

## Aristocrat Leisure 2020 AGM transcript

### FULL TRANSCRIPT OF DEBATE AFTER FORMAL ADDRESSES

See earlier [Chairman's address](#) and [CEO's address](#)

#### Chairman, Neil Chatfield

I'd like now to move to the business of the meeting. If you'd like to ask a question, would you please indicate to one of the attendants who will direct you to one of the two microphones that we have in the front here. I'd like you to open your question with your name and representation if any. And I will give shareholders a reasonable opportunity to ask questions and make comments. **However, I would ask that speakers restrict themselves to no more than two questions per resolution and ensure that those questions are related to the matters concerning that resolution. Once you've asked your two questions, I'd then like you to take your seat, in the interest of respect for everybody else in the meeting.**

So the first item of business is to receive and consider the financial statements for the 12 months ended 30th of September, 2019 and the reports of the directors and auditor. Please note that no vote is required on this item of business. At this stage, I would be pleased to take any comments or questions you might be having in relation to the audit, the financial report and the director's report, or in relation to Trevor's address or mine. Any questions in relation to today's resolutions, including Director and Executive Remuneration policies, will be considered when we come to that specific resolution.

I now open the floor for questions and discussion. I point out that questions should be directed to me as chair of the meeting. Are there any questions?

#### Carol Limmer

Yes, thank you Mr Chairman. My name is Carol Limmer and I represent the Australian Shareholders Association as their representative, I have 110,000 proxy votes from 43 proxy holders.

#### Neil Chatfield

Welcome.

#### Carol Limmer

Thank you. One statement and one question. I commend the company on a very sound financial outcome and the continuing success in your digital environment and I'd like to acknowledge a few things. One is that there's now a policy for non-executive directors to accumulate a minimum shareholding in Aristocrat, that you have a 50% female representation on the board. And, I guess in part because of the numerous, over 300, jurisdictions in which you operate, you are conscious of governance, risk and compliance, and likewise I understand culture is an important aspect for you. And I note from your comments and those of the CEO that, building on progress made in 2018, the sustainability disclosures were published on your website, that you've notified that in addition to updating and expanding existing content on topics such as Responsible Game Plan and Employee Relations, you also reported, for the first time, on topics such as Energy & Environment, including climate-related issues, Community & Society and Ethical Sourcing. I understand also that increased reporting is expected to be able to be included on energy and Diversity & Inclusion in the next year, so thank you for that.

My question is that in relation to the majority of jurisdictions in which you operate and also particularly the fact that the majority of your revenue is sourced from the Americas and there's a gradually increasing shareholder base overseas, what are your current intentions of where Aristocrat will list in the future? Thank you.

**Chairman, Neil Chatfield**

Well, thank you first of all for your comments. I think my observation around some of the sustainability work is that the organisation had been doing a tremendous amount of work over a number of years and what we needed to do was just further extend that by telling people about it actually. So I'm really pleased that we've been able to get all the information together and be able to present it. This company is a lot about transparency and we know that both external stakeholders, and internal stakeholders for that matter, really care about some of these issues and as do we, so I appreciate your comments.

In relation to the listing of the company you're right, we do from time to time, and we now have a regular item on our board work plan that goes to the same question. At this stage though, we don't think that it's necessarily in the shareholders' best interests, and that will always be the measure: Is this a move in the shareholders' best interest? And at this stage we don't believe that it's so compelling that we should really investigate. And it would be a very costly exercise. But having said that, in the spirit of ensuring that we don't miss an opportunity to add value to the shareholders, we will continue to look at that issue. So thanks for your question. Sir.

**Male shareholder**

[unclear 00:06:25] I am shareholder. I am surprised, why you close the toilet here with all the shareholders? They have to go to other building. My wife has MS, she wet herself to go... Why she go to the other building to do wee for herself? Why you close the toilet here?

**Neil Chatfield**

Yes. Thank you. Let me firstly apologise, we were the victim of some delayed works and we were assured that the works would be completed in time for this meeting, and one of the results is... I think we've arranged for toilet facilities just very close by. But yes, I agree it's unacceptable and I apologise for that.

Are there any further questions? Ma'am.

**Sonia**

I have a proxy here today. My name is Sonia and I'm a mother of a son who's fallen victim to the trickery of the machines you make. My son has attempted to kill himself twice. On one occasion he was airlifted to Westmead Hospital and ended up on life support. Fortunately, he survived. A few months later, he slashed his wrist. He felt that the only way to escape the control these machines have over him was to end his life. My son, I know for a fact, is not the only person. There are many others like him. So, I guess my question to the board is what are you doing to ensure that you minimise the harm to the players?

You advertise your machines, you promote your machines as entertainment. They are far from entertainment for many people. Tens of thousands of ordinary Australians do not view these machines as entertainment and the facts speak for themselves. Over \$6.5 billion, in New South Wales alone, syphoned out of the community by your machines.

The other question I'd like to ask is, okay, you got a business, you want to produce machines that are supposed to be entertaining. They're not. They're addictive. You do it deliberately to make sure they're addictive. Why do they have to be machines that are anything more than a dollar a bet? Why can't the maximum bet be a dollar if it's genuinely for entertainment? In my line of work, I know for a fact that most of the money that goes into that machine is people's wages. People come to me, they've just been paid, "Sonia, please can I cash out some leave? I've just lost all my money... I've got no money to feed my family." I'm working closely, I communicate regularly with the Liquor & Gaming authority.

My son's had counselling, life coaches, even gone to hypnosis to try and un-hypnotise himself from your machines. I literally live every day in hell. Not knowing, "Is today the day he's going to end his life?" And you are the ones that make the machines. Surely to goodness, yeah I know you need to look after your customers, but don't you think you have a responsibility to the players, the people that you're promoting these machines to as entertainment? Come and live in my world for a day. You'll know exactly what I'm talking about.

So please, just consider what your machines are doing to people's lives. The trail of destruction. It's a fact. It's a fact that your machines have created a trail of destruction to human lives. It's great, you're making all this money. From what? Destroying people's lives? Is that what we do for each other? Is that what we do to each other? Aren't we supposed to be caring for each other as human beings? Just think about what your machines are doing, and I can give you plenty of evidence. Not one thing I'm saying to you today is false. I can provide factual evidence of what I'm saying is true, and I live with it every day.

### **Chairman, Neil Chatfield**

Thank you, Sonia, and you've given us a tragic story and I have to say it's very brave of you to take it up and make that comment. Let me first of all acknowledge that there are clearly situations where people can be adversely affected by excessive gambling. And I think that's... we understand that. The question is, "What do we do about it?" And, as I said during my introduction, this organisation's been about being a market leader and being responsible in everything that we do. I can tell you that... and you've asked what are the things that we do. We have this group of people, that you see in front of you, who are actively involved in understanding these, what are very really complex issues. It's against the backdrop of being more heavily regulated industry than I've ever seen before.

So, there's lots of issues. We internally though, have a dedicated Responsible Gameplay team and their role is to keep this group and management and all of our creative people and everyone through the organisation up to speed with the issues. What I'd like to suggest is that I'd love you to meet a couple of those people who are here with us today, and we can point you in the direction that hopefully would give you some support. So let me say again, it's tragic and I think we've all had tragic circumstances in our lives, and your one is very, very tragic.

Rest assured that this organisation is about transparency. It's about trying to ensure that the millions of people who do enjoy the games can do so, but that we protect those who are likely or may fall into issues with excess. I'm very happy to introduce you personally to our people who are dedicated in this area.

### **Stephen Mayne**

Cheers, Stephen Mayne. I'm a small shareholder. I asked last year about whether any of the directors had met with people who've had a lived experience of gambling harm, and the answer seemed to be that most of them hadn't. I'm interested in hearing whether any steps

have been taken over the past 12 months to actually sit down and talk to people like Sonia and Bar Sinclair, who's also here today, who was here last year, who also had a son who's lost over \$100,000 to poker machines.

So in the intervening 12 months, have you taken the time to actually meet with people who've suffered direct lived experience of gambling harm? And a related question, the number one book in the world on poker machine harm and addiction is a book by a New York academic called Natasha Schull called *Addiction By Design*. I'm interested to hear if any of the directors have read it. You may just put your hand up if you've actually read *Addiction By Design*, by Natasha Schull.

**Neil Chatfield**

Yeah, just questions through me please, Stephen.

**Stephen Mayne**

Through you?

**Neil Chatfield**

Yep.

**Stephen Mayne**

Has anyone read it?

**Neil Chatfield**

Is that your two questions, Stephen.

**Stephen Mayne**

I've got a few more, but if...

**Neil Chatfield**

Okay. Well, perhaps take a seat and that's the way I'd like to run it. So let's take the first question about the board, and I don't want to just limit this to the board. This is about board and management. So it's those drivers, the drivers of the organisation. I think you made the comment that it was obvious that no one had met anybody or done any work last year. Well, let me tell you, that's not true for a start, but let's get it on the record right now. So answer to your question, have directors and management been introduced or had access to or understood some of the issues and specific people? The answer is yes. The next step is to recognise, and as I said right from the outset, we acknowledge that there will be adverse consequences for some people who gamble excessively. But we're not experts. So we have people actually in the room who are trying to ensure that we are fed up as much information as we can get.

We have, and I personally with the CEO, have spent time at the University of Sydney in their Brain and Mind Centre, where in fact they do have a clinic, a treatment clinic, and that gave us greater insight into this.

We've got organisations around the world that are addressing these sorts of issues, and in the US as well as in Australia. So we actively contribute to research. We work with our

customers in order to help them who, of course, are the ones that are facing the actual players. We work with our customers to support them in any way that we can possibly do within their construct of a heavily regulated industry.

So let me just say, I can assure you, and more and more we'll be providing information. In fact, I would encourage you, if you haven't already done so, go to our website and look at videos that we're putting up now in terms of understanding how our machines work, understanding about jackpots, understanding about what are the odds and that sort of thing. So it's about ensuring that people who play our games or play in the industry, and it's not just us of course, people who play in the industry have information that's freely available and they have an opportunity to seek help if they need it. That's what our commitment is. That's about the sustainability of this organisation long-term, of course. So I want to just assure you that we have an absolute commitment to being responsible in everything that we do, and responsible game play obviously is a key platform.

In terms of the book, I read a couple of the books actually, and I've read an enormous amount of material. I actually haven't read this particular book, but I'll certainly get a copy. Other questions? Yeah, sure, sure.

**Sonia**

Just curious to know that if you were to have machines or your machines were to become a maximum \$1 bet, will that reduce the value of your machines?

**Neil Chatfield**

Sorry? Would it reduce the value of our machines?

**Sonia**

Say for example, you sell a machine for \$5,000 for example, and if you make that machine that the maximum bet this machine can take is \$1, is that going to now reduce the value of that machine?

**Neil Chatfield**

I'm not sure there's that direct correlation, but essentially, we can't unilaterally do anything. Sorry. You want to take the time to have a chat?

**Sonia**

Sorry. I'm just really, really curious.

**Neil Chatfield**

Well, we can't unilaterally change anything. We've got a whole process, and I'm happy for maybe Trevor to sort of talk afterwards to you about the process, or our responsible game play people talk to you about the process of registering and having our game's licensed. It's a very rigorous process and it's not as easy to say, "Well, we'll just switch to this button or do this." It's a much more complicated process, and of course, we're driven by customers ultimately.

**Sonia**

But with all due respect, and I don't mean to be rude to anybody, but it just seems to me that the customer's greed is prevailing here. We don't want machines that only maximum bet \$1 because we won't make enough money out of it. Can I just ask another question too, please? And that's in relation to what is Aristocrat actually doing to ensure that there's no tampering with your machines to deceive people that play those machines?

**Neil Chatfield**

Yeah, look, I think I can give you assurance, but again, I'd like you to, if you please speak to the responsible game play people. Trevor, would you like to just... Because clearly the security of our machines, the integrity is absolutely governed by legislation. Trevor, maybe you can just have a chat about that?

**Trevor Croker**

Thank you. So the regulation, it's a very strict regulated regime. So right down to regulation by each jurisdiction, and each game is licensed and approved in each jurisdiction. That requires independent verification by independent test labs, it implies approval by the regulated bodies against compliance to the standards as defined for each of those regions. So the game play standards are all set by the regulators, and then games that we put up are tested against those regulations and then independently recommended and then either approved or disapproved by the regulator against those standards. So then when it comes down to security and tampering, because of the construction of the hardware and the machine itself it is all secured and has to have various levels of security to even be approved in the first place. So those standards are set and measured by independent third parties and against regulations in the jurisdictions in which we produce product.

**Neil Chatfield**

Thank you, Sonia. Thank you.

**Sonia**

Just want to make one more comment if you don't mind.

**Neil Chatfield**

Sure. Go ahead.

**Sonia**

Just in relation to your comment about some people falling victim. Can I just say it's not the minority, it's the majority. Again, I know for a fact. I work for very large organisation. I do know what most people earn, between \$800 to \$1000 a week is what the average Australian earns out there. And when you look at \$6.5 billion pumped through poker machines, and I've no doubt in my mind from my own knowledge that most of that money is people's wages. So that in itself will tell you we're not talking about a minority, we're talking about a significant majority that have fallen victim. And all I ask is, please think about the machines. I understand you're a business. I understand that you need to make money, but think of the consequences to the people that are playing the machines. You promote them and say, "This is for entertainment. We want to make people happy. Have a fun day." It's far from fun for most of us.

**Neil Chatfield**

Thanks, Sonia. Other questions?

**Bar Sinclair**

Hi, my name's Bar Sinclair.

**Neil Chatfield**

Hello, welcome.

**Bar Sinclair**

I'm proxy voter. I'm also the mother of a son who is addicted to poker machines. I have a letter for each of the board members, which I'd really liked to hand out if I could.

**Neil Chatfield**

Yeah, if we just...

**Bar Sinclair**

Can I give them to you?

**Neil Chatfield**

Yeah, do you want to take that?

**Bar Sinclair**

My comment is that harm minimisation is the very most important thing. That's it, harm minimisation and if they weren't on every street corner, that would really lessen the effects that they have on people with – on addicts, victims, yes.

**Neil Chatfield**

Thanks, Bar.

**Bar Sinclair**

Thank you.

**Neil Chatfield**

And let me say, it's very brave of you to come forward with a personal story. I want to just make sure that we have a... It's absolutely in our best interest, everyone in this room, that we have entertainment-based products, we have entertainment based... and situations where we minimise any harm to people. We know and as I've said a number of times already today, we acknowledge that some people will suffer from adverse consequences from excessive or problem gambling.

Now, we're about having a robust industry that people can enjoy themselves without having those kind of issues. And we work hard with... and it's in our interest, selfishly, it's in our interest, but I think it's in everyone's interest that we do have a commitment to ensuring that whatever we do is very responsible. Thank you.

**Neil Chatfield**

So Stephen, you've had your two questions on this resolution. Is it still on this resolution or do you want to move on to something else?

**Stephen Mayne**

Well it's just general business. I was hoping to ask a couple of questions.

**Neil Chatfield**

Okay. Okay, go ahead.

**Stephen Mayne**

Great.

**Neil Chatfield**

Go ahead mate.

**Stephen Mayne**

What's our current installed poker machine base in Australia? For Trevor.

**Neil Chatfield**

So I think we had this question last year. Well, it might not have been. I think the answer is, and I've tried to find it myself, actually, the answer is that we cannot give you a definitive answer because we sell machines. Once they go out, then they're moved around. They're out of action, they're traded for another manufacturer's machines. So the total number of machines, that's a number's available from the regulator, I think. So, we can certainly give you that. I think in our annual report we talk about how many machines we've sold through the year. So that kind of gives you a sense. If I gave you a number, I'd be making it up.

**Stephen Mayne**

All right. Well, I mean when you bought VGT, I think it was in 2014, you told the stock exchange they've got an installed base of 22,000. So you come up with a very specific number when you're doing an acquisition. I'm not asking for every last figure. Even just a ballpark percentage figure. You're the market leader, what's your market share in Australia for installed poker machines?

**Neil Chatfield**

Well, yeah. Well, being market leader, you'd expect us to be 50% or so.

**Stephen Mayne**

50%?

**Neil Chatfield**

Right.



**Stephen Mayne**

Okay, Right. Okay, so of the \$14 billion lost on Australian poker machines last year, probably about half of that was through our machines. So probably about \$7 billion a year is being lost by Australians gambling on Aristocrat poker machines. We've got about 100,000 of the 200,000 machines in the world's most saturated poker-machine market. Is that right?

**Neil Chatfield**

Well, it's your arithmetic.

**Stephen Mayne**

But you just said you've got about 50% share, so 50% of the revenue, of the losses, is \$7 billion.

**Neil Chatfield**

How would I know? And how would you know frankly, but anyway.

**Stephen Mayne**

All right. Now there was a report on the ABC the other week, that there's a Clubs NSW board paper that was leaked saying that it estimated 90% of clubs in NSW, our partners on drought relief, are non-compliant with money laundering legislation. Now, I was wondering are we comfortable with supplying small clubs run by volunteer boards with our highly addictive machines, which apparently have been used by drug dealers a lot to launder money? Are we comfortable dealing with these clubs if 90% of them are non-compliant? And can someone explain... I'm keen to hear from Trevor on this, why in NSW do you need to be able to load up \$7,500 of cash into a machine, which is the world's most sort of out of control machine.

Whereas in South Australia recently it was still only coin operated. Now apparently the \$1 billion that's lost each year in Canterbury Bankstown and Fairfield, just two councils in Western Sydney, \$1 billion a year. Apparently quite a lot of that is money laundering and everyone seems to know it apparently. Do you have a view on that? Is that true? Is there lots of money laundering going on through our machines and why do we design a machine where you can load up \$7,500 of cash? Which seems to be a welcome mat for drug dealers trying to wash their dirty money.

**Neil Chatfield**

So, do you want to take it...

**Stephen Mayne**

How's that fine?

**Neil Chatfield**

Okay. Maybe you can give some... Clearly this is an AUSTRAC matter that we can't even begin to comment on, we don't know. Do we want to have partners that are responsible? Yes. Do we want to help partners who need help? Yes. So Trevor, do you have any kind of insight because you've made some assertions, Stephen, that frankly go beyond our involvement. So, is there anything you want to add, Trevor, or...

**Trevor Croker**

Yeah, thanks chair. Thanks. Excuse me. Thanks Stephen. First of all, I mean the industry is highly regulated, so people that had gaming machines have to go through probity. They have to go through various levels of approvals by regulators. So that's independent. We don't determine who our customers are. Our customers are determined by the various regulated bodies that allow them to provide alcohol and to provide, whatever, to provide a licence. That is actually determined by the industry itself. So we provide product to those people that want to put product onto their floor and use it. As far as the amount that can go into a machine? Again, we make to the standards of the market and that is the standard and the regulatory standard required in NSW. And we make all of our games to the standards in the markets in which we participate. It's a highly regulated industry. The rules are set and we make games to make sure we comply with all those regulations.

**Neil Chatfield**

Thank you. Okay, well let's move to the first of our resolutions. So today we have four resolutions relating to director, three re-election and one first time election. So resolution one is the re-election of Kathleen Conlon as a director. Kathleen was nominated to be elected as a director in the company in January 2014 and appointed effectively February 2014. Biographical details for Kathleen including relevant qualifications, skills and experience and other directorships are set out in the notice of meeting. Kathleen is the chair of The People and Culture Committee and a member of the Audit Committee. Kathleen's re-election has unanimous support of directors. Before I take any questions in relation to this resolution, I'd like to invite Kathleen to address the meeting. Thanks Kathleen.

**Kathleen Conlon**

Chairman and thank you shareholders. I appreciate the opportunity to put myself forward for re-election. I've been on the board as the chairman said for six years, which has been a very interesting six years in terms of, we've made the VGT acquisition, which allowed us to diversify in the United States. We've made the digital acquisitions, which have allowed us to diversify into new entertainment areas and have made me a little bit more cool with my children, because I actually like playing these games. And I'm really excited about where we are in terms of being a global company, having some pretty amazing talent, having some of the best designers in the world and the ability to scale.

So I really look forward to having the opportunity to continue to grow the business, as we expand what we do and become more and more digital and mobile. So thank you.

**Neil Chatfield**

Thanks Kathleen. Is there any discussion in relation to this resolution? Please come forward if you have a question. Can I just ask if there are any other questions at all? Okay. Sorry Stephen.

**Stephen Mayne**

Okay, so I'll be voting in favour of Kathleen's election. If strictly wearing a shareholder's hat, the stock has gone from \$8 to \$37 since the first of those acquisitions. They've been amazing acquisitions. I think Aristocrat is now the second most valuable gambling company in the world after Las Vegas Sands. Is that right? Second most? It's worth more than Tabcorp, Crown and the Star combined. I mean, it's just been an amazing success story for shareholders. Now worth \$24 billion. It's an amazing earner. And Kathleen, you'll be the longest serving director with Stephen Morrow's retirement today, so you'll be the keeper of

the board's corporate knowledge. I'm keen to hear from you before we vote on you today about the journey that the board has been on in terms of responsible gambling and product design and gambling harm.

We haven't heard, in my view, nearly enough from the chair or the CEO today about the elephant in the room, which is the addictive nature of our machines. Are they sustainable? When this company talks about sustainability, you need to talk about the sustainability of a gambler who loses everything. You need to talk about the sustainability of a market, Australia, where gamblers lose \$25 billion a year - the worst in the world. Is that sustainable? And NSW here in Sydney, the highest gambling losses in the world per capita in this city. Is that sustainable? And specifically, how have you as a director been involved and being knowledgeable about our companies lobbying, very strong lobbying, particularly with Clubs NSW to prevent any meaningful reform to reduce harm and make the machines less addictive.

To fight the \$1 bets to refuse to supply Coles with \$1 maximum bet machines which they asked for during your term on the board and your board refused to supply Coles with a product they asked for. What other supplier refuses to give Coles what they want and you did that, this board did that. Why did you do that and why do you continue to do that? When our products are addictive, we are being very irresponsible and our business is not sustainable based on the enormous harm we're causing to gamblers.

### **Neil Chatfield**

You've asked that question through me, Stephen, of course and you made a few comments before I do pass to Kathleen. You made a couple of comments about you've not really heard enough. You and I had an exchange, an email exchange maybe four or five weeks ago and I offered at that point to meet with you subsequent to this meeting because we couldn't arrange it so that offer is still open. I would very much contest the fact that we're not doing enough and that you haven't heard enough. As I said, I don't want to get into a debate here but we've got the things on our website such as videos, we've got a whole range of things that we're doing and of course your comment about sustainability is right. We need a vibrant industry for us to survive and thrive so there's no question about that. **We totally reject any suggestion that the EGMs are deliberately addictive. We totally reject that and we, in fact know that's not the case.**

So in terms of your comment around an individual customer who, as I understand, did request a review or a trial of a maximum bet as you've described, this was sort of one customer and as I described before, for us to unilaterally, even with one customer, make changes that would have to go through regulation and sort of a rigorous checking and would just be very difficult to do so it's not to say that we're not responsive to our customers because we absolutely are.

That particular customer obviously has now moved on for whatever reason but we wouldn't, we have a great record of testing new aspects of the machines in field as well which Trevor, I think we're one of the only companies in the world that would actually do that. So it's absolutely, and I totally reject your proposition that we don't do enough or we don't do anything is which is the proposition that you're putting. So you might think that I'm a little bit passionate about this Stephen, and I am, because what I see every day is a group of people who absolutely are focused on sustainability of this business and being responsible in what we do. So Kathleen, would you like to make some comments?

### **Kathleen Conlon**

So in my time on this board and I might just by context, I was born in Nevada and actually grew up in a family of very responsible gamers so that's been my experience with that and I have talked to people in different situations as well. I think it's really important that as a company we are, I think leading the industry and really taking regulation and compliance seriously in every jurisdiction that we operate in and Australia is only one of that many jurisdictions that we operate in. I ask the question whenever I go into a customer, I asked them the question about what they're doing about responsible gaming, I asked them just this week about what they're doing about AUSTRAC and ensuring that, what they're doing to help people or harm so that is something that I do think is really important.

If you look at other elements of what we do, there are, for instance, **all of the money that goes into gaming actually goes into the community to provide health care and education and those other things** so it's something that we as a board talk about, we invest in, we work with our customers, but most important, we absolutely operate as high standard as possible in the regulatory environment. So as that regulatory environment shifts, which we do see it shift in different places at different times, we are there responding and we're there providing information and data and research as Neil talked about. So I do take it very seriously and it's something that we continue to ask about on a regular basis.

### **Neil Chatfield**

Thanks, Kathleen. So the proxies received in relation to this resolution are shown on the screen behind me and I now move that Kathleen Conlon be re-elected as a director.

Resolution 2 is the re-election of Sylvia Summers Couder as a director. Sylvia was nominated to be elected as a director of the company in August 2016 and appointed effective September 2016. Biographical details of Sylvia including relevant qualifications, skills, and experience, and other directorships are set out in the notice of meeting. Sylvia is a member of the Audit Committee, and the People and Culture Committee. Sylvia's appointment has the unanimous support of directors. So before I take questions in relation to this resolution, I'd like to invite Sylvia to address the meeting. Thanks, Sylvia.

### **Sylvia Summers Couder**

Thank you, Neil. Good morning ladies and gentleman. So I joined the board three years ago and the company has changed track. I mean drastically ever since but I want to say a few words about something that you probably never hear and that is as the company was expanding in its market and growing into this new digital market, it did an incredible thing of investment on his people, engineering processes, which the aim was to improve time to market and with respect to all those regulations we're talking about, information systems, cybersecurity, quality and risk management and since my background is in technologies and systems, I focused heavily my attention on those things over the last three years.

And as we created and launched the Strategic Risk Committee, which again has a lot to do with the discussion we're having right now and other things, it moved to the full board responsibility and I'm part of those two committees were talking about. I believe in this company. I believe in the decency of the company and I've heard, what you said (addressing Sonia) was very tragic, but I'm meeting with those people who really do believe in responsible gaming and doing the right thing for the world and for the company and at the same time because we travel a lot as customers. I'm meeting with all those people who are enjoying themselves and being responsible of that gaming within their means. So I'm very touched by what you said, but I'm also proud of this company. Thank you.

### **Neil Chatfield**

Thank you, Sylvia. Are there any discussion? Is there any discussion on this resolution? Here, Sonya.

### **Sonia**

All right. I appreciate what you're saying about your technology and what have you. My question is with the machines and the support from Aristocrat wanting to make sure that we minimise harm, et cetera. Is there any way that Aristocrat, being the biggest, largest, so powerful, can be a little bit more forceful in things such as so we can support regulations in place. We've got what's called the self-exclusion scheme. I'm sure you're aware of that. Can honestly say in my own personal opinion, it's the greatest facade, the biggest joke that's ever been put out there.

My son has excluded himself from hundreds of venues. He's actually gone past the limit. You can only do 35 at a time, don't know why, and then he's gone past the absolute maximum to the point where the counsellor has to ring and get it lifted so he can exclude himself from more and more. Can I tell you these venues continually not only let him in, welcome him in, offer him drinks, have a chat to him. I have complained. I am for months and months and months, I'm in regular contact with the Liquor and Gaming Authority, reporting this to them over and over and over again and very rarely is there any place that will do anything about it. In fact, reported again to Liquor and Gaming, my son was on a machine one day, I'll just give you an example. He's excluded from that club. The security guard and the manager was standing close enough to him for him to hear what they had to say. The security guard says to the manager, "This guy's excluded. Should I ask him to leave?" "Oh no, leave him there for a while? He's right." That's the response.

What is Aristocrat doing to put pressure to ensure that the integrity of the machines and what you say your business is all about is actually carried all the way through to the players that people that have put their hand up and said, "Please exclude me." My son actually prepared a letter. He was that desperate, prepared a letter, took photos of himself, shaved his beard without a beard. The whole works. He's got tattoos. He's got tattoos on his face. It is impossible to miss my son, impossible. You'd have to look at him twice. How many people will have tattoos on each cheek? Massive tattoos, neck, arm. You can't miss it. Yet, they want to tell me that they didn't notice him, didn't notice him and time and time and time again he's allowed into venues. Who cares? Who cares? Or they'll stand there and watch him when he's lost all his money, "Oh, excuse me, Sir, you're excluded. You need to leave now." "I've been standing in for the last hour pumping all my money and you didn't notice me. Only now you've noticed me because I've got no money left?"

So what is Aristocrat doing to ensure that this so-called integrity is carried all the way through? When people put their hand up like that letter that my son prepared, pleading with them, explaining to them. I've tried to kill myself twice and he's explained to them and he said, "Please, I mean my mother's all I've got left, my father's passed away. Mum's all I've got left. Mum's almost lost her house." I borrowed that much money on my home. I'm 58 years old in a couple of weeks' time. I work so damn hard and I have to keep borrowing money because I'm scared that if I don't give my son money, he's going to commit a crime which what happens to a lot of people that fall victims to your machines. They commit crimes and end up in jail. I know that for a fact because at work we've caught people out stealing from the company to feed their gambling habit. So it's not I'm making it all up in my imagination. I've borrowed tens of thousands of dollars. I'm pulling money out of my super to rescue my son every time. I'm on the verge of losing my house to try and help my son and I get help from nobody. Everywhere I turn, I just get all these "Regulations or we were restricted by legislation with the..." Sorry, where's the care factor? Where's the care factor? Please, think carefully. What else can you do? You're the biggest, you're powerful, you're

making plenty money. Surely, you can put a bit more pressure. Surely, you can have a bit more influence over the policy makers and consequences where there're no consequences to the pubs and clubs. What would they care? "Hey, come on in mate. No worries, you're welcome."

**Neil Chatfield**

Thanks, Sonia.

**Sonia**

Please can you do something?

**Neil Chatfield**

Yeah, thank you. Look, can't just answer the... I appreciate your comments, but I'd really encourage you to speak to our responsible gameplay people who can give you much more insight into what we're doing at a detailed level. Sir...

**John Daly**

My name's John Daly. I'm a shareholder.

**Neil Chatfield**

Hi John.

**John Daly**

I understand the tragic circumstances you're going through, but I don't think it's the responsibility of Aristocrat to be policing what happens in clubs. It is a regulated body. The clubs in Clubs NSW, they have the authority to have these machines and it's their responsibility to police who come into their clubs. I don't think Aristocrat have that responsibility. They sell the product. It's up to the user of the product to see that it's used correctly. Thank you.

**Neil Chatfield**

Thanks for that comment, John, and technically you're absolutely right. All right. However, it doesn't stop there. We live in an industry, in a sector if you like, where we need to work with others to get the best outcomes for every participant. That includes, the clubs and pubs and that includes the people who participate in whatever they do in those clubs and pubs. So, you're right. But we also have a broader obligation and they're the things that we're actually doing to fulfil that obligation. So, thank you.

**Stephen Mayne**

Just to pick up on that. We proudly don't make any political donations at this company, but I think the way it works, if you're going to be brutally honest, is that we rely on the clubs and the pubs to do most of the heavy lifting for us. So the gambling industry has been giving about \$3 million a year in the last few years, through our duopoly, Liberal/Labor duopoly, in Australia. AHA the most, but Clubs NSW always big six figure numbers and they're buying access, they're buying influence, and they're keeping the political parties on side supporting the world's greatest per capita gambling losses.

Now it's all very well for us to say we just follow the regulations, but you directly lobby to keep the regulations as slack as anywhere in the world. So in NSW, before every election, Clubs NSW sits down with the Liberal Party and negotiates a memorandum of understanding which prescribes machine design. Issues which you're involved in, machine design, maximum bets, jackpots, all this stuff in a written signed agreement that locks them in to not changing a thing for the next four years.

You must be involved in that because they're getting into machine design arguments. No other industry negotiates the next four year's worth of taxes, regulations, product design before the election in a written agreement and then banks a six figure cheque from the other party on the way through to help fund their campaign. It's disgraceful influencing and rent seeking, cash for access and I suspect the board sits there and says, "We don't know anything about this. It's just all the clubs and pubs, Mr Daly, it's all the clubs and pubs." We're a 50% supplier, \$7 billion has been lost on our machines. We're a \$24 billion company, we are the biggest single beneficiary of this regime. The biggest single beneficiary, the Ainsworth family are worth four or \$5 billion now. They still own more than ten percent of this company, worth close to \$3 billion.

It's been an influencing regime, buying, accessing power, keeping the legislation pro pokies and slaughtering the community. And I'd like to hear Sylvia, whether you're actually going to do something about it this year as a director, are you going to read Natasha Schull's book? I mean, I've got the chairman telling me that he absolutely knows they're not made to be addictive, when the number one academic in the world on this topic, who has written a whole book explaining how they are designed to addict, and he hasn't even read the book. So, can you give us an undertaking you'll read the book and you'll be informed and you'll take this regulatory issue seriously and the political influencing, which this company does in a massive scale, but using the pubs and clubs to do your dirty work for you.

### **Neil Chatfield**

So Sylvia, just, and I think you know, I'd like to just address the donation piece before Sylvia talks about having read it or not read a book. It is true that we have, we do not make political donations, it's also true despite, I think the inference you were making, that we direct clubs or the Clubs NSW to do certain things and that's not true. We don't direct, our support of that organisation is not conditional on any passing on of donations to any political party of any sort.

So my experience again, and you've got the benefit of me being fresh here. I've met the people of Clubs New South Wales and whatever you say, when I saw the work that they did around the bush fires, I was very encouraged by the fact that we were very supportive of what they were doing. Right. We have a number of clubs that are in the zones where bush fires were threatening. I think we actually, we might've lost one town, so they do some, you've painted them as evil, but I can tell you that some of the things that I've seen that they do is something that we should be very supportive of. So Sylvia, would you like to talk about your reading...

### **Sylvia Summers Couder**

Yes. So the question is will I be reading the book you recommend? I certainly will take a look at this book, but what I can tell you is that right now I am getting more and more aware of what's going on and also reading books which can be more action oriented. What should we do? How should we behave?, And when it comes to meeting people because on this board we do meet with a lot of customers and we do go across all of those clubs and casinos and we talk to the people who are playing.

So trying to get a sense for what's going on and the impact, the good and the very bad. I'm very sorry about that, but there is some good things going on with those people. You know I travel in the US and I see some people, some older people getting together having a drink of wine and playing for ten minutes and that's their social life. And so I understand and I'm hearing all you're saying, I think we are a board of decent people. I think we are running a business and we're doing it as well and as consciously as we can. But there is some good also in that.

### **Neil Chatfield**

Thanks Sylvia. So proxies in relation to this resolution are shown on the screen behind me. I now move that Sylvia Summers be re-elected as a director.

The next item of business is the re-election of Pat Ramsey as a director. Pat was nominated to be elected as a director of the company in September 2016 and he was appointed effective October 2016. Biographical details for Pat including relevant qualifications, skills and experience and other directorships are set out in the notice of meeting.

Pat is the chair of the Regulatory and Compliance Committee, a member of the Audit Committee and if re-elected post this meeting will assume the role of lead US director. Pat's appointment has the unanimous support of directors. Before I take any questions, I will ask Pat to say a few words. Pat.

### **Pat Ramsey**

Thank you, Mr chairman and good afternoon ladies and gentlemen, it's an honour to appear before you for the re-election to the board of directors of Aristocrat. I'd like to give you a brief summary of my background first. I've spent the last 18 years working in the casino and gaming industry all around the United States. I began my gaming career in casino operations where I worked in various markets from Illinois to New Jersey, to Nevada and that allowed me the valuable opportunity to really understand the industry from a different market perspective and different experiences and products as well, so I think that's valuable for Aristocrat.

My work experience on that side of the business was all around finance, marketing, and operations. Twelve years ago, I left operations to join a small struggling publicly trading manufacturer named Multimedia Games, which had deep roots in the US tribal gaming markets. I was a CEO and director of that company during its successful turnaround and eventual sale in 2014. I've been associated with Aristocrat for four years now. I joined the company briefly as the chief digital officer before transitioning to the board over three years ago.

As a resident of Las Vegas, Nevada. I am passionate about this industry and I'm passionate about continuing to strengthen Aristocrat's global leadership position through my work with Trevor, the board of directors, and the very talented group of people across the globe who work for Aristocrat. Thank you for your consideration. I do want to add that because my background is a little bit different from what you've heard, I've been in casino operations and specifically to your tragic stories, and I'll tell you I don't enjoy hearing those, they're sad and they are tragic. As an operator I can assure you I was part of a global company that took self exclusion very seriously.

So that example you gave was appalling to me to hear that, a security officer would say, keep playing or let this person play. As the chair of the regulatory compliance committee, certainly the standard is we have to follow the rules and regulations all around the globe, right. But I would also say as a board member and as a part of this team, it's important that



we set a culture to support responsible gaming as well, which is what we're trying to do more and more. And I feel that more and more in the last four years with this company.

I would hope that of course if there's an operator that's breaking the laws or rules, we wouldn't be allowed to out sell products to them. But going above and beyond that, I would hope we would have our employees speak up and talk and we'd be able to have open dialogue to say whether or not we can, but whether or not we should, that's the kind of company we are. So I just wanted to proactively address that with you.

**Neil Chatfield**

Thanks Pat. Any discussion on this item? Sure

**Sonia**

Sorry I just want to clarify earlier and I'm not sure if I'd been misunderstood. I understand that it's not your direct responsibility to make sure that your customers do the right thing. That doesn't make sense for any business, but that there is an obligation. I appreciated your response to say yes, but we still take that obligation and we do like to go that step further.

What I was asking was, is it possible, being so big and powerful, that you can put some pressure on the policy makers or whoever it is, to ensure that there is consequences when people are breaching the venues or whatever are actually, but there are no consequences. My son and his friends with security guards, they say to him, we say to the manager these people are excluded, "Don't worry about it, let them in. We need their money.". This is happening, this is for real. That's actually what's happening on a regular basis. So hence why I say the self-exclusion scheme is a joke. My question, and I plead to you all, is please can you use your power, being such a big organisation, to put a bit more pressure on the policy makers to make sure that they're actually taking minimising harm seriously. Please.

**Neil Chatfield**

Thank you. So other questions, Stephen, on this resolution?

**Stephen Mayne**

I probably would've had a few more in general business chair, but you did do the two question limit on general questions, which is, I haven't seen in a top 20 company before. So some of these may not be specifically related to Pat, but I'll try and make them so they are. On the regulatory piece, I think you need a director, who's based in Australia, who becomes the sort of the Regulatory Responsible Gambling Champion on the board. That might be you chair. I think having someone in Vegas who's in charge of Aristocrat's Aussie regulation sort of oversight, I just think frankly it's too removed. There's a big issue here. We're the world's biggest gamblers per capita. This is your home base. You need someone on the board who steps up and says, "Yes, I will talk, talk at next year's AGM about the Aussie Regulatory and responsible gambling issues.", rather than a US-based Vegas resident.

As the head of the Regulatory Committee, Pat, I'm interested to hear your views on how exposed we are to a ban on credit cards, particularly with our digital business. So the UK have just banned credit cards. You can't use them in clubs and pubs in Australia, but online, I'm guessing quite a large slice of that \$1.2 billion in revenue that Trevor mentioned, is going to be people on credit cards. What is the regulatory exposure we have to regulators anywhere saying you can no longer borrow to play on Aristocrat's digital social games. I'll ask a couple more questions then I'll sit down and let you answer them all. As a tech expert,

I'm also keen, and this might be one for Trevor as well, between Google, Apple and Facebook. I'm interested in a comment as to which is the most important for us?

They're the big tech giants, everyone talks about, we're really exposed to policy changes by the tech giants. How gaming friendly are those three companies? And which, how do you rank them in terms of "they're great for us", we rely on them or they're hostile and they keep banning our products? And, so you know, we need their support. Give us a summary of how you feel about support is coming through.

And finally on the regulatory question, Trevor in January just stepped up to be the new chair of the American Gaming Association, which is basically the casino lobby group because they don't have clubs and pubs, Australian style, only we have the 5000 clubs and pubs model. In the US it's more about casinos. Trevor, you're the chairman of the board, you've got 42 directors on the board. Why have you taken up that post when you should be running Aristocrat? You're now sort of the chief spokesman, lobbyist for the entire American casino industry, when you're meant to be running our public company. Why did the board let you do that? And I notice you've made some public comments about pioneering more responsible gaming. Maybe talk about that and the regulatory piece as to how you two see American regulation. You as the head of our Regulatory Committee, and Trevor as the chairman of the American Gaming Association.

### **Neil Chatfield**

So let me, I think you've got three questions there. The first question around the appropriateness of Pat being head of the Regulatory and Compliance Committee. We have some, I think Pat, it's something like 330 different jurisdictions that we're registered in. Clearly the largest market for us is in the US and we have many, many more regulators in the US than we do in Australia. We think it's very appropriate that Pat does head that committee, particularly given his skillset. In Australia, of course, we have other directors on the board so it doesn't all fall to the chairman of a committee and we all participate in our regulatory obligations. So we think absolutely it's the right place for Pat. I have to say that he's led that with great distinction in the last, certainly since I've been involved with the company.

I'm not sure, but I think you made the leap to, using credit cards on our digital. I just wanted to make it very clear that we don't do real money gambling online. As casual games, right. I'm not sure what the point was there. Let's go to maybe Pat, would you like to answer the question on platforms or, probably actually Trevor's a better...

### **Pat Ramsey**

A brief stint as a chief digital officer but probably, Trevor is more, is better prepared for that. I think that I don't, I won't steal your thunder. Google, Apple and Facebook are all very important partners for us when it comes to our online gaming but, Trevor can answer that.

### **Neil Chatfield**

Just before you do Trevor, so platforms, Trevor will talk about and perhaps as an introduction into the American Gaming Association, which the board by the way, is very supportive of Trevor being involved in that association given our leadership. And we think that there's an opportunity because the US sector is very, very fragmented and we think that bringing a focus to things like responsible game play, which Trevor is, is beneficial to the industry. So we're very supportive. But maybe Trevor you can talk about both the platforms and what AGA is doing.

**Trevor Croker**

Yeah, thank you, Chair. Thanks for the questions, Stephen. First of all, the platforms are platforms. They're a distribution device and so it's a way of providing content and as you know, some of those platforms are expanding over time. From our perspective we're taking a proactive approach with the platforms. They recently raised their age verification to 17+. We actually use 18+ proactively in our apps and are looking to continue, to advocate this, continue to raise those standards on the accessibility to product from the platform point of view. So I won't go which one is more important or not. It is about our platform, it's a distribution model and the way that we produce product and distribute product out to consumers. From an AGA point of view, AGA is an important association because it has like the AGC in Australia, it has operators, manufacturers in the same room discussing industry issues. And I think that's an important part of how we have some of the conversations we are talking about today.

It's not a manufacturer's issue, it's not a customer or operator issue, it actually has a broad church and has everybody from an industry point of view in that room, including independent tests, labs and other aspects. That's an important thing in my mind is to how do we as an industry association take a responsible approach to leading the association over the long-term. I have made statements about responsible gaming. I do see it as an important aspect of what we can bring to the industry in North America and it's a proactive way of working with customers and with industry to be successful longer term.

**Neil Chatfield**

Thanks Trevor. So the proxies received in relation to this, resolution are on the screen behind me. I now move that Pat Ramsey be re-elected as a director.

So resolution four is the election of Philippe Etienne as a director. Philippe was nominated to be a director elect of the company in October 2019, and appointed effective November 2019 subject to shareholder approval. Philippe is an experienced international executive, with a strong strategic background. Being a former managing director and CEO of Inova Security Pty Ltd, a global disruptive technology company. He held a range of senior positions with Orica Limited in Australia, the US and in Europe, and has extensive governance experience as a company director. Full details of Philippe's qualifications and experience are included in the notice of meeting. Philippe is a member of the regulatory and compliance committee, and a member of the people and culture committee. Philippe's appointment has the unanimous support of directors.

Before I take questions, I'll ask Philip to just say a few words to the meeting. Thanks Philip.

**Philippe Etienne**

Thank you chairman, and good afternoon ladies and gentlemen. I'm extremely honoured and excited to present yourself for election to your board. As mentioned, I spent almost 25 years with what started as ICI Australia and became Orica Limited. The second half of that was all involved in what initially was, the Explosives Group and then became the Mining Services Group. In the US I was global head of strategy and planning and then global head of manufacturing and supply chain. And in Germany I was managing director of Europe, Middle East, Africa and also chaired joint ventures in some pretty exotic and challenging locations including Estonia, Kazakhstan, Turkey and Russia.

I returned to Australia when I took up the role of global CEO of the Mining Services Group. In 2010, I was asked by the shareholders of what was then known as Securrency and they were the Reserve Bank of Australia and a British Polymer Company, to lead the ethical and

strategic resurrection of that company following a very high profile bribery and corruption scandal. I'm pleased to say that four years later, the company secured the first ever contract to supply polymer bank notes substrate to the Bank of England for their new five and 10 pound notes. A pretty strong endorsement of the ethical turnaround of the company and also of the wonderful Australian developed and inventive polymer bank note substrate.

These days I sit on the boards of Cleanaway Waste Management Limited, Lynas Corporation and I'm also chairman of Quantem, which is a bulk liquid logistics company owned by a number of long-hold infrastructure funds. In my brief involvement with your company so far, I've been extremely impressed with what I've seen, not least the rigour of the regulatory environment in which this company operates, but also Aristocrats leadership in that and many other areas and also by the extraordinary passion for people, customers and excellence that I see throughout your company. So although I don't have a gaming industry background, I believe that my experiences in international markets, in highly regulated industries, in disruptive technologies and in driving ethical and cultural excellence are all relevant to Aristocrat, and I'm very keen to contribute to the endeavours of your board if you support my election. Thank you.

### **Neil Chatfield**

Thanks very much, Philippe. Is there any discussion on this particular resolution? If you have a question, please come forward.

### **Stephen Mayne**

I guess, Philippe, it's a bit like how disappointed I was when I saw that Neil was joining this board. Neil's one of the smartest guys in Australia, in the corporate world, and he'd never been involved in gaming. And so I was really disappointed when he agreed to lend his good name to this company, given the harm that it causes. So my question for you is why do you do it as well and would you serve on the board of a tobacco company?

### **Philippe Etienne**

Yeah, sure. Well, I've not been asked to join the board of a tobacco company, but if I were to be asked, I'd do what I do with any potential board appointment, which is do my due diligence and judge the opportunity on its merits and the industry in which the business operates is one element, but there are many others. Its agenda, the quality of its team are amongst those. So, I can't answer your question because I haven't been put in that situation and I haven't done that due diligence and I joined Aristocrat for a number of reasons. I think it's a very exciting company in terms of what it's trying to do technologically, how it's addressing its growth. It's morphing into other sectors I've been and I was during the due diligence, I was extremely impressed with the dedication, and not only conceptual dedication, but practical efforts going into encouraging responsible game play. And my attitude is always, I'd rather make a positive contribution from inside than no contribution at all.

### **Neil Chatfield**

Thanks.

### **Stephen Mayne**

That's very encouraging. There are a couple of procedural issues, there was 10% against on Pat's re-election, which is bizarre because I don't think any of the proxy advisors were going against Pat, is that right?

**Neil Chatfield**

So Stephen, we're on a different resolution. I'm happy to give you an answer to that, maybe afterwards.

**Stephen Mayne**

This is related to Philip and I noticed there was 6% against Kathleen, which also seemed pretty bizarre given she's independent, company's going well, et cetera, et cetera. So I wouldn't mind if we... And I know ASA practice is for the proxies to be displayed before the debate. So, if there is a big protest you can ask the question what's going on? So is it possible to get the proxies up here?

**Neil Chatfield**

No, we'll follow the procedure.

**Stephen Mayne**

Okay. All right. So can you give us any insight as to who's voting against, is it the Ainsworth family making trouble or... I presume it is, because I can't see why any institution would be voting like this.

**Neil Chatfield**

So that's your question?

**Stephen Mayne**

Oh, it's one of them.

**Neil Chatfield**

So...

**Stephen Mayne**

Okay, let me finish. Finally, when you did the notice of meeting, can we get the age and the city of residence included? You removed the age when the previous chair hit 70, he didn't want people to know he was 70 so you stopped disclosing directors' ages. It is best practise, it is in the ASA guidelines. So can you tell us the ages of the directors, I mean you are a very diverse group, I presume you're in Melbourne. Yeah, but it's just so you can assess what the composition is next year on the website.

And the final comment is, the ethical turnaround here is much bigger than Securrency in my view. And I wish you the very best of luck. Securrency was bribing a few people as facilitation payments to win commercial contracts. This company's products are causing hundreds of people to suicide. There's enormous harm, you've got a massive challenge, and I wish you the best in turning it around and turning this company into a force for good. Not just hiding behind Clubs NSW and the AHA, preserving the world's worst and slackest regulatory regime in Australia, deluging harm on people like Sonia and everyone else.

**Neil Chatfield**

Thanks Stephen. I think it's useful for shareholders to understand the process we went through with Philippe. So we ran a formal process in line with the sorts of skills that we laid out, which are all listed in the annual report and we had a very large number of people who were exceedingly interested to join us and we were very fortunate that Philippe was someone who had an interest. The regulatory requirements of a director and any of our senior executives is enormous. And I've personally been through it, and I know Philippe's been through it. And personally, I think it's a good thing, it's very, might I say, very time consuming and somewhat for a private person, I think it's very intrusive.

But I think it's for the good of the industry that these are the sort of regulations that we have in order for people to be involved in companies such as this and companies in the industry. So, we're delighted to have Philippe, he's already made a terrific contribution and just to encourage directors to be supportive of that. So the proxies received in relation to this resolution are shown on the screen and behind me. So if we're being judged by the shareholders, Stephen, then I think we've got good marks. Thank you. So now I move that Philippe Etienne be elected as a director.

So the next three resolutions relate to People and Culture. Before we turn to these items, I'd like to ask Kathleen Conlon, chair of the People and Culture Committee to provide an overview of remuneration related matters in a financial year, 2019. Thanks Kathleen.

### **Kathleen Conlon**

Thank you, chairman. We've instituted this a few years ago because we think remuneration is an area that shareholders have a strong interest in and we want to explain where we're at. So I'll talk a little about the overview and obviously all the details I've set out in the REM report as well as the statement of meeting. For 2020 outcomes and initiatives we have a philosophy of pay for performance and I think if you look at the results that we've achieved in terms of the growth, both organic growth, so we've actually had significant organic growth in broadly flat markets, as well as acquisition growth, which we didn't rely on, the organisation's done a very good job and has been rewarded for doing that.

We've also continued to listen to our shareholders and their feedback on the REM report, are they getting the information that they need? One of the things that we got feedback was, people weren't happy about us using an EPSA target because they felt that that encouraged acquisitions at the expense of organic growth. So we've now changed that to be an EPS target and we're trying to increase our disclosure across all elements, whether it be the retrospective disclosure on the quantitative STR targets, on methodologies for target setting, we've strengthened the clawback position. And we've been receiving a lot of insight.

We've also tried to add in a little bit more of the flavour. There's the conversation with Carol about being, US, and having a lot of US executives. We compete in a very different remuneration structure in the US where most executives in US are given shares without hurdles. So we're trying to maintain that. So we're also trying to look at how do we ensure that the behaviour is not just the financial outcomes are taken into account on the LTIs. So that's what we do with the personal performance portion of the LTI. We make sure that we do have a balanced score card and that we are managing not just the what, but the how. So we continue to take on feedback and continue to improve our disclosures and hopefully that makes sense, and as feedback continues, we will continue to change it. Thank you.

### **Neil Chatfield**

Thank you, Kathleen. So the first of these resolutions, which is resolution 5 is the approval of the grant of performance share rights to Trevor Croker, the company's CEO under the company's long-term incentive program. The notice of meeting sets out in detail the manner

in which the long-term incentive program operates and the basis for participation by Trevor. I stress that the performance share rights will only vest if the vesting criteria is satisfied at the end of the performance period and assure you that the board sets rigorous targets to ensure shareholder value has been achieved. Please note that there is a voting exclusion applicable to this resolution as set out in the notice of meeting. So is there any discussion on this resolution? If you have a question, please come forward.

**Carol Limmer**

Thank you, chairman. Last year the ASA voted against the proposed long-term incentive allocation and I note that it carried over 26% vote against. The CEO has been granted his allocations based on a face value approach, which ASA does support, but the STI is quite, can be potentially quite high with targeted 100% and a maximum of 200% and I note the amount paid for this past year was over \$2 million. Acknowledge there is a 50% deferral on the STI payment, half of that's for one year and the other half for two years, but the STI potential is high. And I also understand that may align with the advice that you receive for US-based people and of course the CEO is US-based and that applies to STI and LTI pay.

As mentioned, you have three performance hurdles, one total shareholder return, and that's 30%. You've got, what will now be the EPS rather than the adjusted EPS at 30% and then there's the individual performance, which has some 40% component and that's over a balanced scorecard type of performance, providing the persons in the job. The hurdles that are in place, the TSR, there's 50% paid at median performance only and we'd like to see something more rigorous than that. And with the last component, the more individual-based component, that really has a service-based aspect to it which doesn't align with ASI guidelines nor to remuneration generally in Australia. I know that you've made comments about your competitors in the US but nevertheless whilst appreciating what might be a US remuneration situation, ASA doesn't believe it can support the incentives paid especially related to staying in the job. Thank you.

**Neil Chatfield**

Thank you. Thank you for your comments. Of course, as Kathleen outlined, there's been a very rigorous process around remuneration. The structure of the CEO's remuneration was something that we looked at probably in more detail in the last 12 months I think Kathleen, and we've made a few changes as you point out. I understand that ASA may have its own guidelines. The only thing that I would sort of mention I guess of the comments is around the service to 40% on the LTI which relates to this resolution. It's not service-based except to the extent that all LTI is service-based. So if you're not there in the period that it's vesting, there's a, you know, you obviously don't, it doesn't vest or it may vest in certain circumstances on a pro rata basis.

So our 40% is based on individual performance and that performance I think we've set out in the annual report in a lot more detail. I know when I went to see a range of shareholders prior to this meeting, they were very pleased with the sorts of information that we were providing. So it doesn't, remuneration is one of those things that you can't please everybody unfortunately so... Kathleen, did you want to add anything on that?

**Kathleen Conlon**

You covered it admirably.

**Neil Chatfield**

Okay. Thank you. Any other commentary?

**Stephen Mayne**

Is the protest vote on this one up or down on last year's 26%? It's down. Okay. All right. So you've made some changes and you've addressed it. I know ISS went against, I'm assuming it's still double figures, but it's not as big a protest as last year.

**Kathleen Conlon**

Yeah, so I mean again, we meet with all the proxy advisors. We explain we continue to improve our disclosure. ISS has a philosophical belief that they will never support something that doesn't have a financial hurdle on it. So you know, they understand that they put it in their report and we then speak to our shareholders who use ISS and we explain and some of them go with our recommendation and some go with ISS.

**Stephen Mayne**

Okay. All right, now the CEO was paid \$5.5 million last year, thoroughly deserved you can argue, given the magnificent financial performance. He owns \$11 million worth of ordinary shares. No clawback, he's just got them for himself. So he's probably worth more than \$20 million from his experience at Aristocrat. He's doing very nicely. Do we really need to be issuing this many LTIs in one year? I mean 145,000 of them with the share price at \$37, that's \$5 million. That's market value of \$5 million bucks worth of free shares, if he continues with the great performance. It just, for me, it just seems too large, too many, how much does a bloke need? And the other issue is, you've got a whole incentive system right through this company, which is all about making money out of gamblers, and making more money and getting the share price up.

And like with the banks where their bonus systems for sellers cross-selling and dodgy-selling, they eventually came a cropper because the incentive systems were all wrong and everyone was focused on the money. So I want to hear, what incentives or bonuses has Trevor got that are pinned on responsible gambling, or pinned on harm minimisation, that are pinned on non-financial things, and what is the board doing to recognise the obvious conflict of interest of a bloke trying to make more millions and the whole incentive system of profit, profit, profit balanced against Sonia's story, the harm story, where none of you are on these incentive schemes. You're all setting the governance, so what are you doing to make sure the incentive system at the employee level led by the CEO is not rampant, out of control and risking the social licence of the company for short-term profit, which is not sustainable long term because they're letting it rip and causing too much harm.

And this is where you people are meant to be getting that balance right and recognising the CEOs conflict of interest to maximise profits and holding him back a bit on a few things and saying, "No, not responsible", "No, that's 20 million of revenue we won't take, too much harm." "No, let's argue for getting rid of smoking in NSW." I mean it's ridiculous that you can still smoke and play poker machines in New South Wales, whereas you can't anywhere else in Australia and I assume you can't in Las Vegas. You can? (Pat Ramsey nods). Well, anywhere else in Australia you can't. It's ridiculous and you should come out and say, "Stop it." Even if it costs you 20, 30 million bucks, it's the right thing to do. I've just never seen any example of Aristocrat doing the right thing when it comes to making a buck or doing the right thing. And I think you directors need to recognise that conflict and make some changes and put his bonus at risk based on some good reducing harm measures.

**Neil Chatfield**

So, I think as a board and what I hear from the vast majority of shareholders, is that the objective for the CEO is to ensure that he manages the company firstly for the long-term.



Second to ensure that we have a sustainable future. Third obviously, and it necessarily comes into a sort of shorter term profits. We've set the discussions that we have around the table around Trevor's objectives, financial and as well as non-financial and I hope that we've given you some flavour and obviously we perhaps haven't got through to you, that culture and some of the environmental, social and governance processes that we've got in this organisation, which the CEO has an enormous impact on because he's the leader. They're up there in terms of his objectives. So in terms of benchmarking and whether we're determining the right sort of numbers, we're very comfortable that we've got the right mix.

As I say, it's unlikely we will satisfy every shareholder and every proxy advisor and we keep refining. But we have some excellent performance management systems in the company and we'll continue to improve those. So the proxies received in relation to this resolution are on the screen behind me and I now move that the grant of performance share rights to Trevor Croker be approved.

So Resolution 6 is the approval of the super share plan, which is a global employee share program designed to assist employees to become shareholders in the company and ensure close alignment between the interests of both. The program has enjoyed a strong take-up by staff. Today we are seeking approval as Californian law requires that plans such as the super share plan must be approved by shareholders of the ultimate parent company if there are more than 35 Californian participants.

As we do have more than 35 employees in California, the shareholder approval is sought. So notice of meeting sets out in detail the key terms of the plan and please note that there is the voting exclusion applicable to this resolution and that's also set out in the notice of meeting. So is there any discussion in relation to this resolution. Please come forward if you have a question.

**Stephen Mayne**

I'll just keep this briefly to the process. So today's AGM has been webcast. Are you able to undertake to leave it up, leave an archive of it up at least for a few weeks?

**Neil Chatfield**

Oh, I'll take it on notice, I think.

**Stephen Mayne**

Actually, you did last year for a bit. Can you repeat that practise last year and make sure it's available?

**Neil Chatfield**

Yeah, sure.

**Stephen Mayne**

Great, thanks. And secondly, and Woolworths agreed to do this, can you also make a transcript of proceedings available? You've obviously got 28,000 shareholders, only about a hundred of us are here today. So there's 28,000 shareholders who've missed out on all of this. Transcripts are far easier to read than watching through two and a half hours of video. So can you agree to make a transcript available ideally on your website, but if not, on request. So if shareholders request a copy of the transcript that you make it available on request. Just so we've got a full record because last year's AGM, there's no record. You

took it down. So you've left your... And can you put it back up please, as well? Because I mean, I know, I get it that you don't want to be promoting awkward conversations.

I understand the embarrassment factor. I don't want to give them a platform. I get that. But it is a record of the AGM, and if you do webcast it, then you should, you're trying to share it. So I'm just asking you to make sure there's a record available, even if it's not permanently on your website, but it's available on request, rather than just take it down. And that never happened, which is what many companies do after an uncomfortable AGM. When we want to be able to refer to things from last year and quote back. All shareholders should have access to this sort of discussion.

The final point is, can it be back in the city next year, the AGM? Because it was, I found it coming from Melbourne, it was three trains, and it was hard to access versus the city. I don't know what the rest of the shareholders think, but a city venue would be better. Particularly if you got people who have got lived experience, it's very triggering to have to walk through a pokies showroom, if you want to talk about gambling harm. So I think that you're actually excluding, some of your customers, by locating in here, because there's some people who will not do that, who will not go into a pokies room because of the experience they've had. Can you have it somewhere, where it's neutral.

Finally, can you just reverse the proxies next year, and go with the disclosure beforehand. It was a bit cute to talk about the proxy protest being down, when it was marginally down at 24%. Clearly, you've got some problems with probably BlackRock and Vanguard, your two biggest shareholders on the LTI. So it's just best practise to be transparent, as you're claiming you are, put them up there and let's have a discussion. It is best practise, minor change, but hope you can do that next year along with webcast archives, transcripts, better located AGM. And apart from that I'm really happy.

### **Neil Chatfield**

Okay, so the company secretary has made a note. Thank you. Proxies received in relation to this resolution, are on the screen behind me. I now move that the share plan be approved. Resolution 7 is the adoption of the remuneration report. The annual report for the 12 month financial year ended 30 September 2019, contains the remuneration report, which forms part of the director's report, and sets out the remuneration policy for the company, and its controlled entities for 2019, and reports the remuneration arrangements in place for non-executive directors, and executive key management personnel during that period.

The vote on this resolution is advisory only. However, the board will take the outcome of the vote into consideration when reviewing, as we do annually, the remuneration practises and policies. Is there any discussion on this resolution?

### **Carol Limmer**

Well first of all, on a positive note, and as Kathleen mentioned, you have made changes in the REM area and I acknowledged that. That you've got feedback from stakeholders, and transitioned from your EPSA to EPS hurdle with the LTIs. You introduced retrospective disclosure of the actual quantitative STI targets set by the board, together with disclosure on the actual performance against those targets, and you've expanded disclosures on methodologies relating to target setting, including how hurdles are set to ensure challenging stretched targets, as well as how the board and the People and Culture Committee take those into account.

You've also strengthened clawback provisions, that apply to unvested and vested incentives, and implemented a minimum shareholding, as I mentioned earlier on, for non-

executive directors. However, without going into it all again, for the reasons that were raised in relation to the proposed LTI, allocation to the CEO, the ASA will be voting against this motion. Thank you.

**Neil Chatfield**

I understand. Thank you. Any other questions on this resolution?

**Stephen Mayne**

Have we got a double digit protest vote on this one?

**Neil Chatfield**

Stephen, I'm running the meeting with a procedure that we laid out at the start. We can never please everybody. Some people want to have the proxies before, and they get the proxies before and they say, now you're stifling debate. So you have it afterwards. So I thought about it, and we can stick with what we've got.

**Stephen Mayne**

I actually changed that. I actually changed that policy at the ASA, when I was working with the ASA. We used to say that and we changed our position...

**Neil Chatfield**

Well that's great.

**Stephen Mayne**

...so you're breaching ASA policy by doing this, and I don't know anyone who's telling you not to do it. Your turn to tell me who's telling you to keep it secret.

So anyway, the other point is, REM ideally should be earlier in the agenda, because most companies do that, because you deal with REM, and if there's a big protest or big issues, then later on, you can deal with the REM committee members, who've overseen the bad REM practises. To do it at the end, we've already voted for the REM committee directors, and we don't know about this protest when we've done that. So next year ideally, do the REM items first, and do the director elections last, so we can be fully informed, as we're engaging with the directors.

My final comment is, look forward to having read the book, Natasha Schull's, *Addiction by Design*, for next year's AGM. We will ask you about it at next year's AGM.

**Sydney University discussion**

Final comment is, you've mentioned the work you do with Sydney University. I personally, and I know many in the gambling reform movement, share this view, believe that Aristocrat and Clubs NSW, have undermined the integrity, of the University of Sydney, by giving it millions of dollars of funding, gambling industry funding, which continuously produces research which blames gamblers, and looks at gamblers, and never looks at your addictive machines, which is what many people believe is the problem, rather than blaming the person.

Can you maybe leave Sydney Uni alone, stop giving them all this money. I think you're compromising them in the same way big tobacco used to pay academics to do stuff. Everyone knows it's not a good look. So can you move on from your relationship with the University of Sydney, before they actually move on from you?

**Neil Chatfield**

**Totally disagree with your comments around the university, but I'm sure we'll continue to disagree.** Please note that there's a voting exclusion in relation to this resolution. And that was set out in the notice of meeting. Proxies received in relation to this resolution are shown on the screen behind me.

I now move that the remuneration report be adopted. The final resolution, resolution eight, is a special resolution, and relates to the renewal of the proportional takeover approval provision in clause 26, of the company's constitution. As a special resolution it requires approval from at least 75% of votes cast. A proportional takeover offer, is a takeover offer, where the offer made to each member of the company is only for a proportion of that member's shares.

The constitution currently contains proportional takeover approval provisions in clause 26. These came into effect on May 3, 2011, when the current constitution was adopted by shareholders. Under the Corporations Act, proportional takeover approval provisions expire three years from adoption, or renewal, and may then be renewed. These proportional takeover provisions were last reinserted at the company's AGM on 27 February 2017, and accordingly will cease to operate from 26 February 2020.

The board is seeking shareholder approval, to renew the proportional takeover approval provisions in the constitution. The proposed proportional takeover provisions are identical to those previously adopted by the company. The directors consider this in the best interest of shareholders to renew the proportional takeover approval provision, in the constitution for the further three years.

The notice of meeting sets out details of the advantages and disadvantages of the proportional takeover provisions. Is there any discussion on this notion, on this resolution? Proxies received in relation to this resolution are shown on the screen behind me. I now move that the renewal of the proportional takeover provisions be approved.

If you have not already done so, I now ask you to complete your blue voting card. If you're uncertain about any of the voting procedures, please raise your hand, and boardroom staff will be pleased to assist you. Completed blue voting cards should then be placed in the ballot boxes being held by a boardroom staff at the door, where you entered the meeting. The counting of the votes on the poll may take a little time. Rather than keep you waiting for the result, I propose to formally close the meeting now, and leave the poll open for a further 10 minutes, to enable shareholders to cast the votes. The results of the poll will be announced, via the ASX, as soon as they are finalised.

Fellow shareholders, that concludes the formal items of the meeting. I thank you for your attendance and now declare the meeting closed, and subject to the finalisation of the poll. I invite you to join us for refreshments, which will be served outside of the meeting room. Please ensure that you've placed your completed voting cards in the ballot boxes. Thank you.

**END OF TRANSCRIPT**