



Crown Melbourne Limited

Meeting of the Board of Directors held on Tuesday, 9 June 2020 at 4.00pm
AEST via Video Conference

Members Present:

Mr Andrew Demetriou (Chair)
Mr Ken Barton (*joined meeting at Agenda Item 6*)
Mrs Rowena Danziger
Mr Barry Felstead
Professor John Horvath
Mrs Toni Korsanos

Ms Mary Manos (Co-Secretary)
Mr Joshua Preston (Co-Secretary)

By Invitation:

Mr Alan McGregor
Mr Todd Nisbet
Mr Xavier Walsh

Apologies:

BUSINESS

1. Draft Minutes of Meeting:

- 1.1 Minutes of Meeting held on 11 February 2020:** It was **RESOLVED** that the Minutes of the Board Meeting held on 11 February 2020 be approved.
- 1.2 Minutes of Meeting held on 2 April 2020:** It was **RESOLVED** that the Minutes of the Board Meeting held on 2 April 2020 by teleconference be approved.
- 1.3 Written Resolution – Multi Option Facility Agreement – May 2020** The Board noted the signed Circulating Resolution regarding the Financing Arrangements.

2. Financial Results:

Mr McGregor spoke to the Financial Results which were taken as read. Mr McGregor noted the following matters:

- main issue for the business at present is the ongoing costs during the period of shutdown, which amount to approximately \$400,000 per day which will equate to an expected \$23 million in May;
- there was some expected increase in costs (mainly in Melbourne) due to staff being stood back up to assist with re-

opening of the property which would lead to approximately \$30 million in costs for June;

- the Company continues to receive jobkeeper;
- Mrs Korsanos requested that the financial reporting in the Melbourne papers be presented in a similar format to the reporting that has been recently presented to the Crown Resorts Board. Mr McGregor will review the reporting format for the purpose of the next meeting;
- capital spend has been wound back by a material amount, however the business has continued to progress some key projects that are required to be done where there is no trading activity in certain business areas;
- there will be a reduced capital budget for F21, which is currently being developed by the business.

3. CEO's Report – COVID-19 Update:

Mr Felstead spoke to the CEO's Report which was taken as read. Mr Felstead specifically noted the following:

- a significant portion of Crown's workforce remain stood-down with approximately 96% of employees stood down either fully (88%) or partially (8%) stood down;
- the majority of Security, Surveillance and Engineering staff continue to work through the shutdown period for protection and maintenance of the property and assets;
- a number of staff members are being stood back up reflecting the re-opening of various areas within the business as the restrictions are to ease;
- staffing models are being carefully worked through with a number of options being considered. It was difficult however to finalise any numbers until the actual restrictions were formalised by Government:
 - the ability to stand staff up and then stand them down was discussed;
 - it is ultimately difficult to predict exactly what business levels Crown is expected to experience once we re-open;
 - management is currently developing a number of scenarios to plan for what trade might look like once business restarts and expand it out over 2-3 years.

Mrs Korsanos enquired as to whether it was appropriate in the circumstances to review the cost base related to staff costs. Mr Felstead indicated that was a key part of current considerations to determine number of staff required together with the number of work hours required for staff which may lead at some point in time to staff working reduced hours and days to meet the needs of our

new working model.

Mr Felstead also noted as follows:

- Management has been engaging with Unions on certain recently agreed Enterprise Agreement commitments in the EA including the movement of part time staff to full time staff and the increase in number of staff employed. The Union's initial response was not positive to Crown's initial engagements;
- approximately 25% of the staff stood down have accessed the \$10,000 Government superannuation initiative;
- a Hardship Fund has been established by Crown and United Workers and to date there had been approximately 430 applications received which were currently being considered by the Hardship Fund Committee;
- a Jobs Network had been established by Crown and had led to the placement of approximately 200 of Crown's employees and also the development of approximately 300 resumes to assist staff in finding alternative employment during the shutdown period;
- on 21 June 2020 four more restaurants would be opened in accordance with the lifting of the Government restrictions;
- the Crown Towers hotel rate has suffered as a result of the trading conditions with the average rate currently \$385 in comparison to the budgeted \$500 per room;
- Crown Metropol and Crown Promenade continue to be fully booked by the Government for assisting with quarantine activities;
- there was a large workstream related to the re-opening and planning which had been undertaken over the last few months. In this respect, he noted the following:
 - 53 zones had been identified and / or established on the gaming footprint which would present Crown with an opportunity to have a dedicated number of people in each zone if the restrictions required zoning;
 - the zoning concept for potential reopening had yet to be considered or approved by the Government's Chief Health Officer;
 - Ken Barton has had some positive conversations with the Chief Health Officer about Crown's plans and processes;
 - the zones could accommodate up to 100 people however this can be flexed down if required;
 - comprehensive plans had been prepared for the reopening and recommissioning of the relevant areas of Crown

Melbourne so that the business is in a position to react once further advices are received from the Government.

Mr Demetriou enquired as to what marketing plans had been developed in advance of reopening and supporting reopening. Mr Felstead noted that the plans that were being developed had a strong focus on a safety message. Mr Felstead also noted that the marketing material that has been sent to patrons was mainly focussed on what the conditions of entry would be.

Professor Horvath noted the hard and positive work undertaken by Mr Felstead and his team that had been carried out during the shutdown period to assist with detailed planning for re-opening and business recovery.

4. Development Update:

Mr Nisbet spoke to the Development Update which was taken as read. Mr Nisbet noted the following:

- limited works were being undertaken during the shutdown period;
- the Black Slots expansion which was originally paused when the business went into shutdown, had now been brought forward at the request of the Operations team as it was deemed a valuable and key project;
- regarding the Melbourne City Council Show Cause Notice, the business was currently awaiting a final determination.

5. Audit and Compliance Updates

Mr Preston spoke to the Audit and Compliance Update papers which was taken as read.

5.1 Regulatory & Governance Update

Mr Preston specifically noted the following:

AML

- The majority of the AML team continued to work during the shutdown period to progress with initiatives and to continue to review the AML framework;
- The AUSTRAC's industry wide Risk Assessment of Junkets work continued with Crown providing a detailed response to AUSTRAC's Draft Risk Assessment, which was reviewed by the Crown Resorts Risk Management Committee. There had been no further engagement from AUSTRAC regarding our response;

Internal Audit

- As a result of the shutdown the Internal Audit Plan would need to be adjusted to reflect the lack of activity in completing audits. Upon the adjustment of the Strategic Audit Plan it will be represented to the Board at a future meeting, with the F21 Strategic Audit Plan;

Risk Management

- Melco Resorts Entertainment Limited sold all of its Crown shares to Blackstone during the period. Mr Stanley Ho passed away on 26 May 2020;
- ACLEI had announced that it would no longer be carrying out a public hearing regarding Operation Angove and instead the investigation would be carried out on the information that had been collated by ACLEI Investigators;
- Recommendation 20, comprising a meeting between VCGLR Commissioners and Crown Directors and Senior Management, had been postponed as a result of the shutdown of the business. It was noted that management should seek to bring Recommendation 20 back on and have it dealt with shortly;
- Following the National Pandemic declaration, the risk of "External Disruption or Demand for our Services" was increased to "Severe/Almost Certain", which required it to have oversight by the Crown Board or the Risk Management Committee;

Regulatory and Compliance

The ILGA Inquiry was deferred on 3 April 2020 as a result of the COVID-19 Pandemic. Work continues to be carried out in the background responding to a number of outstanding summons to produce documents and information as well as other works to support Crown's position when the Inquiry recommences;

Responsible Gaming

REDACTED - PRIVILEGE



- 5.2 Section 25 Review Update:** Mr Preston spoke to the Sixth Review of the Casino Licence under Section 25 of the Casino Control Act Update Report and noted that Crown had responded to a number of enquiries from the VCGLR regarding Recommendation 6, 7 and 8 during the period. Mr Preston noted that management continued to engage with the VCGLR on a number of Recommendations and was pleased with the continuing efforts of the business to manage the Recommendations. Mr Preston also noted that this work would be ongoing for the foreseeable future and other initiatives would continue to be identified and progressed with. Professor Horvath also noted that all of the Recommendations had been responded to by their deadline noting that Recommendation 20 had been deferred by way of agreement between the Chair of the VCGLR and Crown.
- 5.3 Compliance Committee Minutes:** Professor Horvath spoke to the Compliance Committee Minutes dated 2 June 2020 which were taken as read.
- 5.4 Delegation Policy – Annual Review:** The Board noted that the annual review of the Delegation Policy had been carried out and that management proposed no changes to be made, noting that the Policy limits were well aligned with the Risk Appetite definitions and had been supportive of effective operations over the last 12 months.
- The Board **RESOLVED** to approve the Policy without any amendment.
- 5.5 Internal Audit Charter – Annual Review** The Board noted that the Internal Audit Department Charter had been reviewed in accordance with its annual review obligations and that management had proposed no changes be made to the Charter.
- The Board **RESOLVED** to approve the Charter noting no amendments had been made.
- 6. Responsible Gaming Update:** Professor Horvath spoke to the Minutes of the Responsible Gaming Committee meetings dated 11 February 2020 and 1 April 2020 which were taken as read.
- 7. Occupational Health & Safety Report:** Professor Horvath spoke to the Occupational Health & Safety Committee Report dated 11 February 2020 which was taken as read.
- Professor Horvath specifically noted that Mr Felstead and his team had done an excellent job in preparing the detail associated with the Hygiene and Social Distancing and other related processes and policies to assist the business during the shutdown period and also for re-opening.
- 8. Other Business:**
- 8.1 Deed of Cross Guarantee** Ms Manos spoke to the Deed of Cross Guarantee noting that Crown Melbourne Limited is a party to the Deed of Cross Guarantee dated 21 June 2017 with Crown Resorts Limited as the holding entity.
- As a party to the Deed of Cross Guarantee the Company can claim Financial Reporting Relief and avoid preparing Statutory Accounts.

As a condition of that relief that, on or about the end of the financial year, the Directors consider the advantages and disadvantages associated with remaining a party to the Deed of Cross Guarantee and to resolve to either:

- remain a party to the Deed of Cross Guarantee; or
- seek to revoke the Deed of Cross Guarantee in respect of that entity.

The Directors have considered the advantages and disadvantages associated with the Company remaining a party to the Deed of Cross Guarantee between Crown Resorts Limited and the Company dated 21 June 2017 and taking advantage of the relief afforded by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and **RESOLVED** that the Company should continue to remain a party to the Deed of Cross Guarantee.

8.2 Contract Approval – Gaming Cards

Mr McGregor spoke to the Supply of Goods (Gaming Cards) – Award of Contract.

The Board considering the proposal **RESOLVED** that:

- it is in best interests of the Company to exercise the option to renew the Angel gaming cards supply agreement and to enter into the contract addendum to give effect to the proposed amendments, including the revised commercial terms, the novation by the current Angel contracting parties to Angel Technology Australia Pty Ltd and the addition of Crown Sydney Gaming Pty Ltd as a party (the **Gaming Cards Amendment Agreement**);
- the Chief Executive Officer – Australian Resorts be authorized to approve the final form of the Gaming Cards Amendment Agreement;
- the Company be authorised to enter into the Gaming Cards Amendment Agreement;
- any two directors or a director and company secretary of the Company be authorised to execute the Gaming Cards Amendment Agreement on behalf of the Company; and
- any director or secretary of the Company be authorised to do all further acts and things as may be necessary (in their opinion) for the Company to enter into and give effect to the transactions contemplated by the Gaming Cards Amendment Agreement, any document referred to in that document or any other document that is necessary or desirable to give effect to such transactions.

8.3 ANZ AML Compliance Certificate

Mr Preston spoke to the ANZ AML Compliance Certificate and noted the following:

- Crown continued to work with ANZ regarding its anti-money laundering framework to provide ongoing detail to ANZ regarding Crown's AML framework. As part of this process, ANZ required Crown to sign-off a certificate certifying that it has adopted and maintains an Anti-Money Laundering Counter Terrorism Financing Program in compliance with the AML legislation. This certificate had been duly signed by Ken Barton and Joshua Preston and now ANZ required that certificate to be ratified by the Board.
- The Directors acknowledged having received a copy of the Company's certificate addressed to ANZ, signed by Ken Barton and Joshua Preston which certifies that it has adopted and maintains an Anti-Money Laundering Counter Terrorism Financing Program in compliance with the Anti-Money Laundering and Counter Terrorism Financing Act 2007 and AUSTRAC's AML/CTF Rules (the **Compliance Certificate**).

It was **RESOLVED** that the Compliance Certificate be approved and ratified.

Closure:

There was no further business and the meeting was closed at 17.00 hours.

Signed

A large black rectangular redaction box covering the signature of the Chair.

Chair
Andrew Demetriou