Committee’s decisions.

Meeting Attendance by Non-Members

- a) All directors may attend committee meetings, subject to exclusion as deemed appropriate by the committee chair from time to time.
- b) The CEO and CFO shall normally be invited to attend committee meetings.
- c) The external auditor may be invited to attend all meetings of the committee.
- d) The committee may ask management to present at committee meetings on issues relevant to the committee’s duties and responsibilities.
- e) These people may take part in the business of, and discussions at, the meeting but have no voting rights.

The committee should meet privately with the following persons or parties at least annually in separate sessions to discuss any matters that the committee or these parties believe should be discussed privately with the committee:

- CFO;
- External auditor;
- Head of compliance and legal counsel.

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ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Each director has the right to access all required information. This right entitles each director to seek independent professional advice at the organisation's expense, subject to informing the Board. A copy of the advice reviewed by a director should be made available to all members of the Board.

This right applies to all members of the Board whether serving on Board committees or the Board itself. To ensure the independent role of the Audit Committee Members, this right to seek independent professional advice is extended to the Committee as it considers necessary.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and is provided with the right to direct access to anyone in the organisation.

CONTINUING EDUCATION

The Committee Chairperson in consultation with the Board should monitor the needs and opportunities for further education.

CONFLICTS OF INTEREST

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be disclosed at each meeting once acknowledged. Where members or invitees are deemed to have a real or perceived conflict of interest, they will be excused from committee discussions on the issue where a conflict exists.

REPORTING

The Committee will report regularly to the Board about audit and risk committee activities and make appropriate recommendations.

REVIEW

The Committee should review this charter at least every two years to provide assurance that it remains consistent with the board's objectives and responsibilities and continues to reflect current processes and appropriate corporate governance principles.

The Board must approve any amendments made to the charter as a result of any review

PERFORMANCE EVALUATION

A formal performance evaluation of the Audit & Risk Committee is to be undertaken on an annual basis, both collectively and on an individual basis.

Committee Performance Evaluation

An evaluation process should assess the activities of the Committee against its charter and key activities recommended by industry bodies and professional firms.

The full Board should discuss the findings and recommendations and ensure that appropriate action is taken to enhance the Committees' ability to perform effectively.

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Evaluation of Committee Members

A formal evaluation of the performance of all Committee Members will be undertaken on an annual basis. The Audit & Risk Committee Chairperson should evaluate the performance of Committee Members based on a self-assessment, with his or her own performance evaluated by the Board chairperson.

After completing the evaluation, the Board chairperson and Committee Chairperson should discuss the outcomes so that appropriate action can be taken. This action could include training that would enhance issues such as financial literacy and the Member's ability to fulfill fiduciary responsibilities.

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AMENDMENTS/CHANGE HISTORY

Rev	Date	Author	Position	Board Approval Date
1.001	17/02/04	M Ludski	CFO/Company Secretary	17/02/2004
1.002	17/08/04	M Ludski	CFO/Company Secretary	17/08/2004
1.003	15/08/06	M Ludski	CFO/Company Secretary	23/08/2006
1.004	11/12/07	M Ludski	CFO/Company Secretary	13/12/2007
1.005	27/08/09	M Ludski	CFO/Company Secretary	27/08/2009
1.006	25/08/10	M Ludski	CFO/Company Secretary	25/08/2010
1.007	21/02/13	M Ludski	CFO/Company Secretary	27/02/2013
1.008	01/05/17	M Ludski	CFO/Company Secretary	24/05/2017
1.009	20/10/20	M Ludski	CFO/Company Secretary	28/10/2020
1.010	22/06/21	M Ludski	CFO/Company Secretary	23/06/2021