



Agenda

Meeting: Crown Melbourne | Executive Risk and Compliance Committee
Date: Tuesday, 13 November 2018
Time: 2.00pm AEST
Venue: Executive Meeting Room (Melbourne)

Private & Confidential

Chairman: Joshua Preston (Chief Legal Officer – Australian Resorts)

Attendees: Barry Felstead (Chief Executive Officer – Australian Resorts)
 Nicolas Emery (Chief Marketing Officer – Australian Resorts)
 Alicia Gleeson (Executive General Manager – Human Resources)
 Mark Holmes (Executive General Manager – Food & Beverage)
 Sean Knights (Executive General Manager – Table Games)
 Alan McGregor (Chief Financial Officer – Australian Resorts)
 Mark McKay (Executive General Manager – Gaming Machines)
 Andre Ong (Group Chief Information Officer – Crown Resorts)
 Xavier Walsh (Chief Operating Officer)

Invitees: Ken Barton (Chief Financial Officer, Crown Resorts)
 Mary Manos (General Counsel, Crown Resorts)
 Anne Siegers (Group General Manager Risk & Audit)
 Michelle Fielding (Group General Manager Regulatory & Compliance)

Apologies: Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne)

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1. Confirmation of Minutes – 31 July 2018
 2. Business Arising
 3. Internal Audit (AS)
 - 3.1 Internal Audit Report
 - 3.2 Status of Internal Audit Recommendations
 4. Risk Update (AS)
 5. Compliance & Regulatory (JP/MF) (**Subject to Legal Professional Privilege**)
 - 5.1 Compliance & Regulatory Update
 - 5.2 Section 25 Recommendations
 6. Litigation Update (JP) (**Subject to Legal Professional Privilege**)
 7. AML/CTF Update (JP) (**Subject to “Part II Secrecy & Access” AML & CTF Act**)
 8. Health, Safety & Wellbeing Update (JP) (**Subject to Legal Professional Privilege**)
 9. Responsible Service Update (JP)
 - 9.1 Responsible Gaming
 - 9.2 Responsible Service of Alcohol
 10. Emerging Risks (AS) (*no paper*)
 11. Other Business
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Executive Risk and Compliance Committee - Minutes

Committee Name: Executive Risk & Compliance Committee Meeting

Date Held: Tuesday, 31 July 2018

Commencement Time: 10:04 am

Present: Joshua Preston (Chairman/Chief Legal Officer – Australian Resorts)
 Barry Felstead (Chief Executive Officer – Australian Resorts)
 Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne) (by phone)
 Nicolas Emery (Chief Marketing Officer – Crown Resorts)
 Alicia Gleeson (Executive General Manager – Human Resources)
 Mark Holmes (Executive General Manager – Food and Beverage)
 Sean Knights (Executive General Manager – Table Games)
 Alan McGregor (Chief Financial Officer – Australian Resorts)
 Mark McKay (Executive General Manager – Gaming Machines) (by phone)
 Andre Ong (Group Chief Information Officer – Crown Resorts)
 Xavier Walsh (Chief Operating Officer)

Invitees: Anne Siegers (Group General Manager – Risk and Audit)

Apologies: Michelle Fielding (Group General Manager – Regulatory & Compliance)

Business	Action	Due Date
<p>1. Welcome</p> <p>Mr Preston welcomed all members to the Committee, highlighting the ongoing quarterly nature of the forum, and its importance for all participants in discussing governance related issues that impact the organisation, including cross departmental matters.</p> <p>All members were invited to participate in all discussions and openly share in the debates that will take place.</p> <p>Over time, the structure of the meeting and papers will evolve as the forum matures and feedback is received.</p>		
<p>2. Charter</p> <p>There were no additional comments provided against the proposed charter and it was adopted by all members.</p>		



3. Internal Audit

3.1 Internal Audit Report

The results of performed audits and other activities undertaken during the period were discussed with Mrs Siegers informing the Committee that “Excellent” and “Good” results had been reported on recent audits performed.

Mrs Siegers did however highlight that one audit resulted in a “Satisfactory” rating in relation to Junket and Premium Player Programs. The timing of this review coincided with the VCGLR DA and related fine in December 2017, therefore in this review, Internal Audit paid particular attention to the quality of documentation. Although this would normally not be a high risk area for Internal audit to focus on, the recent focus of the VCGLR on completeness of paper documents and handwriting warranted additional scope. A number of quality issues were identified, which have been addressed with the business.

Mr McGregor, Mr Ong and Mr Knights also highlighted that further control enhancements are being investigated for error identification automation and capturing of patron signatures.

The Committee discussed the descope of some of the FY18 audits, due to reductions in staffing resources during the period as well as unplanned audit requests (for example Betfair audits), and that a number of these audits were being rescheduled for FY19 or later. Committee members were invited to provide feedback on the descope items to Mrs Siegers after the meeting if required.

Mrs Siegers noted that overall, the audit findings are being addressed quickly by the business, with very few long outstanding issues remaining open. This is a very positive outcome.

Mrs Siegers discussed some of the audit framework enhancements, including the introduction of greater rigor around rating of issues and reports. Further enhancements are in the pipeline for the next 12 months.

There were no further comments raised by the Committee in respect of the Internal Audit Update and the paper was otherwise “taken as read”.

3.2 – Strategic Internal Audit Plan FY19-21

Mrs Siegers presented the draft Strategic Internal Audit Plan FY19-21 (**Plan**), asking members to provide feedback on the

All

August 2018

All

August 2018

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content.

Mr Emery noted that discussions had been held between himself and Internal Audit on the upcoming Marketing audit, including a focus on data misuse.

Mrs Siegers highlighted that going forward, all audits would include a review of fraud, AML and privacy (starting with data and data usage). This will allow greater coverage over the organisation of these three key risk areas. Mrs Siegers to update the Plan.

Mr Knights questioned the frequency of audits in 'high' risk areas, and the value of having annual internal audit activity in these areas. Mrs Siegers will take Mr Knights' query into account in finalisation of the Plan.

Mr Preston noted that the Risk & Audit team structure was changing, moving from a property only based structure to a combination of property and Group focus, and that the activity of the internal audit team will reflect that change over the next few months.

3.3 – Status of Internal Audit Recommendations

There were no comments raised by the Committee in respect of the Status of Internal Audit Recommendations and the paper was "taken as read".

GGMRA

August 2018

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4. Risk Update

Mrs Siegers provided an overview of the material Risk framework changes taking place, including the introduction of CURA in the Melbourne environment, new risk categories, the formulation of an appetite by the Board, and the resulting impact on all Executives, where risk profiles will be created in each executive portfolio.

Mrs Siegers also thanked all members of the Executive Team for their engagement and input into formulating some of the new framework tools.

Mr Emery noted the discussion and following addition of a new risk around data misuse, using a parallel with the new risk introduced in Perth. Mrs Siegers to add to the corporate risk profile.

Mr McGregor noted recent developments around bad debt provision, and the need to update the wording in the paper. Mrs Siegers to coordinate updated wording with Mr McGregor.

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There were no further comments raised by the Committee in respect of the Risk Update and the remainder of the paper was "taken as read".

5. Compliance & Regulatory Update

The Chairman discussed some of the key changes that have been introduced into the Melbourne environment around its compliance framework, and mainly the role out of compliance across all business units, the centralisation of the function and the introduction of the CURA system, which is allowing the capture of incidents and the discipline around ensuring the non-recurrence of breaches. He also thanked all members of the Committee for their support to the ongoing implementation and effectiveness of this important process.

The Chairman advised the Committee of the key compliance incidents for the reporting period, specifically including:

- Following an isolated number of IFTI reporting issues to AUSTRAC, the responsibility for reporting oversight and verification has been transferred from VIP to the AML team;
- An issue was identified with the Aussie Millions T&C, around the identification of where the tournament was to take place. The matter is under investigation by the VCGLR;
- A physical infrastructure incident in regards to the gas brigades on the Riverwalk and the falling of granite panels. There were no injuries as a result of the incident. All departments involved responded very well to the incident;
- The Blanking Buttons issue was investigated by the VCGLR. It resulted in a \$300,000 fine and a letter censure with the matter is now closed;
- Andrew Wilkie MP raised a second set of allegations around the use of picks on gaming machines and the issuance of multiple cards to patrons. These allegations remain under investigation by the VCGLR;
- A potential privacy issue was identified with a staff member. Action has been taken to address the matter and the Data Loss Prevention (DLP) project (FY19) will further enhance our capability to identify and stop these

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<p>instances;</p> <ul style="list-style-type: none"> ▪ Enhancements to the H&S framework around smoking areas have been well communicated and received to date. That process will allow enhancement across the board (Melbourne and Perth); ▪ Discussion around the patron self harm/fire incident, and the impact to staff; ▪ Control changes that will be taking place as a result of the security threat from February 2019, including pursuing the introduction of armed PSOs and the extended use of facial recognition technology across the property; and ▪ The overall increase in patron interventions by the security and surveillance team in June, which could be related to a number of external factors, including Soccer World Cup, State of Origin game in Melbourne and university break. Statistics will continue to be monitored to assess whether there are any trends. <p>The Chairman updated the Committee of the following regulatory and other issues:</p> <ul style="list-style-type: none"> ▪ The Section 25 report should be issued shortly. A set of 20 recommendations are included, the majority of which relate to RSG. The recommendations will be address by the business; ▪ The China incident remains under investigation by the VCGLR; ▪ Poker Tax: the final tranche of data was submitted to the VCGLR on 27 July 2018. The current quantum, including FY18, is approximately \$9M; ▪ Following the China incident, our VIP department was restructured with the operation being centralised out of Hong Kong. This office includes a dedicated compliance officer who reports to the Group General Manager Regulatory and Compliance in Melbourne; and ▪ A Gaming Initiative Form has been introduced, following the Blanking Buttons issue. The form assists gaming related departments by providing a checklist for all new 		
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8. Health and Safety and Wellbeing Update

The Committee did not raise any questions regarding the Health and Safety and Wellbeing Update and the paper was “taken as read”.

9. Responsible Service Update

9.1 – RSG Update

The Chairman advised the Committee of a number of initiatives that are underway, particularly in light of the focus of the Section 25 Report on RSG, and the number of recommendations in that Report. The Chairman made particular mention of the following:

- Play periods are being reduced to 12hrs for first contact; with follow up at 16hrs and 24hrs;
- Data analytics model ('Crown Model'): the Customer Analytics Team commissioned a predictive data model on 25 June as a trial. Outcomes will be reported to the RSG sub-committee in due course. We will continue our engagement with the VCGLR on this trial;
- Increase in staffing on the floor: recruitment of 5 new RGLOs (3 currently recruited with more to follow);
- A YourPlay Awareness Campaign was run in May 2018; and
- Stakeholder engagement: Mr Felstead discussed some of the initiatives that are being considered and introduced, including extended reporting.

9.2 – RSA Update

Mr Felstead discussed some of the initiatives underway to address the challenge of the Melbourne property in relation to its alcohol licensing. Crown is unique in its set up, and the legislative context was not written to cater for our situation (main floor operating under one main licence with a number of bar outlets under the same licence). Discussions have been initiated to assess the possibility of altering the legislative environment to create multiple licences.

The Committee did not raise any further questions regarding

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the Responsible Service Update and both papers were “taken as read”.		
<p>10. Other Business</p> <p>Crown Sydney: Mr Preston and Mr Felstead have been engaging with the NSW regulator. A number of streams of work will begin, including:</p> <ul style="list-style-type: none"> ▪ Staff licensing (estimating numbers, designing internal process to begin with); ▪ Working on the concept of the new casino framework: additional challenge in Sydney will be the requirement to align our ICSs with the Star’s; and ▪ upcoming meeting with the regulator and NSW police regarding security arrangements at Crown Sydney. <p>Mr Felstead noted the overarching intent to build a constructive relationship with the NSW regulator.</p>		

The next meeting is scheduled for 13 November 2018.

There being no further business, the Chairman closed the meeting at 11:51am.

Joshua Preston
Chairman

Date

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Crown Melbourne
Agenda Item 2: Business Arising
July – October 2018

The table below presents the status of business arising from the previous meetings of the Executive Risk & Compliance Committee:

Meeting reference	Matter	Status
ERCC 07/18	Internal Audit The Committee discussed the descoping of some of the FY18 audits, due to reductions in staffing resources during the period as well as unplanned audit requests (for example Betfair audits), and that a number of these audits were being rescheduled for FY19 or later. Committee members were invited to provide feedback on the descoped items to Mrs Siegers if required.	Completed – no additional comments were received post meeting.
ERCC 07/18	Strategic Internal Audit Plan FY19-21 Mrs Siegers presented the draft Strategic Internal Audit Plan FY19-21 (Plan) and requested members provide feedback. Mrs Siegers highlighted that all future audits would include a review of fraud, AML and privacy. Mrs Siegers undertook to update the Plan. Mr Knights questioned the frequency of audits in 'high' risk areas, and the value of having annual internal audit activity in these areas. Mrs Siegers undertook to take Mr Knights' query into account in finalisation of the Plan.	Completed. Frequency of audits, particularly 'high' audit is being reviewed as part of the broader internal audit framework review. The methodology will be presented to the Committee for comments when it is drafted. The review of the Plan has now been completed. Amendments were not proposed at this stage as additional considerations will be added for the next iteration of the plan.



Crown Melbourne
Agenda Item 2: Business Arising
July – October 2018

Meeting reference	Matter	Status
ERCC 07/18	<p>Risk Update</p> <p>Mr Emery requested that a new risk regarding data misuse (using a parallel with the new risk introduced in Perth) be added to the corporate risk profile. Mrs Siegers to action.</p> <p>As a result of recent developments around bad debt provisions, Mrs Siegers undertook to coordinate updated wording with Mr McGregor.</p>	<p>Completed – ‘Data misuse’ risk added to the Corporate risk profile (risk #21)</p> <p>Completed.</p>
ERCC 07/18	<p>AML/CTF Update</p> <p>Mr Preston undertook to provide Mr Walsh with a copy of the recommendations from the June 2017 AUSTRAC Assessment.</p> <p>Mr Preston undertook to follow up whether our active partner database could be washed against lists of undischarged bankrupts by the incoming screening supplier.</p>	<p>Completed.</p> <p>Chairman to provide status update.</p>



Crown Melbourne

Internal Audit Activity Report

November 2018



Internal Audit Activity Report

November 2018

1. Audits Completed In Reporting Period

1.1 Overview

Four audits have been completed during the current reporting period, being the first period of the FY19 Strategic Internal Audit Plan. Additionally, three audits from the FY18 Plan were finalised during the period. There are another three audits in progress.

As with FY18, Internal Audit resources were impacted in the reporting period following the change in management and structure of the Internal Audit team. A new Group Internal Audit Manager has been hired (effective 10 September 2018) and we are currently in the process of recruiting a new Internal Auditor to be based in Melbourne.

Internal Audit Report Ratings were as follows:

Type of Activity	Number of Audit Reports Issued	REPORT RATING ¹				
		Excellent	Good	Satisfactory	Improvement Required	Seriously Adverse
Melbourne Internal Audits	4	3	1	-	-	-
Group Internal Audits	-	-	-	-	-	-

Detail of Internal Audits completed during the period are as follows:

Audit	Risk Rating	Scope Overview	Report Rating	No. of Issues Raised ²
Melbourne Internal Audits				
Surveillance and Security Communications Internal Control Statement (ICS)	Critical	Review compliance with VCGLR approved ICS, ensuring adherence to approved minimum standards and controls.	Good	3 PIO*
Responsible Service of Gambling	Critical	Review compliance with VCGLR approved Crown Melbourne Responsible Gambling Code of Conduct.	Excellent	0
Access to Sensitive Areas	High	Review the adequacy and effectiveness of controls for the management and accountability of access to sensitive areas of the Casino complex including key management.	Excellent	1 PIO
Cage & Count Operations	High	Perform spot counts of Main Bank inventory (AUD and foreign currency held), Chip Bank inventory, Cage Window floats, gaming voucher inventory and Ticket In Ticket Out tickets (against Ticket Redemption Terminal Cash Redemption Report).	Excellent	0
Group Internal Audits				
-	-	-	-	-

*PIO = Process improvement opportunity

¹ Refer to Appendix 1 for overall report rating definitions

² Refer to Appendix 2 for classification of Internal Audit Findings



Internal Audit Activity Report

November 2018

1.2 Key Internal Audit Findings

There were no key Internal Audit Findings (Critical and High) identified during the reporting period.

2. Strategic Internal Audit Plan

2.1 Summary of Progress against Plan

A summary of FY19 Internal Audit Plan progress is as follows:

Type of Activity	Audits Planned*	Audits Completed	Audit in Progress	Audits Rescheduled	Audits Re-scoped
Internal Audits	40	4	1	0	0
Group Internal Audits	10	0	3	0	0

*Full year Plan

At the next meeting, an updated Internal Audit Plan will be presented, that takes into account some of the framework changes that are currently under development (see section 4 below). The focus will be to execute the higher risk audits, mandatory audits and audits that have not been completed for a significant period of time.

2.2 Detailed Status of Plan

The following table details the status of the FY19 Internal Audit Plan. Please note that the risk ratings use the risk framework in place at the time of approval of the plan.

F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Melbourne Internal Audits						
Security Operations (ICS)	High			FY12 Satisfactory		
Surveillance and Security Communications (ICS)	High	Completed	FY19 Good	FY14 Good	↔	3 PIO
Gaming Machine Operations	High			FY16 Satisfactory		
Revenue Audit & Reporting (ICS)	High			FY15 Satisfactory		
Gaming Equipment (ICS)	High			FY15 Satisfactory		
Count Rooms & Drop Box, Drop Bucket, Note Stacker Collection (ICS)	High			FY15 Good		
Contracts (ICS)	High			FY14 Good		



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F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Junket and Premium Player Programs (Including VIP Telephone Betting and the Introduction of Players) (ICS)	High			FY16 Satisfactory		
Compliance Framework Review	High			-		
VIP International Operations	High			-		
Gaming Audit Function	High			FY17 Good		
Responsible Service of Gambling	High	Completed	FY19 Excellent	FY17 Good	↑	-
Contractor management (iTrack)	Significant			-		
Access to Sensitive Areas	Significant	Completed	FY19 Excellent	-	N/A	1 PIO
Security removals	Significant			FY17 Satisfactory		
IT Systems Security	Significant			FY18 Excellent		
Mobiles devices	Significant	In Progress		FY17 Satisfactory		
Whistleblower Hotline	Significant			FY17 Excellent		
Gaming Integrity	Significant			FY17 Good		
Cage & Count Operations	Significant	Completed	FY19 Excellent	FY18 Good	↑	-
Accounts Payable	Significant			FY18 Excellent		
Food & Beverage Outlets	Significant			FY17 Good		
Capital Expenditure	Significant			FY16 Good		
Revenue Audit	Significant			FY16 Good		
Carpark Operations (Valet)	Significant			FY17 Improvement Required		
Credit Card Fraud / Misuse	Significant			-		
Crown Gifts	Significant			FY16 Good		

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Internal Audit Activity Report

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F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Hotel Operations (Front Desk Operations)	Significant			FY16 Satisfactory		
Hotel Operations (Complimentary Accommodation)	Significant			FY17 Satisfactory		
Payroll	Significant			FY18 Excellent		
Carbon Offset Program	N/A			FY17 Excellent		
Privacy Legislation	N/A			FY17 Good		
Workforce Planning	N/A			FY17 Good		
Infectious Disease	N/A			FY16 Good		
Employee Training	N/A			FY17 Excellent		
Crown College International	N/A			-		
Indoor Air Quality Management Plan – Property Services	N/A			FY17 Good		
Transport – Aircraft Operations	N/A			FY18 Excellent		
Betfair	N/A			FY18 Satisfactory		
Crown Resorts – Foundation	N/A			-		
Group Internal Audits						
International Commission Business (ICB) Programs	High	In Planning		FY18 Good		
Marketing	High			-		
Social Media	High			-		
Crown Rewards Loyalty Program	Significant	In Progress		F17 Satisfactory		
Patron & Staff Complimentaries	Significant	In Progress		FY17 Good		
Anti-Money Laundering Legislation (AML) & Counter Terrorism	Significant			FY18 Good		



Internal Audit Activity Report

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F19 Internal Audit Plan	Risk Rating	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Financing						
Telegraphic Transfers	Significant			FY15 Good		
Outsourced Services	Moderate			-		
Procurement and Contract Management	Moderate			FY17 Satisfactory		
Customs Duties	N/A			FY18 Satisfactory		

2.3 Additional Audit Activities

No additional Internal Audits have been completed or planned during the reporting period. However, a number of other activities are being undertaken as detailed in section 4 below.

3. Status of Outstanding Internal Audit Recommendations

The classification of Internal Audit Findings has changed in line with the new risk framework. The table detailing how findings are to be rated going forward is shown in Appendix 2. With the new framework in place there is the need to update the terminology assigned to historical recommendations, as follows:

Old Terminology	New Terminology
Fundamental	Critical
Material	High
Significant	Moderate
Moderate	Low
Minor	Process Improvement Opportunity (PIO)

The table below represents the number of outstanding audit recommendations as at 31 October 2018 and the time lag since the due date. The total number of these outstanding audit recommendations has decreased from 9 to 6, with 0 new recommendations being added during the period and 3 being implemented.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
Critical	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
Moderate	-	-	-	-	-	1	-	1
Low	1	-	-	1	1	-	2	5
Total	1	-	-	1	1	1	2	6



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The Moderate recommendation outstanding relates to the transition from Dropbox to ShareFile. IT continues to monitor Dropbox usage rates and will continue to encourage all employees to utilise ShareFile. Ongoing monitoring will be completed by IT who have stated Dropbox will not be fully disabled until all employees have transitioned to ShareFile.

The two Low recommendations that are long outstanding relate to the completion of the Security Operations ICS and Standard Operating Procedure (**SOP**). The ICS has been drafted and is pending finalisation for resubmission to the VCGLR and the SOP will be updated to reflect the content of the new ICS once finalised.

The table below represents the number of outstanding performance improvement opportunity recommendations as at 31 October 2018 and the time lag since the original due date. The total number of these outstanding process improvement opportunities has increased from 6 to 8, with 4 new opportunities being added during the period and 2 being implemented.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
PIO	5	-	-	1	2	-	-	8

A process change was implemented by the Internal Audit Department whereby follow up of outstanding process improvement opportunity recommendations is performed annually. This is due to these recommendations being considered as process improvements and not control breakdowns.

4. Additional Matters

A key area of focus of the internal audit function in F19, is the development and implementation of an Internal Audit framework that can be utilised across all Crown entities. This will ensure audits are conducted following the same methodology and all deliverables are consistent.

Some of the elements already implemented include:

- Development of a new Internal Audit finding ratings matrix (Appendix 2). This has already been developed in accordance with the new risk framework and will be utilised on all audits from October 2018 onwards.

Some of the key tasks in progress are:

- Development and implementation of a new Group Internal Audit methodology, aligned across all properties, ensuring a consistent approach to the way audits are conducted and results reported. This includes designing and building the new methodology in CURA (a system based recording and reporting tool);
- Development of a new framework to give each Internal Audit report and overall rating;
- Development of a new Internal Audit report format that will be utilised for all audits. Currently there are five different formats used across the Melbourne and Perth sites;
- Development of standard deliverables (such as this activity report) across all sites;
- Development of more Group audits covering all sites;
- Reviewing all outstanding audit recommendations and the management of the follow-up process;
- Development of an Internal Audit Plan monitoring and scheduling tool;
- Review of the internal audit planning methodology, including consideration for group audits, and low risk ongoing monitoring activities;



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- Implementation of an internal quality assurance program; and
- Five-yearly external review of the Internal Audit framework by the end of F19.

Ongoing updates on the progress of implementation of these elements will be provided to the Committee.



Internal Audit Activity Report
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Appendix 1 – Overall Report Rating Definitions

Excellent	Processes and controls are adequate and operating effectively to mitigate key risks. There are no opportunities for improvement.
Good	Processes and controls are adequate and operating effectively to mitigate key risks. There are minor opportunities for improvement in some areas.
Satisfactory	An adequate control framework exists to effectively mitigate key risks. There are opportunities for improvement in some areas.
Improvement Required	Although a control framework exists, a number of issues have been identified which require management attention.
Seriously Adverse	Key control issues have been identified which require immediate senior management attention.



Internal Audit Activity Report

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Appendix 2 – Classification of Internal Audit Findings

The following framework for rating Internal Audit findings has been developed according to their likelihood of occurrence and impact on the business. For further detail refer to the Risk Management Framework (Risk Matrix).

Rare	One-off and minor control issues	Moderate (8)	High (15)	High (18)	Critical (25)	Critical (22)
Unlikely	Non-systemic control efficiency and effectiveness issues	Low (4)	Moderate (10)	High (17)	High (20)	Critical (24)
Possible	Minor systemic control issues	Low (3)	Moderate (9)	High (16)	High (19)	Critical (23)
Likely	Significant systemic control issues impacting risk mitigation	Low (2)	Low (6)	Moderate (11)	Moderate (13)	High (21)
Almost certain	No controls in place or controls in place not operating	Low (1)	Low (5)	Low (7)	Moderate (12)	Moderate (14)
Likelihood	Consequence					
	Severe					
	<ul style="list-style-type: none"> Financial loss >\$20m. Widespread impact on investor confidence. Sustained reporting by international media. Loss of public confidence in Crown. Breach triggering restriction or loss of gaming/liquor licenses, class action or criminal sanctions. Permanent damage to relationship with regulator. ASX disclosure made. Fatality. Sustained high level of turnover. Cultural and performance impact across properties. Negative event impacting over 50% or 50,000 of a segment type or \$100m revenue Loss of >25% of the gaming floor; or >50% F&B or 1 hotel for >48 hours. Irrecoverable data loss. Loss of key/multiple systems or core infrastructure for >48 hours. Event with potential to lead to the collapse of the business. Threatens long term viability of the business. Change in ownership. 					
	Major					
	<ul style="list-style-type: none"> Financial loss \$10m-20m. General impact on investor confidence. Sustained reporting by national media. Reduced public perception on Crown integrity. Breach triggering regulator monitoring or intervention or corporate civil action. Relationship with regulator damaged. ASX disclosure made. Permanent disability. Sustained staff turnover. Cultural and performance impact at property. Negative event impacting 20% to 50% or 20,000 to 50,000 patrons of a segment or \$100m revenue. Loss of up to 1 hotel or 50% F&B; or up to 25% of the gaming floor for <48 hours. Loss of critical infrastructure, multiple systems, core infrastructure or key system for <48 hours. CMT/BMT activated. Significant management intervention required, impacting widespread areas of the business. Inability to deliver medium to long term strategy. Ownership change. 					
	Moderate					
	<ul style="list-style-type: none"> Financial loss \$5m-10m. Some impact on investor confidence. Reported on local media or isolated national media. Temporary impact on integrity of Crown. Breach triggering external reporting or individual civil action. Potential regulatory monitoring. Serious injury requiring hospitalisation. Isolated impact on productivity, turnover and culture. Negative event impacting 5% to 20% or 5,000 to 20,000 patrons of a segment or \$40m revenue. Loss of <3 F&B outlets, <50% one hotel, <10% gaming floor for <24 hours. Loss of critical infrastructure, multiple systems, core infrastructure or key system for <24 hours. Significant management effort required, impacting multiple areas of the business. Short to medium term strategy delivery impacted. 					
	Minor					
	<ul style="list-style-type: none"> Financial loss \$1m-5m. Isolated impact on investor confidence. Issue of company/property significance, reported on local radio or localised social media. Perceived or actual non-compliance that may require external reporting. No regulator action. Significant injury requiring medical assistance. Minimal impact of culture and loss of staff. Negative event impacting 1% to 5% or 1,000 to 5,000 patrons of a segment or \$20m revenue. FOH damage isolated, not impacting services. Loss of key system <8 hours Minimal management effort required in single business area. Short term strategy delivery impacted. 					
	Insignificant					
	<ul style="list-style-type: none"> Financial loss <\$1m. Issue of individual/Departmental significance. No adverse external reputational damage. Non-compliance requiring internal reporting only. Minor injury. No impact on culture and staff performance. No loss of staff. No or minimal impact to patrons, <1% segment, <1,000 or <\$4m revenue. No FOH damage. BOH issue managed within existing resources. Loss of key system <2 hours. Event managed through normal activity. Delay to short term strategic objectives. 					

Status of Internal Audit Recommendations - July 2018

Agenda Item 3.2

Business Unit	Audit Area	Date	Risk	Audit Risk Rating 1	Audit Finding Risk Rating 2	Audit Recommendation	Status Details	Current Status	Responsibility	Target Action Date	Current Action Date
Current Period Audit Recommendations											
Surveillance	Surveillance Internal Control Statement	Sep-18	Risk of unauthorised access to to high risk and restricted areas of the casino complex.	H	Process Improvement Opportunity	Internal Audit recommends implementation of a periodic review process for active generic access cards to ensure cards are checked for validity and deactivated as required.	To be actioned by due date.	In Progress	Nicola Hodgson / Hoani Akuhata	31-Dec-18	31-Dec-18
				H	Process Improvement Opportunity	Surveillance management should reinforce the importance of the Semsy user audit process to ensure employee access to surveillance cameras is accurate and in line with the employee's position and duties. Internal Audit recommended that the 2 terminated users identified be deleted, this was completed by surveillance management.	To be actioned by due date.	In Progress	Nicola Hodgson / Steve Dimitrakopoulos	31-Dec-18	31-Dec-18
				H	Process Improvement Opportunity	Surveillance management should reinforce the importance of the Key Watcher audit process, to ensure access to the Key Watcher System is accurate and in line with the employee's position and duties. Internal Audit recommended that the 1 terminated user identified be deleted, this was completed by surveillance management.	To be actioned by due date.	In Progress	Nicola Hodgson	31-Dec-18	31-Dec-18
Human Resources / Security	Access to Sensitive Areas	Aug-18	Risk of unauthorised access to to high risk and restricted areas of the casino complex.	S	Process Improvement Opportunity	Internal Audit recommends temporary swipe access changes should be made through Peoplesoft HR, as Peoplesoft HR flows directly into the EBI/Honeywell systems. The development of the online workflow form should be finalised to rectify the issue of employees having different access permissions between Peoplesoft HR and EBI/Honeywell systems.	To be actioned by due date.	In Progress	Lauren Wright / Nicola Hodgson	31-Dec-18	31-Dec-18
Prior Period Audit Recommendations											
IT	Emergency / Crisis Management	Jul-18	Risk of loss of key systems for an extended period due to an inability to recover key systems post an emergency incident.	H	Low	Internal Audit recommends a review of the disaster recovery framework to ensure the details of all disaster recovery testing performed is captured and evidenced adequately by IT management.	IT management has reinforced the importance of disaster recovery testing with the executives. Disaster recovery testing across key systems has been undertaken and is in progress.	In Progress	Sandy Assaf / Violet Bevan	31-Dec-18	31-Dec-18
Property Services	Indoor Air Quality Management Plan - Declared Smoking Areas	Jun-18	Risk of additional Federal / State Government smoking policy restrictions (e.g. loss of Victorian State Government approved smoking exemptions permitting designated 'high roller' smoking areas within the casino complex and / or restrictions to areas where smoking is currently permitted) and possible patron / employee litigation (potentially impacting Crown Melbourne's financial performance and reputation) through failure to provide an environment for employees and customers that minimises recognised Indoor Air Quality hazards.	H	Process Improvement Opportunity	Review and update content of the Indoor Air Quality Management Plan - Declared Smoking Areas (IAQMP DSA) to reflect current scope and processes. References to the following should be removed: - "Night clubs" were referenced in sections 3.2, 3.3.3.2. - Section "6.1 General Air Quality" and all relevant subsections 6.1.1 and 6.1.2. Incorporate the review of scope and processes into the annual IAQMP DSA review process to reflect current procedures and to ensure that there are no inconsistencies with the IAQMP General Areas.	Given the IAQMP DSA was recently updated in February 2018, the proposed changes are minor and will be actioned in the next major revision of the IAQMP DSA. Internal Audit will follow up again next year upon the scheduled review of the IAQMP DSA. It is well understood by management that General Air Quality and the Night Club air quality scope falls under the IAQMP General Areas Rev14.	In Progress	Craig Morris	30-Nov-18	30-Jun-19
				H	Process Improvement Opportunity	Internal Audit noted two maintenance employees have not received training in the maintenance of table air curtains since 2015. Internal Audit recommends that all maintenance staff are trained in the relevant table air curtain maintenance. The Engineering Manager should perform an annual review of personnel training completion and ensure that all maintenance staff have performed the required training.	The two maintenance employees noted have completed training in the maintenance of table air curtains in July 2018. The Training Coordinator has included Air Curtain Testing as compulsory training for all employees who work in the Maintenance department and will have a 24 month refresh requirement.	Actioned	Jeremy Sampson	31-Jul-18	-
Security	Lost Property	Jan-18	Risk of failure to account for and record lost property movements and potential financial loss through reduced patronage and / or adverse publicity.	L	Process Improvement Opportunity	A Lost Property Standard Operating Procedure should be developed to ensure all aspects of lost property are documented including storage procedures, management of unclaimed cash and proceeds from the auction of valuable items (\$200 and above) and periodic spot counts of Lost Property by Security Services Managers.	Due to changes in the Security department the development of the Lost Property Standard Operating Procedure was deferred until a new Security Operations Manager was hired. A new Lost Property Standard Operating Procedure will be developed by the new Security Operations Manager.	In Progress	Ricky Looi	31-Mar-18	28-Feb-19
Human Resources	Workers Compensation Payments	Dec-17	Risk of financial loss via processing of fraudulent claims or incorrect authorisation of claims.	M	Low	Workers Compensation department approval limits should be updated in the Health, Safety and Wellbeing Manual and documented in the Crown Melbourne Corporate Policies and Procedures Manual (Expenditure Approval List). (Internal Audit reviewed a sample of 25 workers compensation payments completed during the period July – November 2017, noted 3 instances of department approval limits (as documented in the Health, Safety and Wellbeing Manual dated October 2014) having been exceeded).	The Crown Melbourne Corporate Policies and Procedures Manual (Expenditure Approval List) has been updated to reflect the new approval limits set by the Workers Compensation department. These limits will be relied upon for future audits.	Actioned	Tony Graham / Matthew Luttick	28-Feb-18	-

(1) Audit Risk Rating = Consequence x Likelihood (H High S Significant M Moderate L Low)

(2) Audit Finding Risk Rating = Financial, Reputational and Customer Service Impact (Fundamental, Material, Significant, Moderate, Minor)

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Status of Internal Audit Recommendations - July 2018

Agenda Item 3.2

Business Unit	Audit Area	Date	Risk	Audit Risk Rating 1	Audit Finding Risk Rating 2	Audit Recommendation	Status Details	Current Status	Responsibility	Target Action Date	Current Action Date
					Process Improvement Opportunity	Subject to feasibility, Self Insurance Management System (SIMS) batch numbers be recorded in People Soft enabling accurate reconciliation of the Workers Compensation Clearing account and the ready identification (and investigation of) any variances.	Peoplesoft Systems team is investigating the feasibility of the request in collaboration with the Workers Compensation department.	In Progress	Neil Ahmed	28-Feb-18	28-Feb-19
Table Games / Gaming Machines / Hotels / Finance	Vouchers	Dec-17	Risk of financial loss via fraudulent or unauthorised use of vouchers.	M	Low	Inventory logs should be maintained by Hotels management recording all voucher movements (Internal Audit review noted no log recording holding of vouchers by Crown Promenade is maintained; a log recording holding of vouchers by Crown Metrolpol is retained in the secure area however, there is currently no entry made when vouchers are transferred from the secure area to the Front Desk).	Inventory Logs for the management of vouchers have been created at both Crown Metrolpol and Crown Promenade. Both properties implemented the Voucher Logs from July 2018. Internal Audit will follow up again to ensure the process is completed correctly in the coming months.	In Progress	Joel Gregory / Sevag Keroghlian	28-Feb-18	30-Dec-18
					Low	Periodic spot counts of vouchers held (as previously completed by the Senior Operations and Service Manager) should be completed by Gaming Machines management (Internal Audit review noted no spots counts are completed for vouchers held in the Loyalty Director Gaming Machines Office, Gaming Machines Changeover Office or Red Carpet Program Office).	Spot counts of vouchers was completed in June 2018, the Loyalty Director Gaming Machines Office, Gaming Machines Changeover Office and Red Carpet Program Office were included in the spot counts.	Actioned	Lana Jovic / Chan-Hai Tran	28-Feb-18	-
					Process Improvement Opportunity	Internal Audit recommends a log be reinstated and maintained for receipt of vouchers at Crown Rewards Central Booth (from Gaming Machines Changeover Office).	Loyalty Executive has developed a template voucher log for the receipt of vouchers at Crown Rewards Central Booth. This voucher log will track movements in and out of the Crown Rewards Central Booth and was implemented in July 2018.	Actioned	Lana Jovic / Chan-Hai Tran	28-Feb-18	-
Legal & Regulatory Services	Privacy Legislation	Jul-17	Risk of potential breach of Privacy Act 1988 and resultant financial penalty / reputation damage, and at the extreme, action in the Federal Court for enforcement of the Privacy Commissioner's determination.	M	Moderate	With the launch and rollout of ShareFile, current Drop Box access (a personal cloud storage service (sometimes referred to as an online backup service) that is frequently used for file sharing and collaboration. Dropbox allows users with access to 'drop' documents into the account and access them remotely, or permits access to an individual with the Dropbox credentials, essentially bypassing Crown Melbourne's remote access protocols) users be migrated to ShareFile (and remote access requested, as required) and Dropbox access from Crown Melbourne disabled.	Crown Melbourne employees are being transitioned from Drop Box to ShareFile. Employees are advised to transition to ShareFile as they appear on the DropBox user list which is generated on a monthly basis. 231 employees used DropBox during October 2018. Crown IT have stated this process requires business executive decision to block DropBox access for employees. Crown IT will continue to highlight the risk to the business and transition employees to Sharefile with a long term view of disabling DropBox.	In Progress	Craig Preston / Sandy Assaf	31-Dec-17	28-Feb-19
Finance	Payroll	Apr-17	Risk of financial loss via fraudulent activity within the Payroll function.	L	Process Improvement Opportunity	Subject to commercial and operational feasibility, where possible, VIP International utilise established Crown Melbourne forms and procedures (e.g. Workflow) for the administration of the VIP International payroll, formalising related processes and (where applicable) providing a centralised location for the retention of information (currently email is used in some instances to communicate Payroll related requests and approvals to the Payroll Manager).	Utilisation of established Crown Melbourne forms and procedures (e.g. Workflow) for the administration of the VIP International payroll has been approved by both the Group General Manager - International Business Operations and Chief Financial Officer and is in development by IT and Payroll. Payroll Manager advised that this process should be operational by the current target date of December 2018.	In Progress	Nicola Saultry	31-Dec-17	31-Dec-18
All Business Units	Procurement	Mar-17	Risk of financial loss via collusion with existing or potential suppliers. Existing and potential suppliers additionally pose a potential reputational risk, requiring appropriate analysis, monitoring and management practices.	M	Low	A deadline for Zycus implementation should be determined to providing a target date for completion. An indicative 37.20% (Crown Melbourne) and 27.01% (Crown Perth) of suppliers (representing all spend over \$100k in the period January – September 2016) currently have a contract loaded in Zycus, requiring the ongoing focus of Procurement management to ensure the timeliness of Zycus implementation, including liaison with Legal & Regulatory Services / business units to locate and upload existing contracts and the preparation, execution and uploading of outstanding contracts as required.	Procurement complete a review of Zycus implementation on a monthly basis. Overall compliance at October 2018 for both Crown Melbourne and Crown Perth suppliers is 59.9% (representing all spend over \$100k), based on contracted spend as a percentage of total spend. Procurement continues to monitor Zycus compliance and will continue to educate the business on the importance of utilising Zycus.	In Progress	Ben Briggs	30-Jun-18	28-Feb-19
Table Games / Gaming Machines	Gaming Equipment Internal Control Statement	Jun-15	Risk of potential non - compliance with VCGLR approved Internal Control Statement, and associated penalties.	H	Low	The listing of gaming equipment storage areas maintained by Compliance pursuant to Standard Operating Procedures Clause 5.1.1 be updated to include Pit 7 satellite storage area, Mahogany Room (Assistant Casino Managers' Office) satellite storage area, offsite warehouse (Sunshine), B2 AR storage area, B2 BA storage area, B2 EGO storage area and to exclude Vegas carpark storage area (no longer utilised).	Gaming Equipment Internal Control Statement version 5.0 was approved by the VCGLR on 12 July 2018. Standard Operating Procedures have been updated to reflect the content in the latest ICS and was issued on 18 September 2018.	Actioned	Susan Cassinides / Peter Pagounis	31-Dec-15	-
Security	Security Operations - Internal Control Statement	May-12	Risk of potential non - compliance with VCGLR approved Internal Control Statement, and associated penalties.	H	Low	Internal Control Statement Clause 2.1.5, requiring independent review and verification of exclusion and self-exclusion statements (by a Victoria Police representative) be updated to reflect current practices, including the exclusion of Exclusion Orders issued via post, and verification of self - exclusion statements by a solicitor (in lieu of a Victoria Police representative).	Security Operations Internal Control Statement has been drafted and is pending finalisation for resubmission to the VCGLR.	In Progress	Sean Counihan	31-Aug-12	31-Dec-18
					Low	Standard Operating Procedures covering Security Operations be updated to (where applicable) reflect current practices.	Standard Operating Procedures are to be updated following VCGLR approval of Security Operations Internal Control Statement above.	In Progress	Sean Counihan	31-Aug-12	31-Dec-18

(1) Audit Risk Rating Consequence x Likelihood (H High S Significant M Moderate L Low)

(2) Audit Finding Risk Rating Financial, Reputational and Customer Service Impact (Fundamental, Material, Significant, Moderate, Minor)

Status of Internal Audit Recommendations - November 2004

Instructions

- 1) Open spreadsheet used in last Board Audit Committee meeting and save under a new name
- 2) Move previous meeting's audit findings from new to the bottom of the relevant section (1. Operations, 2. Compliance)
- 3) Copy and paste new audit recommendations on the top of each section (1. Operations, 2. Compliance)
- 4) In the Date Actioned Column, enter the month the last Actioned items were implemented (usually the month of the previous meeting)
This should include agreed not to proceed items
- 5) To filter information, in the Date actioned column, select show blanks (all current items already Actioned should be left blank to allow info to show)
- 6) In the Target Action Date column, select items less than or equal to the month we are reporting on (eg For Oct-05 select items less than or equal to Oct-05)
If the exact month is not there, select the next month up and choose less than

(1) Risk Rating = Consequence x Likelihood (**H** High **S** Significant **M** Moderate **L** Low)

Status of Internal Audit Recommendations - November 2004

7) In the Current Action Date column, select items as follows:

First Filter: Select items less than or equal to the month we are reporting on (eg Oct-05 select items less than or equal to Oct-05)

OR

Second Filter: Select items equals "blank" (leave as blank)

(1) Risk Rating = Consequence x Likelihood (**H** High **S** Significant **M** Moderate **L** Low)

4

Status of Internal Audit Recommendations - November 2004

Note: It may be worthwhile to review recommendations which are due in the audit committee meeting following the current one to ensure departments are on track.

(1) Risk Rating = Consequence x Likelihood (**H** High **S** Significant **M** Moderate **L** Low)

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Crown Melbourne
Agenda Item 4: Risk Management Update
July – October 2018

UPDATE TO THE RISK MANAGEMENT FRAMEWORK

As part of the review of the risk management framework, a number of steps have been taken to align the Perth and Melbourne processes, to mature the existing framework and enhance the quality of risk management across the organisation.

Some of the initial changes that have been implemented include the following:

- The Risk Matrix has been finalised and approved by both the CEO – Australian Resorts and the Executive Chairman – Crown Resorts, therefore all Crown entities will be using the same rating mechanism for risks. Please see attached Risk Matrix (Attachment 1) for your reference.
- The Board Risk Appetite is being presented for approval at all three boards (Crown Resorts, Crown Melbourne and Crown Perth) in the upcoming round of board meetings. The Risk Appetite will also be presented to the Crown Resorts Limited Risk Management Committee for review prior to it going to the Boards. This is the first part of implementing a board level Risk Management Strategy that is consistent with better practice and aligns with ASX governance principles.
- The Crown Melbourne corporate risk profile has been updated with the new risk matrix definition.

Considering the upcoming development of risk profiles for each executive, a number of risks have been consolidated into a more overarching or strategic perspective. Details of the consolidation are provided in the section below.

- Risk and IT, with the engagement of key business stakeholders, are initiating work on a data risk management framework. It will provide overarching governance principles within which key business projects around data can develop on a consistent foundation. Some of the related business projects include outsourcing of 24/7 cyber threat monitoring (in place), Data Loss Prevention, Identity Access Management, new reporting platform, Corporate Data Warehouse and Business Continuity Planning.
- The BCP framework is being reviewed. A gap assessment was completed internally with consultation with key business owners, and a road map has been formulated to mature the process. It includes the development of a Business Continuity Framework, and enhanced Business Impact Assessment definition and implementation with a timeframe of Q3-Q4 F19. This will require engagement from all business unit owners.
- Fraud risk management is also under review. At present, both HR and Security & Surveillance (**S&S**) have key roles in the management of incidents, but a gap exists in the communication and reporting framework and ongoing risk identification and management. Perth have in place a quarterly Fraud Risk Management Committee that includes representatives from HR, S&S, Internal Audit and Risk and feeds into its ERCC. It is proposed that a similar committee be created in Melbourne to allow communication and proactive management of fraud risk. Target timeline for this is the next ERCC meeting.
- Resourcing of the Risk and Audit function is almost finalised. One of the new risk manager position remains open, but a resignation in the Internal Audit team has created opportunities to further review the geographical location of staff. Updates will be provided



to the ERCC when a decision has been reached.

- Further enhancements to risk reporting at both Board and Executive levels are underway.

CORPORATE RISK PROFILE REVIEW

Two key risk framework changes have taken place that have materially impacted the corporate risk profile:

1. The new Risk Matrix has been approved, which means all risks have been reassessed against the new rating criteria. As part of that process, a number of risk ratings have been updated.
2. The new risk framework provides for greater depth of risk identification and documentation, which means that the Corporate risk profile does not need to hold all the details of each risk. A number of these detailed risks can now be included in the relevant Executive risk profiles and below. These profiles will be developed and/or updated in the coming months.

As a result, a consolidation exercise has taken place to ensure adequate strategic focus is placed at the corporate level. The table below highlights the outcomes of the consolidation process:

New Risk No	Consolidated Risk Title	Exec Risk Owners	Old Risk No	Old Risk Title	BU Risk profile
1	Material breach of gaming and other relevant legislation / regulations	All	1	Material Breach of Gaming and Other Relevant Legislation / Regulations	Gaming
			30	Breach of Non-Gaming Legislation / Regulations	others
2	Changes in key legislations or regulatory requirements	All	2	Smoking Restrictions	Gaming
			4	Mandatory Pre - Commitment	Gaming
			10	Legislative / Regulatory Changes	All
3	Act of terrorism on Crown property	COO-G	3	Act of Terrorism	S&S
4	Volatility of gaming revenue	COO-G	5	Volatility of Premium Gaming	Gaming
5	Poor credit or investment decisions	CFO & CLO (insurance), CEO	6	Premium Gaming Business Bad Debts	Gaming
			42	Non – Gaming Bad Debts	Finance
			45	Foreign Currency Loss	Finance
			49	Insurance	Legal
6	External disruption to demand for our services	Gaming - F&B	7	Competition International	Gaming
			24	Economic Conditions	All
			19	Foreign Political Policy	Gaming



New Risk No	Consolidated Risk Title	Exec Risk Owners	Old Risk No	Old Risk Title	BU Risk profile
			21	Global Event	All
			28	Competition Domestic	F&B - Gaming
7	Physical business disruption	All	8	Unauthorised Access	S&S
			15	Loss of Utilities	Property
			25	Isolated Fire	S&S - Property
			26	Widespread Infectious Disease	S&S - Property - HR
			32	Flood / Water Damage	S&S - Property
8	System business disruption	CIO	12	Cyber Security Incident	IT
			13	IT Hardware / Software Failure	IT
9	Loss of key management	EGM HR	27	Loss of Key Management	HR
10	Reduction in property standards	COO G	31	Property standards	Property
11	Litigation	CLO	11	Litigation	Legal
12	Major criminal activities	CLO and COO G	14	Fraud	Gaming, S&S Finance, HR
			16	Major Criminal Act	S&S
			22	Money Laundering / Terrorism Financing	Gaming - AML
13	Responsible business model	CLO, COO-G, COO Hotels	17	Responsible Service of Alcohol	F&B - Gaming
			18	Responsible Service of Gaming	Gaming - RSG
14	Major brand damage	CEO, CMO	20	Brand Reputation / Image	All
			36	Social Media / Digital Strategy	Marketing
			48	Loss of major annual state event	Marketing
15	Poor people management practices (capacity and capability)	EGM HR	29	OH&S	HR
			35	Staff Car parking	HR
			44	Immigration Visa Management	HR
			33	Recruitment and Training	HR
			39	Labour Shortage	HR - Gaming - F&B
16	Harm to persons on property	COO - G	9	Security Removals	S&S
			23	Anti-social Behaviour	S&S
			43	Carpark Incidents	S&S
17	Breakdown in strategic partnership with third	CFO, COO's, CEO	34	Procurement	Finance
			46	Loss of Desired Tenants	Property



New Risk No	Consolidated Risk Title	Exec Risk Owners	Old Risk No	Old Risk Title	BU Risk profile
	parties		47	Joint Ventures / Tenants	Property
18	Industrial action	EGM HR	37	Industrial Action	HR
19	Unsustainable environmental management	COO-G, CFL	38	Environmental Spill	Finance - Property
			40	Environmental Management	Finance - Property
20	Aviation accident	VIP	41	Air Safety Standards	Gaming - VIP
21	Data misuse	All	50	<i>Data Misuse (NEW)</i>	<i>Marketing - IT</i>

Further draft adjustments to the risk profile are being proposed to increase the quality of information captured, including assessing an inherent risk rating to each risk, articulating its potential causes and consequence separately, and reviewing the identified controls to ensure they are relevant to actual risk event.

A strategy to address each risk has been selected for each risk, and where a risk has been marked as needing to be reduced, an action plan has been formulated. See draft detail in attachment 2.

In addition, since the last report in July 2018, a number of internal and external events have materialised which are relevant to the overall risk profile of Crown Melbourne, and particularly its material high risk exposures.

The key events that have taken place over the period include:

- The Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) finalised and published its report on the 6th Section 25 *Review of the Casino Operator and Licence* for Crown Melbourne which included making 20 Recommendations, which were largely accepted by Crown.
- The VCGLR is currently investigating allegations raised by Mr Andrew Wilkie MP in April 2018 regarding plastic picks being used on continuous play machines and multiple loyalty cards issued to patrons with respect of Crown Melbourne. The VCGLR has not indicated its position on these allegations at this stage. The Gaming & Wagering Commission of Western Australia (**GWC**) is also considering these matters and their relevance to Crown Perth.
- Premium gaming turnover is slightly above budget, but is tempered by materially lower win rates (0.84% vs 1.40% theoretical at September 30) than budgeted, particularly in the VIP portfolio.
- Bad debt provisions over VIP international debtors have stabilised. Although processes have been changed to reduce the risk going forward, the residual debt, particularly for Chinese patrons, has materially accrued over the past 2 years and collection challenges continue to be worked through.



- A change in Federal Government ministerial portfolios and leadership in August 2018 has required re-engagement with the relevant Government representatives to brief them on the relevance of the Black Economy Taskforce issues to Crown and the Casino industry. **This is an emerging risk for Crown Melbourne.**
- The VCGLR continues to investigate the China incident.
- The VIP International Operational structure continues to be reviewed.

These events have not required risks or ratings to be changed in the corporate risk profile.

An updated risk map is provided in attachment 2 for discussion, and the detailed risk profile is provided in attachment 3.

Attachment 1

RISK MATRIX - Likelihood and Consequences**LIKELIHOOD CRITERIA (of an event happening within 12 months)**

	RARE (1)	UNLIKELY (2)	POSSIBLE (3)	LIKELY (4)	ALMOST CERTAIN (5)
% or expected timeframe	Less than 5% (less than every 20 years)	5% to 20% (within 5 to 20 years)	20% to 50% (within 2 to 5 years)	50% to 75% (within 18 to 24 months)	75% to 100% (within 12 to 18 months)

CONSEQUENCE CRITERIA (Impact per event)

	INSIGNIFICANT (1)	MINOR (2)	MODERATE (3)	MAJOR (4)	SEVERE (5)
Finance (EBITDA)	Financial loss outside normal trading and/or adverse to the current (normalised) forecast up to \$1M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast between \$1M and \$5M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast between \$5M and \$10M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast between \$10M and \$20M	Financial loss outside normal trading and/or adverse to the current (normalised) forecast in excess of \$20M
Reputation /Brand	No impact on Investor Confidence / Brand Issue of individual/ Department significance No adverse external criticism or publicity	Isolated impact on Investor Confidence (<2% sustained share price relative to market)/ Brand Issue of company /property significance - Event/incident broadcast on local radio only or localised social media Criticism/isolated complaints by directly affected customers Public opinion of Crown unlikely to be affected	Some impact on Investor Confidence (2% to 5% sustained share price relative to market) / Brand. Event/incident broadcast on local (State) media or isolated national media broadcast Trending complaints, social media focus General public likely to view Crown's action(s) as questionable, temporarily affecting the perceived integrity of Crown (pub test)	General impact on Investor Confidence (5% to 10% sustained share price relative to market)/ Brand. Sustained broadcast of event/incident broadcast on national media General public likely to view Crown's action(s) as inappropriate, affecting the perceived integrity of Crown (pub test)	Widespread impact on Investor Confidence (>10% sustained share price relative to market)/ Brand Sustained broadcast of event/incident on international media Loss of public confidence in Crown. General public likely to view Crown's action(s) as a misuse of its licence to operate (pub test)
Compliance / regulatory	Potential non-compliance or program/ policy/ internal control issue requiring internal reporting only – no remedial action required	Perceived or actual non-compliance that may require external reporting. Internal remediation and potential internal action against staff. No regulator action. No impact to the relationship with regulators.	Perceived or actual breach triggering external reporting or civil action by an individual Potential regulatory monitoring and/or relationship with regulator temporarily impacted operationally.	Failings in corporate culture Perceived or actual breach triggering regulator monitoring or intervention, or civil action by a corporate Relationship with regulator is damaged requiring direct involvement from Executives and Directors. ASX disclosure made.	Systemic failings in corporate culture Perceived or actual breach triggering restriction or loss of critical gaming/liquor licence(s), class action or criminal sanction against Crown or its officers. Potential or actual permanent damage to relationship with regulator ASX disclosure made.

RISK MATRIX - Likelihood and Consequences

	INSIGNIFICANT (1)	MINOR (2)	MODERATE (3)	MAJOR (4)	SEVERE (5)
People	<p>Minor injury</p> <p>No impact on culture and staff performance</p> <p>No loss of staff</p> <p>Union involvement</p>	<p>Significant injury requiring medical assistance</p> <p>Minimal impact on staff or overall culture.</p> <p>No or minimal loss of staff</p> <p>Union escalation of a single matter (legal action)</p>	<p>Serious injury requiring hospitalisation.</p> <p>Isolated impact on productivity and staff turnover (<5%)</p> <p>Impact on the culture of directly affected operational department</p> <p>Union activism</p>	<p>Permanent disability /measurable increase in stress related issues.</p> <p>Sustained staff turnover/unplanned absence (5-30%) – including some key management</p> <p>Impact on the culture and performance of staff throughout a property</p> <p>Industrial action or targeted organised campaign by nominated union</p>	<p>Fatality(ies)</p> <p>Sustained high level of staff and key management turnover/unplanned absence (30%+)</p> <p>Impact on the culture and performance of staff across multiple properties</p> <p>Strike or widespread organised campaign by relevant unions</p>
Customers / Patrons	<p>Negative event with no or minimal impact to patrons (<1% segment, <1000 or <\$4M in revenue)</p>	<p>Negative event with impact to 1% to 5% of or 1,000 to 5,000 patrons of a segment type, or \$20M in revenue</p>	<p>Negative event with impact to 5% to 20% of or 5,000 to 20,000 patrons of a segment type, or \$40M in revenue</p>	<p>Negative event with impact to 20% to 50% of or 20,000 to 50,000 patrons of a segment type or \$100M in revenue</p>	<p>Negative event with impact to over 50% of or 50,000 patrons of a segment type, or \$100m in revenue</p>
Infrastructure	<p>No damage to FOH. BOH issue managed within existing resources or contracts</p> <p>Loss of key system for up to 2 hours</p>	<p>Damage to FOH can be isolated and not impact services.</p> <p>No critical infrastructure impacted</p> <p>Loss of key system for up to 8 hours.</p>	<p>Unplanned loss of up to 3 F&B outlets, up to 50% of one hotel, or up to 10% of gaming floor for less than 24 hours.</p> <p>Repairable loss to critical infrastructure for up to 24hr</p> <p>Loss to multiple systems, core infrastructure or key system for up to 24 hours.</p>	<p>Unplanned loss of up to 1 hotel or 50% F&B; or up to 25% of the gaming floor for up to 48 hours.</p> <p>Loss of critical infrastructure, for up to 48hrs</p> <p>Recoverable loss to multiple systems, core infrastructure or key system for up to 48 hours.</p>	<p>Unplanned loss of more than 25% of gaming floor; or loss of >50% F&B or 1 hotel for over 48 hrs</p> <p>Recoverable loss to key/ multiple systems or core infrastructure for over 48hrs</p> <p>Irrecoverable critical data loss.</p>
Strategy / Business Sustainability	<p>An event, the impact of which can be absorbed through normal activity</p> <p>Delay to short term strategic objectives</p>	<p>An event that can be absorbed but management effort is required to minimise the impact</p> <p>Limited to single area of the business</p> <p>Ability to deliver short term strategy impacted</p>	<p>An event which can be managed under normal circumstances with significant management effort</p> <p>Impact to multiple areas of the business</p> <p>Ability to deliver short to medium term strategy impacted.</p>	<p>CMT/EMT activated</p> <p>Impact to widespread areas of business, significant mobilisation of resources and significant management intervention required</p> <p>Inability to deliver on medium to long term strategy</p> <p>Change in investment ownership</p>	<p>A disaster with potential to lead to collapse of the business</p> <p>Threatens long term viability of the business</p> <p>Change in investment ownership</p>

RISK MAP

Below is the risk map that combines the likelihood and consequence criteria into an overall risk rating.

LIKELIHOOD	Almost certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Severe
CONSEQUENCE						

Legend:

	Critical risk – Oversight by the RMC/Board
	High risk – Managed by CEO and relevant EGMs
	Moderate risk – Managed by BOT members
	Low risk – Managed as part of BAU



Attachment 2 – Melbourne Corporate Risk Map – November 2018

Likelihood	Almost certain				
	Likely		16- Harm to persons on property		14 - Major brand damage
	Possible		9 - Loss of key management 15 - Poor people management practices	6 - External disruption to demand for our services 7 - Physical Business Disruption 8 - IT business disruption 11 - Litigation 12 - Major criminal activities 13 - Responsible business model 18 - Industrial action	1 - Material breach of gaming and other relevant legislation /regulation 2 - Changes in key legislation or regulatory requirements 3 - Act of terrorism on Crown property 5 - Poor credit or investment decision 21 - Data misuse
	Unlikely		17 - Breakdown in strategic partnership with third party 19 - Unsustainable environmental management	10 - Reduction in property standards	4 - Volatility of gaming revenue
	Rare				20 - Aviation accident
	Insignificant	Minor	Moderate	Major	Severe
Consequence					

Legend:

Critical Risk	Oversight by the RMC/Board
High Risk	Managed by CEO and relevant EGMs
Moderate Risk	Managed by BOT members
Low Risk	Managed as part of BAU

Attachment 3

Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Category	Residual			Strategy	Action
					Consequence	Likelihood	Rating			Consequence	Likelihood	Rating		
1	Material Breach of Gaming and Other Relevant Legislation / Regulations (1 and 30)	Systemic and / or material breaches of legislative and other relevant regulatory requirements (including Privacy legislation Reta / Tenancies legislation Consumer and Competition legislation Tobacco legislation Customs Legislation / Regulations) adversely impacting Crown Melbourne's reputation and performance via the imposition of financial and non – financial penalties including potential operating licence implications prosecution and arrest / detention of employees and contractors.	<ul style="list-style-type: none"> - Loss of data: PCIDSS breach Privacy breach - Change to any element of casino operations without regulatory approval - Poorly designed processes (not complaint) - Inadequate training of staff - Human error - Malicious action by staff or related party 	<ul style="list-style-type: none"> - Potential loss of Regulator Confidence or regulatory intervention - Financial and other penalties - Reputational damage - Health & Safety concerns - Revocation or Suspension of Liquor Licence/ Imposition of Demerit Points - Up to 5% (\$7m) impact on projected Table Games annual contribution - Possible legal action for civil damages - Possible adverse publicity - Criminal prosecution: Officer Imprisonment 	Severe (5)	Likely (4)	Critical	<ul style="list-style-type: none"> - Adherence to and awareness of relevant legislative / regulatory policy including development of compliant processes and guidelines training of relevant employees / contractors where applicable - Legal & Regulatory Compliance Program including gaming audits and oversight by Board and management committees - Employee /contractor / supplier probity checks and performance monitoring - Management monitoring and investigation of Disciplinary Actions issued by the regulators (including VCGLR) and where applicable the determination of remedial action to reduce future exposure - Ongoing / periodic internal compliance / review processes - Obtaining expert legal advice in foreign jurisdictions - Dedicated Gaming Integrity Manager to table games - Privacy program: including Privacy Policy Privacy Compliance Program Privacy compliance guide dedicated Privacy manager - Crown IT management software licence practices (in conjunction with Procurement Legal & Regulatory Services) - Vetting of proposed advertising programs collateral initiatives new table games and trade marks by Legal & Regulatory Services (and relevant gaming management where appropriate) - Monitoring of customer satisfaction and complaints for issues and trends - PCIDSS compliance program including regular external compliance assessments 	Compliance/regulatory	Major (4)	Possible (3)	High	Reduce	<ul style="list-style-type: none"> - External provider (Trustwave) to implement PCI DSS strategy across Crown Melbourne and Crown Perth (within a minimum 5 year timeframe) - Target completion for PCIDSS compliance is September 2019 - Complete the implementation of compliance program including CURA surveys
2	Legislative / Regulatory Changes (2, 4 and 10)	<p>Changes to legislation regulations or Federal / State Government policy covering Crown Melbourne's operations including the conduct of and access to gaming have the potential to adversely impact performance including:</p> <ul style="list-style-type: none"> - Changes to restrictions on the number type speed and location of gaming machines; - Changes to mandatory minimum "return to player" on gaming machines; - Changes to approved table games and approved rules of the games; - Changes to restrictions on advertising and marketing; - Automatic Teller Machine (ATM) restrictions / removals; - Increases in tax or additional levies and taxes; - State Government commitment to review Crown Melbourne "exemptions"; and - Approval of new gaming products (Responsible Gaming Council of Victoria). <p>Imposition of further or more restrictive mandatory pre – commitment systems and the potential impact on revenue and the operation of Crown Melbourne's business.</p> <ul style="list-style-type: none"> - Loss of State Government approved smoking exemptions permitting designated "high roller" smoking areas within the casino complex; and - Restrictions to areas where smoking is currently permitted 	<ul style="list-style-type: none"> - Crown failing in meeting its current exemption requirements - Change in political landscape - Change in competitive landscape - Influence by third party union interest group - International event impacting domestic landscape - Black economy report and \$10 000 cash limits 	<ul style="list-style-type: none"> - Possible loss of smoking exemptions covering Teak Room and VIP Slots requiring reconfiguration of rooms to create smoking terraces and / or migration of patrons to the Mahogany Room. - Reduced patronage due to a decrease in the frequency and / or duration of patron visits loss of some regular smoking patrons and resultant decrease in gaming revenue and associated on-spend 	Major (4)	Likely (4)	High	<ul style="list-style-type: none"> - Engagement and lobbying; ongoing communication and engagement with Government Regulators and other stakeholders (e.g. union employees). - Maintenance and positive promotion of Crown Melbourne corporate profile and its Responsible Service of Gaming initiatives - Smoking monitoring framework including Executive Committee (ETMAC) responsible for the monitoring and consideration of all matters related to the management of Environmental Tobacco Smoke. Escalation process for the management of air quality complaints and Air Quality Plan and maintenance regime - Adherence to and awareness of relevant legislative / regulatory policy including compliance framework training of relevant employees / contractors where applicable and training of relevant employees in Responsible Service of Gaming best practice and enforcement of VCGLR approved Responsible Gambling Code of Conduct. 	Compliance / regulatory	Major (4)	Possible (3)	High	Monitor	
3	Act of Terrorism on Crown property (3)	The calculated use of violence (or the threat of violence) against employees and / or customers in order to attain goals of a political religious or ideological nature. Whilst the nature and extent of any act may be varied and hence difficult to define the resultant impact may encompass (but not limited to) the following:	External motivation including from staff	<ul style="list-style-type: none"> - Operations disrupted including likely evacuation and closure of casino complex and resultant loss of revenue (e.g. gaming food & beverage tenancy revenue) - Significant impact on employee morale - Isolated or multiple serious injuries and / or fatalities; - National and potentially international media coverage; 	Severe (5)	Likely (4)	Critical	<ul style="list-style-type: none"> - Maintenance of close and productive relationships with key law enforcement agencies and other authorities including senior law enforcement officials at State and Federal levels ASIO and other Government agencies to ensure timely advice regarding intelligence impacting Crown Melbourne - Extensive focus on security operations and procedures including training risk assessment prior to functions or events - Emergency and specific terrorism management response framework including Emergency Crisis and Business continuity management planning and testing Terrorism Risk Management Plan Emergency messaging system (Athoc) Department procedures and training including weekly training exercises for Security / Surveillance operatives and online training for all Crown Melbourne employees regarding response to a terror event. - Monitoring and surveillance of casino operations and surrounds - Controlled and restricted access to sensitive areas of the casino complex including the identification of critical infrastructure locations and security vulnerabilities appropriately addressed including Back Of House entry / exit points integration of alarms and cameras installation of biometric locks acquisition of iTrack contractor management system. - Employee / contractor / supplier (gaming related) probity checks and performance monitoring 	Infrastructure / people	Major (4)	Possible (3)	High	Monitor	Looking to introduce PSO (armed security - Police employees) on site - work underway to have Crown class fied as "designated site". This should assist in creating more deterrent controls as well as decrease response times in case of an event

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DRAFT - MELBOURNE CORPORATE RISK PROFILE - NOVEMBER 2018

			<ul style="list-style-type: none">- Damage to customer motor vehicle in the Valet carpark. <p>Social disruption: protest march picketing of entrances verbal / visual demonstration etc. including possible closure / cordoning of affected area(s)</p>	<ul style="list-style-type: none">- Possible malicious act(s) including theft of Crown property <p>Adverse publicity and resultant short term decrease in revenue (e.g. gaming food & beverage tenancy revenue)</p> <p>Possible damage to third party property (ex: parked vehicles)</p>			<ul style="list-style-type: none">- Reliance on Federal and State based controls and procedures (Department of Human Services)- Management monitoring of updates issued by World Health Organisation- Department of Health & Ageing and Department of Foreign Affairs & as well as response and control activities of other businesses in the tourism leisure and entertainment industry (e.g. Qantas Jupiter's Star City) <p>Discouragement of a non-essential travel to affected areas as appropriate</p>			
8	System Business disruption (12, 13)	<ul style="list-style-type: none">- Major performance financial and / or reputational damage- Failure of IT hardware / software (e.g. primary computer)	<ul style="list-style-type: none">- Intentional / unintentional leakage of sensitive information;- Malicious employee act / omission; Human error- Malicious software infection;- Mobile / portable device lost or stolen;- External / internal cyber attack; and- Third party providers;- Fire;- Water damage;- Equipment failure;- Failed IT system or infrastructure implementation- Equipment failure- Loss of telecommunication infrastructure/service by third party failure or damage to physical fiber	<ul style="list-style-type: none">- Relevant section(s) of gaming floor closed- Adverse publicity and resultant decrease in revenue (gaming and other revenue) criticism by patrons- Possible breach of legislative / regulatory requirements and associated financial penalty(ies)- Possible legal action for civil damages- Impact on Surveillance operations- Possible leakage of business or patron sensitive information to external parties- Additional Security & Service employees / contractors rostered- Hotel guests Crown employees / contractors prevented from making internal / external land line calls loss of incoming land line call- Ability to accept Hotel and restaurant bookings impacted- Unable to pay patron via TITO	Severe (5) Highly Likely (5)	Critical	<p>Replicated data across multiple data centres</p> <p>IT power redundancy: Primary and secondary computer rooms powered by independent external sub-stations / Secondary computer access to real time operational functions / historical data for selected applications in place as well as Gaseous fire suppression system in Central Data Centre</p> <p>Emergency Crisis and Business Continuity Planning and testing including access to alternate communication facilities (mobile phones two way radios e-mail etc.) fire and flood prevention and detection programs power supply redundancy including onsite back-up generators</p> <p>Disaster Recovery plans in place and tested on an ongoing basis including IT system back-ups and maintenance controls</p> <p>Periodic penetration testing of IT systems</p> <p>IT system access and security controls (including IT Security Policy) and Crown IT monitoring of IT system usage and access</p> <p>Controlled and restricted access to sensitive physical areas of the casino complex including key IT infrastructure</p> <p>Employee / contractor probity checks and performance monitoring</p> <p>Cyber Security program in place including Cyber Security Council IT audit program 24/7 external monitoring of threats by Deloitte IT security policy standards and guide lines in place IT security Vulnerability Assessment Program and 24/7 monitoring of cyber threat via Cyber Intelligence Centre run by</p> <p>Contractor liability / indemnity via standard maintenance / service contract</p> <p>Insurance for partial cost recovery</p>	Infrastructure Moderate (3) Possible (3) High	Reduce	<p>Data Loss Prevention (DLP) program (multi-year program)</p> <p>Integrated Access Management (IAM) program underway</p>
9	Loss of Key Management	<p>The loss of management in business critical roles impacts on the ability for Crown to meet performance objectives. For example where:</p> <ul style="list-style-type: none">- there is high reliance on ongoing relationships between management and third parties (customers Government and Regulators);- there is strong corporate knowledge; and/or- there is industry expertise.	<p>Restructuring activities</p> <p>Natural attrition (staff turnover)</p> <p>Poaching of staff by competitors</p> <p>Low morale</p> <p>Lack of staff development</p> <p>Lack of succession planning</p>	<p>Inability to progress certain business initiatives/strategies</p> <p>Impact to staff morale / productivity</p> <p>Loss of critical / sensitive corporate knowledge</p>	Major (4) Possible (3)	High	<p>Cross property capacity</p> <p>Leadership development programs</p> <p>Long term financial incentives - Executive</p> <p>Restrictive covenants - employment contracts</p> <p>Succession planning (TBC)</p>	People Minor (2) Possible (3) Moderate	Monitor	
10	Reduction in Property Standards	<p>The risk that facilities are not available for customers at the required and expected standard across all areas of the Complex due to:</p> <ul style="list-style-type: none">- ageing infrastructure- lack of availability of capital for refurbishments- inadequate cleaning standards- inadequate ancillary areas eg. parking facilities <p>This may impact on Crown's premium brand the ability for Crown to effectively compete and ultimately financial returns</p>	<p>Age of property</p> <p>Wear & tear of property</p> <p>Inadequate maintenance and cleaning procedures</p> <p>Lack of reinvestment in refurbishment (inability to source capital)</p> <p>Strong/newer facilities offered by competitors (for example hotels in Perth)</p> <p>Inability to schedule refurbishment (impact on business) - for example Theatre</p>	<p>Poor customer experiences</p> <p>Poor market reviews / ratings</p> <p>Reduction in visitation</p> <p>Loss of customers to competitors</p> <p>Reduction in revenue / EBITDA</p>	Moderate (3) Possible (3)	High	<p>Capex / business planning process</p> <p>Customer complaint monitoring</p> <p>Dedicated Housekeeping / Environment Services Resources</p> <p>Dedicated Property Services / Maintenance Resources</p> <p>Maintenance reporting system (BEIMS)</p> <p>Preventative maintenance program</p>	Reputation / brand Moderate (3) Unlikely (2) Moderate	Monitor	
11	Litigation	<p>The risk that legal action is taken against Crown by employees customers regulators; and other third parties in relation to matters such as:</p> <ul style="list-style-type: none">- provision of gambling / responsible gambling- health & safety security matters environmental tobacco smoke discrimination bullying- contractual obligations- marketing activities- fraudulent activities of patrons- privacy complaints / defamation- public liability claims <p>This may result in significant financial penalties and reputation damage.</p>	<p>Crown's non compliance with legislation/regulation.</p> <p>Poor compliance culture.</p> <p>Injury/ incident involving a customer.</p> <p>Injury/Incident involving an employee/contractor.</p> <p>Contractual relationship breakdown.</p> <p>Rising community expectations regarding responsible service</p> <p>Property hazards.</p> <p>Workplace hazards.</p>	<p>Significant financial damages for civil action taken by an individual (for example Privacy public liability: claims over \$1m; breach of consumer law - up to \$1m)</p> <p>Prosecution by the Privacy Commissioner</p> <p>Criminal prosecution by Law Enforcement</p> <p>Incarceration of Directors and Officers for critical OH&S events.</p> <p>Adverse publicity and reputation damage.</p>	Severe (5) Possible (3)	Critical	<p>Compliance Framework and Governance</p> <p>CrownSafe Framework and Governance</p> <p>Inhouse legal resources</p> <p>Maintenance practices</p> <p>Mandatory Compliance Training - Employees</p> <p>Privacy Policy and Training</p> <p>Regulator relationships</p> <p>RSA Framework and Governance</p> <p>RSG Framework and Governance</p> <p>Specialty training and procedures (for example: Security)</p>	Compliance/regulatory Moderate (3) Possible (3) High	Monitor	
12	Major Criminal Activities	<p>The risk that a major criminal act or activities occur at Crown involving either patrons employees or both such as:</p> <ul style="list-style-type: none">- major fraud (employee patron and/or collusion);- loan sharking;- organised crime;- money laundering;- violent act (active shooter) - not related to terrorism;- gaming scams. <p>These activities could result in injury to people financial loss and reputation damage. Ultimately such activities (if widespread) could impact on Crown's probity and suitability to hold casino and liquor licences.</p>	<p>Illegal activities by customers on Crown premises</p> <p>Unethical customers or employees</p> <p>Lack of visible security measures</p> <p>Lack of segregation of duties for financial transactions</p> <p>Limited liaison/intelligence from LEAs</p> <p>Inadequate customer due diligence</p> <p>Inadequate employee due diligence</p> <p>Inability to monitor customer and employee actions and transactions</p> <p>Weak culture of probity</p> <p>Lack of management commitment and oversight to ensuring a strong internal control environment</p>	<p>Impact on Crown's perceived probity and ability to retain gaming/liquor licences.</p> <p>Financial loss for fraudulent transactions (significant for gaming scams)</p> <p>Injury to staff and patrons.</p> <p>Impact to employee morale.</p> <p>Business interruption (where physical event occurs)</p> <p>Legal action by affected customers or employees.</p>	Major (4) Likely (4)	High	<p>AML/CTF Program & Resourcing</p> <p>Commissioner of Police and general exclusions practices</p> <p>Digital surveillance monitoring</p> <p>Emergency Response Plans / Crisis Management Plans</p> <p>Employee Due Diligence Policy & Practice</p> <p>SU (Security Investigation Unit) framework and collaboration with law</p> <p>Fraud Control Framework</p> <p>Integrity-related Company Policies</p> <p>Knowledge sharing - casino industry</p> <p>Ongoing LEA Liaison</p> <p>Physical security presence</p> <p>Protection of assets - internal control framework</p> <p>Security department - procedures and training</p> <p>Segregation of duties - financial transactions</p>	Reputation / brand Moderate (3) Possible (3) High	Reduce	<p>Update the AML program</p> <p>Enhance the Fraud Risk Management framework and communication by introducing a Fraud Risk Management Committee</p>
			<p>Customers who experience issues with their gambling.</p> <p>Customers who drink alcohol excessively.</p>	<p>Patron harm</p>			<p>Board Oversight - RG Board Sub Committee</p> <p>Compliance Framework</p>			<p>Implement VGLR recommendations as agreed during Section 25 review</p>

DRAFT - MELBOURNE CORPORATE RISK PROFILE - NOVEMBER 2018

13	Responsible business model	The risk that Crown does not provide its business activities to its customers in a responsible manner resulting in patron harm and ultimately potentially impacting the suitability of Crown to continue to hold its casino/liquor licences.	Abundant availability of/access to alcohol. Lack of management commitment to provide services in a responsible manner. Staff not trained or not aware of how to provide services in a responsible manner. Ineffective responsible service frameworks / not consistent with best practice Inadequate resourcing.	Reputation damage Non compliance with applicable regulatory requirements Regulator penalties Imposition of trading restrictions by the Regulator - restricting revenue or increasing costs Inability to progress strategic initiatives (no support from Regulator/Govt) Loss of casino/liquor licences	Major (4) Likely (4)	High	Dedicated inhouse RSG resources Management Committees - RSA and RSG Regulator engagement Responsible Gambling Information Centre 24/7 RSA Policies Practices Mandatory Training RSG Code of Practice RSG Policies and Practices mandatory training	Reputation / brand Moderate (3) Possible (3)	High	Reduce
14	Major brand damage	The risk of major brand damage caused by an incident relating to for example: - Crown's inappropriate conduct (perceived or actual) - inappropriate conduct on Crown's premises - Crown's association with disreputable third parties - Crown's perceived conflicts of interest in major transactions or supplier arrangements - Publication of Crown's customer or other sensitive business data - inappropriate social media posts - Social media complaints go viral - Irresponsible or inappropriate marketing activities This could ultimately result in reduced customer visitation (and hence revenue) or increased regulator scrutiny over Crown's suitability to continue to hold gaming/liquor licences.	Lack of due diligence of employees customers vendors and other third party associates. Poor perceptions of Crown's brand and the casino industry generally Excessive media scrutiny Lack of internal controls over use of Crown's social media accounts Lack of oversight / accountability for marketing and social media activities Disgruntled employees	Reduced visitation and revenue. Increased Regulator scrutiny / assessment of Crown's suitability to hold its licences Imposition of operating restrictions by the Regulator/Govt Inability to attract events to Crown	Major (4) Possible (3)	High	Anti Br ery and Corruption Policies and Practices Customer Due Diligence practices (AML and Credit) Employee Due Diligence Policy and Practices Integrity-related Company Policies Marketing review and approval processes Public Relations Inhouse Resources Resources focused on social channels Social listening tools (monitoring of social media) Stakeholder management Supplier Due Diligence practices	Reputation / brand Major (4) Likely (4)	High	Monitor
15	Poor people management practices (capacity and capability)	The risk that Crown is unable to establish and maintain an appropriate staffing base to effectively and efficiently operate resulting in low morale high turnover and the inability to achieve business objectives. This could be due to: - industry conditions (affecting supply of candidates) - ineffective recruitment practices - ineffective staff training and development - ineffective staff engagement - inadequate or poor quality staff facilities	Poor Crown employer branding Industry conditions (affecting supply of candidates) Changing staff demographics (eg ageing workforce) Inappropriate leadership affecting culture Ineffective recruitment practices including inadequate due diligence Inadequate or ineffective staff training and development Inadequate staff engagement Inadequate staff facilities such as car parking food rest rooms	Low morale High staff turnover Compliance breaches (due to lack of training) Reduction in standard of customer service Reputation damage Loss of RTO registration - and resulting loss of Government financial support	Major (4) Possible (3)	High	Casual labour pool Commissioner of Police exclusions Employee Due Diligence Policy and Practices Employee Engagement Surveys Employer Branding and Employee Value Proposition Mandatory Compliance Training - Employees Recruitment and retention strategies Registered Training Organisation (RTO) Succession / talent management	People Minor (2) Possible (3)	Moderate	Monitor
16	Harm to persons on property	The risk that employees contractors customers and other third parties are harmed (injury or death) whilst on Crown property as a result of: - unsafe work practices - unsafe work environments - unsafe "front of house" environments for customers or other visitors - poor maintenance and cleaning practices throughout the property - poor safety culture - poor food safety and hygiene practices	Poor leadership and management commitment to health & safety Unsafe work practices and environments Unsafe "front of house" environments for customers or other visitors Poor maintenance and cleaning practices throughout the property Poor safety culture Poor food safety and other hygiene practices Extreme event - pandemics terrorist act Anti social behaviour.	Non compliance with OH&S legislation - Incarceration for directors and officers. Gross negligence charges against officers in the event of a death or serious harm to a person to whom a duty of care is owed. Worker's Compensation and Public liability claims. Litigation by affected customers or employees Adverse publicity / Reputation damage (for example - widespread proven food poisoning security removals) Regulator sanctions / imposition of additional compliance requirements Loss of Food Safety accreditation Loss of smoking exemption and resultant impact on VIP revenue.	Severe (5) Possible (3)	Critical	Board oversight & reporting - H&S Sub Committee Contractor induction processes CrownSafe Framework Policies and Procedures Framework - Pearl Room Smoking Exemption Incident and Injury Management Procedures ISO 22000 accreditation and associated framework Mandatory Compliance Training - Employees Property cleaning and maintenance practices Property Services - H&S Officer Security incident review panel Security training - handling and removal of patrons Surveillance of property Third party inspections	People Minor (2) Likely (4)	Moderate	Monitor
17	Breakdown in strategic partnership with third parties	The risk that third parties with whom Crown engages do not fulfill their obligations to the required standard impacting on the ability for Crown to continue to operate effectively or exposes Crown to integrity issues and reputation damage. This could be the result of poor selection and engagement practices and poor ongoing management of the third party relationships. Examples include: - Vendors supplying goods and services which are not fit for purpose to a low standard compromising compliance requirements and customer service - Continuity of supply issues for critical items such as playing cards - inappropriate practices of vendors/consultants/intermediaries representing Crown such as bribery - inability to source equipment / new products suitable for Crown's business - Unsuccessful tenancies resulting in loss of valuable tenants - Tenants do not comply with Crown's requirements resulting in a breach of tenancy agreements and potential exposing Crown to various legal risks	Inappropriate or incorrect behaviour of third parties External events/disruption to supply chain Reliance on individual vendors Poor selection and engagement practices Poor contractual arrangements/documentation Poor ongoing management of the third party relationships.	Adverse media if Crown is associated with a disreputable third party. Business interruption and related financial impact if critical supply item is unable to be supplied (eg playing cards). Business interruption if contractor/service (eg outsourced functions like housekeeping) is unavailable. Customer complaints / loss of customers due to inferior products or experiences. Breach of supply/tenancy agreements. Loss of tenancy revenue (low for Perth).	Major (4) Possible (3)	High	Anti Br ery and Corruption Policy Contract management procedures Incentives for tenants Procurement Policies and Procedures Supplier Due Diligence practices Tenant letting and management procedures (Melb)	Reputation / brand Minor (2) Unlikely (2)	Low	Monitor
		The risk that industrial action is taken by employees impacting on customer service and/or the ability to continue operations in the short term. It could also result in adverse	Disgruntled employees Inappropriate or unfair staff management practices. Unfair dismissals	Customer service may be impacted.	(5) (3)		Business continuity plan Employee communication practices Internal HR / IR specialists	e e (3) (3)		or

DRAFT - MELBOURNE CORPORATE RISK PROFILE - NOVEMBER 2018

18	Industrial Action	med a. This could be caused by poor relationships between Crown and the various unions; disgruntled employees; or in response to specific incidents.	Ineffective union negotiations / collective bargaining Breakdown of relationship with the union Issues relating to the Smoking exemption applying to the Pearl Room Restructuring activities	Short term business interruption. Adverse publicity.	Severe Possible Critical	MoU with United Voice Stakeholder management strategies Transparent and effective HR practices	People Moderate Possible High Mont
19	Unsustainable environmental management	The risk that Crown does not appropriately or effectively manage its impact on the environment resulting in an environmental incident non compliance with Environmental laws and regulations and/or reputation damage. For example a sewage diesel or toxic substance spillage.	Lack of awareness of legislative obligations. Lack of resourcing/systems to manage obligations. Lack of integration of environmental objectives into business operations and practices.	Lack of awareness of legislative obligations. Lack of resourcing/systems to manage obligations. Lack of integration of environmental objectives into business operations and practices.	Moderate (3) Possible (3) High	24/7 Maintenance resource s to manage/contain incidents Board oversight and reporting - Health Safety and Environment sub committee Group sustainab lity manager in place Property based energy manager in palce to monitor and respond Property based environment policy Property based environmental committee	Reputation / Brand Minor (2) Unlikely (2) Low Monitor
20	Aviation accident	The risk that an accident occurs involving either a Crown owned jet or a Crown chartered jet resulting in death or significant injury reputation damage and litigation. Crown currently owns and operates 3 jets and 1 helicopter.	Pilot error External events (eg extreme weather) Technical malfunctions Poor maintenance practices	Sign ficant injury or death (multiple). Brand damage and potential impact on international revenue. Non compliance with aviation standards.	Severe (5) Possible (3) Critical	Preventative maintenance program Ongoing external audit and certification process Individual risk assessment performed by third poarty for every itinerary prior to trip Inhouse pilots and ongoing training and certification Ongoing oversight by internal audit	People Severe (5) Rare (1) Moderate Monitor
21	Data misuse	Accidental or intentional leak of patron or other business sensitive data to individuals or organisations who should not have access and who may use this information maliciously. This may ultimately result in a breach of the Privacy Act and/or significant reputation damage. The focus has increased due to: - New Privacy legislation; - Increased media focus and public expectations following the Facebook/Cambridge Analytics issue; - The increased digitalisation of business and Crown increasingly sharing data with third parties; and A specific risk identified in the Marketing department risk review completed in 2017 regarding the use and communication of patron data genera ly within Crown.	Lack of physical and logical access controls. Cyber attack. Disgruntled employee. Unsecured means of distribution of patron reports. Accidental distribution of patron reports to wrong email addresses (auto email address)	Sign ficant adverse media (eg where gambling activities of high profile individuals are publicised) resulting in loss of visitation and revenue. Non compliance with the Privacy Act with financial penalties. Legal action by affected individuals.	Major (4) Possible (3) High	Ena I monitoring Employee due diligence procedures System access controls training and awareness	Reputation / Brand Major (4) Possible (3) High Reduce DLP and Data Risk management framework IAM project CDW and TM1 project



Crown Melbourne
Agenda Item 5.1: Compliance & Regulatory Update
July – October 2018

1. Compliance Framework Overview

As previously reported, a high level review of the governance frameworks identified the opportunity to operate a group compliance framework.

The implementation of a compliance framework in Crown Melbourne, based largely on the framework currently in Crown Perth, continues to progress. The framework will assist in ensuring consistency in compliance practices within Crown Melbourne and also aims to increase awareness and accountability of compliance obligations.

The framework is consistent with ISO 19600:2015 “Compliance Management Systems – Guidelines”.

2. Compliance Framework Status

The status of the implementation of the compliance framework in Crown Melbourne is as follows.

Business units who have been integrated to the business wide compliance framework to date include:

- | | |
|---|---|
| ▪ AML/CTF | ▪ Hotels |
| ▪ Cage | ▪ Procurement |
| ▪ F&B (3 distinct sections) | ▪ Property Services |
| ▪ Finance | ▪ Responsible Gaming |
| ▪ Gaming Machines | ▪ Security |
| ▪ Gaming Machines Product | ▪ Surveillance |
| ▪ Regulatory and Compliance
(surveys added for deployment in November) | ▪ Table Games |
| ▪ VIP International | ▪ Human Resources (surveys
added for deployment in November) |
| ▪ IT | |

These departments have prepared and are completing monthly compliance surveys and reporting into the Compliance Committee.

Annual Compliance Plans for the above departments have also been drafted and most have been finalised and signed by the Compliance Officers and relevant Executive General Managers/General Managers, with the small number of outstanding plans to be finalised through November 2018.

In addition to the above, a department wide Privacy Survey has been established in CURA (the new system based recording and reporting tool used to support the framework), which will be issued to all departments in November 2018, in line with Perth. In a similar fashion, a department wide Health & Safety CrownSafe compliance survey is in the process of being developed.

Monthly Compliance Committee meetings commenced in February 2018, following the issuance of the first compliance surveys in January 2018. At these meetings, compliance matters reported via compliance surveys are discussed, as well as



general compliance, regulatory and policy matters. Material matters from these meetings are reported on in Section 4 below.

3. Compliance Framework Next Steps

During the next reporting period, it is expected that Annual Compliance Plans and compliance surveys will be finalised for the following departments:

- Gaming Machines Technical (This has been covered in the Gaming Operations survey, however, the plan is for it to be separated out)
- Marketing/PR
- Events and Conferencing
- Legal
- Projects
- Showroom

In addition, the Requirements Register (which prioritises from a compliance perspective all regulatory and legislative requirements) is being reviewed in conjunction with the Risk and Audit Department and will be tabled to this Committee at the next meeting.

Compliance surveys and Annual Compliance Plans for all departments will continue to evolve over time as a result of incidents, the legislative and regulatory environment and changing business practices.

Once all compliance surveys have been established in CURA, a process to phase out Compliance Alerts will commence. This will involve including, where relevant, additional surveys or tasks within CURA.



4. Compliance Issues

The table below presents new and existing alleged material compliance breaches and other relevant issues which occurred during the period. These include breaches or issues identified either by a regulator or as reported internally via compliance surveys or other means.

Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
Cage			
Existing			
June 2018	The VCGLR wrote to Crown on 1 June 2018, seeking footage of a Chip Rotation in the Main Cage on 25 May 2018 – as a VCGLR audit revealed that the log of rotations was not completed on that date. Footage from the day did not show the chips being rotated. The matter has revealed a peculiarity in the interpretation of the word 'rotation' in the context of the Cage – it is not applied as moving chips to the front from the back, but rather as rippling the chips with the staff member's hand in order to see if there are any discrepancies with the chips.	<i>Casino Control Act 1991</i> (Vic) VCGLR	The Cage has been asked by Compliance to ensure the chips are rotated in accordance with the ICS and a submission is being prepared to alter the rotation requirement. We await further contact from the VCGLR.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
Compliance			
New			
November 2018	The VCGLR sent Crown an email on 1 November stating that Crown had not complied with the requirement to file its Annual Financial Report by 31 October 2018.	Casino Agreement VCGLR	The Report was located and Crown contacted the VCGLR to apologise for the oversight. The Report was immediately sent through.
October 2018	On 31 October 2018, the VCGLR emailed Crown requesting a copy of the 2014 notification of a new Junket Operator (David LIM) to update their computer system. On 1 November 2018, Crown responded to the VCGLR by forwarding a copy of the initial notification via email. LIM signed his Agreement on the 24 April 2014, played in May 2014, with Crown notifying the VCGLR on 10 September 2014.	Junket and Premium Player Program (including VIP Telephone Betting and the Introduction of Players) Internal Control Statement VCGLR	Investigations indicate that a former employee appears to have failed to send the Notification in a timely manner.
Existing			
June 2018	The VCGLR wrote to Crown regarding the T&Cs of the 2017 Aussie Millions Poker Tournament. The T&Cs provided that the tournament would be held at the Crown Complex "on the casino gaming floor",	Casino Control Act 1991 (Vic) VCGLR	Crown has replied to the VCGLR's queries – setting out that it was an oversight by Compliance in drafting the T&C's. The employee tasked with amending the T&Cs no longer works at Crown.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	however, Crown held a number of non-cash events off the gaming floor at the Conference Centre.		The VCGLR has advised that there will be no further action on this matter.
Credit Control			
New			
October 2018	On 17 October 2018, the VCGLR wrote to Crown alleging that Crown had written off a debt in excess of \$5M without permission.	Casino Control Act 1991 (Vic) Internal Control Statements VCGLR	The matter arose from a change in the exchange rate between when the write-off document was first signed, to when the final signature was added and it was processed. As of 1 November 2018, Crown has processed an adjustment to correct the bad debt write-off in the GGR Report to align with the amount stated in the Notification submitted to the VCGLR on 26 June 2018 (approx. \$4.9M). Crown has agreed to ensure that the internal approval date, SYCO date and VCGLR notification date, all coincide.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
Gaming Machines			
New			
September 2018	On 27 September 2018, the VCGLR issued Crown with a section 26(1) Notice pursuant to the <i>Casino Control Act 1991</i> (Vic), requesting information pertaining to EGM C8303 operating in continuous play mode (alleged as 'unrestricted mode' in the Notice), when a Your Play card was not inserted.	<i>Casino Control Act 1991</i> (Vic) s 26(1) <i>Gambling Regulation Act 2003</i> (Vic) <i>Victorian Commission for Gambling and Liquor Regulation Act 2011</i> (Vic) Part 4 s 32(3) VCGLR	On 11 October 2018, Crown responded to the Notice. The cause was a wiring fault, which permitted the machine to imitate play in continuous mode if a particular button was held down. As of 1 November 2018, the VCGLR had not provided a determination. A full audit of all like machines has been carried out. An enhancement to the audit and checking procedures has now been implemented. Further, a full audit of <u>all</u> other machines is underway.
Existing			
December 2017	The VCGLR issued a Notice to Show Cause in relation to the blanking button matter involving blanking plates for two weeks on 17 machines. The VCGLR determined Crown required proper regulatory approval. Crown was issued with (and has paid) a \$300,000 fine and a letter of censure. Crown is also required to, within 6 weeks, arrange a meeting with the Commission officers to discuss whether amendments are	<i>Gambling Regulation Act 2003</i> (Vic) <i>Casino Control Act 1991</i> (Vic) VCGLR	Fine of \$300,000 paid. Crown has met with Commission Officers regarding amendments to the ICS to prevent a recurrence. Crown is preparing a submission regarding the ICS to the VCGLR to address this. Crown prepared a presentation on Crown's regulatory framework for Joshua Preston and



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	<p>required to the ICS to prevent a recurrence. This meeting has occurred and proposed wording framed for submission.</p> <p>The second is to present to the Commission within 6 months, on Crown's regulatory framework and the changes that have been made.</p>		Barry Felstead to present at a Commission meeting. However, the VCGLR has since made contact and asked that Crown now provide the update in the form of a written submission to the VCGLR Offices.
April 2018	Allegations of compliance breaches raised by Andrew Wilkie MP relating to the use of Crown issued picks to hold the EGM button down for continuous play and multiple cards issued to patrons. The VCGLR served Crown with a Notice pursuant to s26 asking Crown to provide any authorisations for the picks and requesting answers to questions relating to picks (e.g. when were they made, how many were made etc.).	<p><i>Gambling Regulation Act 2003 (Vic)</i></p> <p>VCGLR</p>	<p>The VCGLR attended Crown and requested cards for a review of the multiple cards allegation which were provided and used for testing.</p> <p>Crown has responded to the s26 Notice including providing the VCGLR Rules for the Game from 1997, which approved the use of the picks.</p> <p>As of 1 November 2018, the VCGLR had not provided a determination on either allegation.</p>
Hotels			
New			
September 2018	A hotel guest disputed the requirement to provide photo ID to be scanned by Crown when he checked into Crown Promenade.	<i>Privacy Act 1988 (Cth)</i>	The Duty Manager at the time allowed the guest to check-in without Crown scanning his ID. The guest then sent an email to Crown querying Crown's check in processes from a privacy perspective and Crown provided the explanation



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
			that it is entitled to scan ID upon check-in in accordance with the Privacy Act.
IT			
New			
Various dates between June, September and October 2018	<p>A former employee (Executive Host – International Business Operations) sent Crown confidential information to his personal email account which included:</p> <ol style="list-style-type: none"> 1. Crown's Standard Operating Procedures for International Business Operations and Mahogany Room Executive Hosts (International); 2. personal information of Crown patrons including scans of identification documents; and 3. other personal information including names and addresses and Key Player status (the Crown Confidential Information). 	<i>Privacy Act 1988 (Cth)</i>	The former employee was contacted and the issues were put to him and he acknowledged them. All copies of the confidential information was deleted, under Crown supervision, from the phone, personal email account and all personal devices. The former employee swore a statutory declaration attesting to the fact of the deletion and further that he had not made any copies of the confidential information.
October 2018	The count for 20 October 2018, which was uploaded on 21 October 2018, failed to push the financial numbers for pits 33 to 99 through to the Master Gaming Report and therefore did not go through to the VCGLR in their daily Tag	VCGLR	The numbers have since been rectified and an investigation is under way as to what caused the failure. The VCGLR was notified and will be informed of the outcome of the investigation.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	report.		
Table Games			
New			
July 2018	A Crown employee mistakenly sent an email to 160 poker customers (email addresses in copy field rather than blind copy field).	<i>Privacy Act 1988 (Cth)</i>	A follow-up email was sent by the Crown employee on the same day identifying the mistake and asking recipients to delete and not refer to the earlier email. No customer complaints were received as a result of this mistake. The matter is closed.
July - October 2018	Ten PINs were issued by Health & Safety representatives.	<i>Occupational Health & Safety Act 2004</i> WorkSafe	All PINs have been referred to WorkSafe.
September 2018	A Poker tournament entry was uploaded and opened on the Crown website prior to the required T&Cs being published on the website.	<i>Casino Control Act</i> VCGLR	The Digital Team had not prioritised the upload. The Digital Team was spoken to about the matter, the T&Cs were then uploaded with urgency and the Poker Team has now implemented a process whereby they will now check the website for the T&Cs before opening tournament entries.
October 2018	Two ATS drop boxes were removed from tables during the drop box run and placed on	Internal Controls	Human error/oversight caused the issue. The drop box run process is currently under review

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Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	the floor whilst an unrelated issue was resolved. The boxes were inadvertently not retrieved and left on the floor for approximately 2 days.	VCGLR	and improvements are being considered. Staff have been reminded as to the importance of being diligent in this process.
November 2018	On 1 November 2018, a small number of gaming tables operated for gaming while being closed in the SYCO system. It is understood that the tables were rolled as per standard procedure from old gaming day to new gaming day via the ATOM unit and appeared to appropriately open on the new gaming day but then some time later reverted back to closed status in SYCO.	<i>Casino Control Act</i> Internal Control Statement VCGLR	The cause of the matter remains unknown and is being investigated. The tables involved are AR0926, TH0716 and AR0907.
Existing			
July 2018	Table Games closed a FATG in SYCO but left half of the terminals operating for approximately 6 hours on the gaming floor. There was no impact to reporting of revenue. The matter was self-reported to the VCGLR on 11 July 2018.	<i>Casino Control Act 1991</i> (Vic) VCGLR	Matter under review by the VCGLR. No further update available.
October 2017	In October 2017, three Provisional Improvement Notices (PINs) were issued alleging breaches of Section 22(1)(a) and (b) of the Act in that there was no ongoing monitoring of health of employees in designated smoking	<i>Occupational Health & Safety Act 2004</i> WorkSafe	Crown will be enhancing its framework with the introduction of employee health medical assessments, for those working in designated smoking areas with an anticipated roll-out date by



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	areas. Crown has advised it consulted with the Health and Safety Representatives (HSRs) and indicated that it would undertake a full review and obtain expert opinion and advice to be completed by 31 March 2018. The HSRs have withdrawn the PINs to await completion of the review. The review has now been completed.		February 2019.
VIP			
New			
July 2018 (Aviation)	A Crown jet was inspected by the UK Safety Assessment of Foreign Aircraft Inspector. The inspection required a remedial action to be undertaken before take-off regarding the security of cabin equipment (tables).	EU Ramp Inspection Programme	A notice was issued to all Crown aircraft employees reminding them of requirement to stow (store) tables during taxi and before take-off and landing of the Crown Jets. The matter is closed.
August 2018 (Aviation)	Crown received an Infringement Notice issued by the Department of Immigration and Border Protection relating to a passenger on a Crown jet who had the wrong passport with him and not the passport against which his Electronic Visa was issued.	<i>Migration Act</i>	Flight attendants are to print the General Declaration form before take-off and check against patron's passports on board the jet. The matter is closed.
August 2018 (VIP Intl)	The VCGLR wrote to Crown seeking an explanation as to why the Commission was not	<i>Casino Control Act 1991 (Vic)</i>	Crown responded advising that our review of the matter indicated that human error was the cause



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
	notified of a new Junket Operator (SUJADI, Adelin) prior to commencing dealings with CML.	Internal Control Statements VCGLR	of the issue. Crown noted to the VCGLR that Mr SUJADI had passed probity checks and was approved to operate at Crown Perth. Crown's Compliance Department and VIP International Department have reviewed the process and made changes to safeguard against a repeat error of this nature. As of 1 November 2018, the VCGLR had not made a determination.
October 2018 (VIP Intl)	On 25 October 2018, the VCGLR wrote to Crown requesting an explanation in relation to the amount of commission paid on an International VIP program. The letter sought an explanation as to why commission was paid for play on Pai Gow, when clause 3 of the Program Agreement provided that it would be paid for play on Baccarat and Roulette only.	Clause 3 of the Terms and Conditions of the Table Games Junket Program Agreement. Internal Control Statement VCGLR	A communication breakdown between VIP Operations and Table Games led to this oversight. VIP Operations and Table Games are working through an appropriate engagement process to ensure this is not repeated. A change will be made to clause 3 of the Agreement, to better clarify the discretion to be applied to the games that attract commission.
Existing			
October 2016 (VIP Intl)	The VCGLR is investigating the detention of 19 Crown employees in China, charged and found guilty of offences relating to the promotion of gambling in the region	<i>Casino Control Act 1991 (Vic)</i> VCGLR	Investigation is in progress.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
<i>Various Departments</i>			
New			
July to October 2018 / Food & Beverage, Events, Crown Services	Five Notifiable Incident (NIs) occurred during the period. All of the NIs were reported to WorkSafe with remediation actions undertaken (where applicable).	<i>Occupational Health & Safety Act 2004</i> WorkSafe	<p>Those requiring action included:</p> <ol style="list-style-type: none"> 1. Two employees received lacerations to fingers. Use of knife and door closing processes were reiterated to employees. 2. A guest speaker fell off a stage during an event. Crown has reiterated that all temporary stages should have handrails and colour contrast tape highlight around the edges of the stage. 3. A wall panel fell whilst moving a room divider in the Conference Centre. All panels were examined and the screens re-affixed. No injury to staff or patrons. 4. A glass shop panel fell near the Baci entrance. Other glass panels were inspected with no issue. No injury to staff or patrons. The cause of the fall was thought to be a water leak within the cavity earlier in the day.



Date of issue / Dept	Description of issue	Relevant legislation/regulation and Regulatory Authority	Remedial Actions / Status
			<p>5. An employee fractured a wrist when running to catch a lift. The area was examined and found no slip/trip hazard evident. It was reiterated to employees not to run within the complex.</p> <p>All matters are closed.</p>



5. Serious Security & Surveillance Matters

	Date Reported	Background: Details of Serious Incident	Comments: Including follow-up action, potential for media interest, litigation, etc.
1.	July 2018	<div></div>	
2.	July 2018		



	Date Reported	Background: Details of Serious Incident	Comments: Including follow-up action, potential for media interest, litigation, etc.
3.	July 2018		
4.	July 2018		
5.	July 2018	<p>ALLEGED MONEY LENDING INCIDENT</p> <p>Security attended the Crown Promenade Hotel Reception in response to a report that a heated dispute was in progress between a male guest and an unknown female. The female stated that the male had taken her mobile phone, and she wanted to retrieve the phone from the male. The female also stated that the male owed her \$1000, which she gave him whilst in the Pit 8 area. The male then confirmed he did borrow \$1000 from the female</p>	<p>The female did not provide identification when asked by Security, and was subsequently required to leave the property.</p> <p>There was no media coverage of this incident.</p>



	Date Reported	Background: Details of Serious Incident	Comments: Including follow-up action, potential for media interest, litigation, etc.
		five days before, and that he paid back \$2000 to her at that time.	
6.	July 2018		
7.	July 2018		
8.	July 2018	<p>ALLEGED MONEY LENDING INCIDENT</p> <p>Security at Pit 8 witnessed an argument between two patrons. One of the males alleged that the other male owed him money that he had loaned him on an earlier date. The other patron denied the alleged loan and stated the male had followed him into</p>	<p>Only one of the male produced identification when requested. This male was peacefully removed from the complex after he threatened to slap the other male.</p>



	Date Reported	Background: Details of Serious Incident	Comments: Including follow-up action, potential for media interest, litigation, etc.
		the casino and attempted to steal money from him.	There was no media coverage of this incident.
9.	August 2018		



Serious Security and Surveillance Statistics¹

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Headcount (Complex)	3,107,452	2,794,112	3,018,065	2,710,653	2,502,195	2,853,373	3,065,943	2,993,650	3,000,094
Serious assaults between patrons involving injuries (Medical Officer Involved)	2	2	3	2	3	0	1	0	2
Assaults between patrons	23	17	21	27	14	35	36	24	35
Assaults on Crown Melbourne employees	3	4	7	5	10	12	5	11	7
Intoxicated patrons refused entry	3,560	4,226	5,048	3,462	4,538	5,056	4,799	4,938	4,937
Intoxicated patrons removed	753	727	1,058	925	929	1,105	1,120	972	1,355
Physical removals	40	29	51	32	44	58	47	41	55
Weapons found on site	1	1	4	3	9	5	4	5	6
Minors on Gaming Floor	5	1	4	5	1	1	5	6	2

¹ Numbers are based on reports received, some are allegations only.

Some are sexual/indecent assault allegations.

Contractors are included for the Assaults on Crown Melbourne Staff.

The three rows for the assault numbers include some overlap.

Some incidents involved Assault of staff and patrons by patrons, and all the incidents counted as serious also counted as assaults between patrons.



6. Regulatory Matters

Section 25 Review

The VCGLR concluded its Sixth review of the Casino Operator and Licence, pursuant to s25 of the *Casino Control Act*, for the period covering 1 July 2013 to 30 June 2018 (the Review was undertaken by a team headed by Robert Chappell (ex-CEO of the South Australian Regulator)) (**VCGLR Report**). The VCGLR Report, with Crown's Response appended, was published on Friday, 3 August 2018.

The VCGLR's Report (as anticipated) had a significant focus on RSG and Crown's Risk, Governance and Compliance processes/frameworks. The VCGLR's Report also covered the outcome of the VCGLR's investigation of the Wilkie allegations, finding that (setting aside the Blanking Button issue) all allegations were unfounded and/or misconceived.

The VCGLR's Report contains 20 Recommendations, which Crown has accepted and is currently working through internally and will in due course engage with the VCGLR. Please see attached as **Attachment 1** – a table detailing the status of Crown's progress and commentary on the recommendations.

China Matter

The VCGLR has not finalised its investigation into the China matter.

The VCGLR further requested a large volume of new documentation (together with requests for documentation that had already been provided), which Crown and Minter Ellison has now provided. On 2 October 2018, the VCGLR wrote to Crown Melbourne regarding the employment of Ms Jane Pan, noting that they are aware of her employment at Crown Perth and requested advance notice of any intention for her to work at Crown Melbourne. Crown responded, acknowledging the VCGLR's request.

Crown has settled with one of the two remaining China based staff. Crown (through MinterEllison) had some initial dialogue with the other remaining China based staff member through her lawyers and is waiting on further information.

Discussions concerning Jason O'Connor's proposed return to work, which remains subject to any required regulatory approvals, are progressing well.

Crown and Minter Ellison continue to be engaged with the VCGLR regarding this investigation.

April/May 2018 Wilkie Allegations

Allegations of compliance breaches were raised by Mr Andrew Wilkie MP relating to the use of Crown issued plastic picks to hold EGM buttons down for continuous play and multiple loyalty cards issued to patrons.



The VCGLR attended Crown and requested (and was provided with) a number of linked Rewards Cards to test the functionality of continuous play and multiple cards. Crown has not received any information or outcome resulting from the testing. Note – the 2007 VCGLR Rules (current set) for the Casino, authorise the playing of up to three gaming machines by a patron at a time.

On 18 July 2018, the VCGLR provided Crown with a Notice pursuant to s26 of the Casino Control Act 1991 (Vic), requiring Crown to provide any authorisations it has in relation to the button picks and a response on a range of other enquiries (including, by way of example: who manufactured the picks; why did Crown produce them; when were they manufactured etc.). Crown responded to the requests, advising the VCGLR that the original 1997 VCGLR Rules for the Casino (which were gazetted) specifically authorised the use of a device for the depressing of a gaming machine button in order to permit continuous gaming – this clause was removed from the Rules in the early 2000s. Crown also responded to each of the VCGLR's enquiries regarding the picks. To date the VCGLR has not provided its response.

It should be noted that Crown had already ceased the practice of issuing picks to patrons earlier in 2018, prior to Wilkie raising the matter. Crown has also taken legal advice on the issues raised by Wilkie.

Poker Tax

The VCGLR claims that Crown is required to pay Gross Gaming Revenue (**GGR**) gaming tax on the entry fee component of poker tournaments held at Crown. Crown has disputed that entry fees are subject to gaming tax, primarily based on:

- For a number of years in times past, the Rules for Poker Tournaments, approved by the VCGLR, specifically provided that GGR did not apply to the entry fee;
- The ATO has declared that the entry fee component is 'not a gambling supply' and is therefore subject to GST;
- The fee does not fit the definition of GGR or gambling, in that there is no possibility of a return from paying the fee as it is not wagered; and
- The VCGLR has determined that poker tournaments where the buy-in is returned to players as prizes which are permitted outside the casino, are not subject to gambling regulation or a casino licence and are not subject to a gaming tax.

The VCGLR has raised the matter periodically over more than 11 years and on 2 May 2018 served Crown with a Notice pursuant to s26 of the Casino Control Act 1991 (Vic) to provide certain data for an assessment to be made. Crown responded to the Notice providing the first of two large tranches of data covering 2014 to 2018.

A second tranche of data, covering the period 2010 to 2014 was subsequently provided and Crown advised the VCGLR that no further data was available for the



years preceding 2010, as it had either been destroyed and/or it is now unreadable, as Crown no longer had the historic systems required to read it (note that Crown is only required by the Casino Control Act to keep data going back 7 years (8 years of data was provided)).

On 6 September 2018, the VCGLR again wrote to Crown querying the circumstances of the destroyed and unreadable data. In preparing the response to this letter, further detail was sought from the IT Department and an experienced employee who had recently returned to the relevant IT team was able to write code to extract further data going back to 2003. Crown subsequently wrote to the VCGLR explaining that further data had become available and that data was provided. Crown has not yet received a response to these letters.

If Crown is required to pay the gaming tax, the quantum to date is estimated at approximately \$9 million.

EGM Continuous Play

On 27 September 2018, the VCGLR served Crown with a Notice pursuant to s26 of the *Casino Control Act 1991* (Vic) to answer questions and provide data concerning EGM C8308, which the VCGLR allege was identified by Government Inspectors as operating in 'Unrestricted Mode', without YourPlay functionality activated. Crown investigated the machine with its Approved Testing Facility (ATF) (BMM) and the machine's manufacturer (IGT). It was identified that the machine was not actually operating in unrestricted mode, however, it had a wiring fault, which meant that when a particular button was held down, it performed as if continuous play was in operation. It should be noted that s62AB of the Casino Control Act 1991 (Vic) provides:

(2) A casino operator must not allow a game to be played on a gaming machine unless each spin can be initiated only by a distinct and separate activation of the machine by the player (whether by pushing a play button, touching the screen or otherwise).

Crown responded to the Notice, advising that it was as a result of a machine hardware fault and also provided a copy of the manufacturer's report into the machine. The VCGLR has not provided a response to date.

As a result of this issue, various audits and reviews of similar machines were undertaken.

Approval of International Bank Accounts

On 12 September 2018, the VCGLR wrote to Crown to formally refuse Crown's submission for approval to operate a bank account (ABS Bank Ltd) dated 8 November 2017. The refusal was based on the VCGLR's determination that transactions arising from the use of an international bank account are not considered transactions arising under s123 of the Casino Control Act. As such, approval is not required. Interpretation regarding whether international bank accounts require approval has varied over the years as the legislative clause contains some ambiguity.



The refusal of the submission has created some certainty for future submissions.

Debt Write-Off

On 17 October 2018, the VCGLR wrote to Crown alleging that Crown had written off a debt in excess of \$5M without permission. The VCGLR noted that the 11 day delay before the adjustment, permitted a currency rate change which caused the write-off value to exceed the AUD5M limit as set out in the Cheque Cashing and Credit Facilities (Incorporating Debt Collection and the Discharge of Patron Debts) ICS. As of 1 November 2018, Crown has processed an adjustment to correct the bad debt write-off in the GGR report to align with the amount stated in the Notification submitted to the VCGLR on 26 June 2018 (AUD4.9M).

Crown has agreed to ensure that the internal approval date, SYCO date and VCGLR notification date all coincide.

7. Legislative Update

Proposal to Restrict Cash Transactions

The Federal Treasury Department issued a paper titled "Introducing an Economy-Wide Cash Payment Limit; Government Response to the Black Economy Taskforce Final Report" dated 23 May 2018 inviting submissions from the public (which were due by 24 June 2018).

Included in the resulting report is a proposal to restrict cash transactions for goods and services to under \$10,000, to address its concerns around the black economy. All transactions over \$10,000 are proposed to be by electronic transfer only.

Crown prepared a joint submission with The Star Group and Sky City to the Treasury Department seeking an exemption to the \$10,000 proposal on the basis they are already major reporters (with the banks and payment providers who are to be exempt) to AUSTRAC. To date, the Treasury Department has not provided its response.

Liquor and Gambling Legislation Amendment Bill 2018

The *Liquor and Gambling Legislation Amendment Bill 2018* commenced operation on 11 October 2018. The Bill amended:

- the ***Liquor Control Reform Act 1998*** as follows in respect to relevance to Crown:
 1. From 13 September 2018, Crown is no longer permitted to supply liquor to persons under 18 years of age (minors). Previously minors could consume alcohol if they were with a parent or legal guardian (who ordered the alcohol) and the minor was partaking of a meal. All Crown outlets, managers and front line staff have been briefed on the



change and outlet procedures and training have been updated to accommodate the change;

2. The requirement to maintain a Responsible Service of Alcohol register has been abolished. Licensees (Crown) are now required to retain a copy of the most up to date RSA certificate for each employee serving alcohol. Crown will continue to maintain its existing RSA Register as it also used for notifying employees that their RSA refresher is due. Crown requires the RSA refresher to be undertaken every two years (c.f. the mandatory three years under the Liquor Act). Crown's policy is that any person serving alcohol must have an up to date RSA refresher prior to being rostered on to shift. For contractors provided to Crown by labour hire companies to work on site, it is a condition of those agreements that up to date RSA certificates/refresher certificates must be provided prior to being permitted to work at Crown; and
 3. For Restaurant and Café Liquor Licence holders (Crown has three, Nobu , Mr Hive and Gradi) it is now permitted, at the discretion of licensee, for patrons to take away any unconsumed alcohol supplied during a meal. Crown has taken the view that, despite the change in the law, it will not exercise its discretion to permit this practice in those outlets; and
- the ***Gambling Regulation Act 2003*** as follows in respect to relevance to Crown. There is no longer a requirement to provide a Player Activity Statement to a patron who is inactive, that is, who has not had any recorded gaming machine activity for 12 months or more. This reduces the regulatory burden of providing the Statement to persons not currently engaged with the business and in consequence of the change, there is no requirement to suspend or cancel a player's membership in the loyalty scheme if they fail to view their statement each year, where they have not had any activity on gaming machines during the preceding 12 months.



Section 25 – Recommendations Table At 9 November 2018

Agenda Item 5.2

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p><u>Recommendation 1</u></p> <p>The VCGLR recommends that, by 1 January 2019, Crown develop, and submit to the VCGLR for approval, a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino. Particular consideration should be given to -</p> <ul style="list-style-type: none"> • formulating a charter for the Crown Melbourne board • fully documenting, for visibility to the VCGLR, the reporting and decision-making relationships between all of the boards, committees and executive meetings with responsibility for, or oversight of, Melbourne Casino functions, and • elevation of governance to the group board and committees. <p>The submission should identify any changes to regulatory frameworks and how these will be addressed.</p>	<p>Recommendation Accepted</p> <p>Crown will, in conjunction with its parent company, review its governance framework, taking into account the matters recommended by the Commission for consideration. A new framework for reporting has already been designed and is being worked through. Crown will continue to review its corporate structure moving forward with any proposed changes brought to the attention of the Commission.</p> <p>We also note that the current Crown Melbourne Framework has been considered by the Commission in times past, with some of the current structures in place as a result of regulatory obligations.</p>	<ul style="list-style-type: none"> • A Constitution, Charter and Change Program Submission have been prepared by MM and are currently under internal review • Next Step - MM/JP to meet with Scott May of the VCGLR to discuss submission 	1 January 2019	No
<p><u>Recommendation 2</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown undertake a review of the required qualifications for committee chairs set out in the charters, and ensure that the appointees' actual qualifications match.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> • 05/09/2018 Ms Korsanos appointed to the Crown Melbourne Board and to the position of Chair of the Board Audit Committee • 11/09/2018 Notification sent to the VCGLR confirming that Ms Korsanos was appointed to the Crown Melbourne Board and to the Chair of the Board Audit Committee. Further, the VCGLR was notified that Ms Danziger had resigned from the Board Audit Committee but remains a member of the Crown Melbourne Board 	1 July 2019	No

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Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
		<ul style="list-style-type: none"> Next step – write a letter to the VCGLR confirming that the review has been completed, required by Recommendation 2 		
<p><u>Recommendation 3</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown assess the robustness and effectiveness of its risk framework and systems, including reporting lines in the chain of command, and upgrade them where required. This assessment should be assisted by external advice.</p>	<p>Recommendation Accepted</p> <p>It should be noted that the risk framework has already been reviewed and an enhanced framework is currently being implemented, which is supported by an IT based reporting, recording and management framework.</p> <p>Also, a Group General Manager – Risk and Audit was appointed in 2017 to oversee the group function of risk and audit. Additional resources have also been committed to support the enhanced framework.</p>	<ul style="list-style-type: none"> Group GM R&A developing enhanced risk framework New “Risk Appetite” to go to Crown Resorts Limited Risk Committee for review and then to Crown Resorts Limited, Crown Melbourne Limited and Burswood Nominees Limited Boards for approval External party to review the risk framework 	1 July 2019	No
<p><u>Recommendation 4</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review of internal controls to ensure that Crown's regulatory and compliance department is aware of all projects and works in progress for which regulatory approvals might be relevant.</p>	<p>Recommendation Accepted</p> <p>In this respect, a new business-wide compliance framework has been designed and the roll out has commenced across the business. Further a new process has been implemented to address any proposed changes to the regulatory environment.</p>	<ul style="list-style-type: none"> Introduce new questions into the Compliance Framework, to ensure the ongoing obligation Gaming Initiatives Form is operational as the core of satisfying this recommendation Review Internal Controls 	1 July 2019	No
<p><u>Recommendation 5</u></p> <p>The VCGLR recommends that Crown convene annual roundtable sessions briefing key internal staff on the VCGLR's risk-based approach to regulation, with a particular focus on how that approach relies on the integrity of Crown's internal processes.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> Recommendation was discussed at the 25 September 2018 VCGLR Executive Meeting (Crown and VCGLR Senior Management) 31 October 2018 - The VCGLR provided Crown with a print-out of its 2014 Regulatory Approach document Brief to be provided to Management's Executive Risk and Compliance Committee on the VCGLR's risk-based approach and its impact on Crown and its processes 	Annual, ongoing.	No
<p><u>Recommendation 6</u></p> <p>The VCGLR recommends that, by 1 January 2020, Crown Melbourne review its allocation of staffing resources to increase the number of work hours actually available to responsible gambling and</p>	<p>Recommendation Accepted</p> <p>Crown has already commenced the process of employing an additional five Responsible Gaming staff members. Additionally, there will be a review of training for gaming and other related staff</p>	<ul style="list-style-type: none"> Recruitment of 5 extra RGLOs completed, full complement of 12 RGLOs now achieved Roster reviewed to now accommodate increased resources 	1 January 2020	In progress No

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
intervention with patrons. This might be achieved by training more gaming staff to undertake assessments and then approach patrons identified as at risk, without the need to contact a RGLO. However, this will only be effective if those staff have sufficient time aside from their gaming duties.		<ul style="list-style-type: none"> Review concept of additional gaming staff assistance Salesforce being reviewed for efficacy and ability to connect with existing recording databases. This tool still requires data entry via desktop as the App facility allows for thread conversations only. An App based recording tool is being investigated with IT as part of Splunk Play Period reporting Directional signage reviewed with Projects, proposal to be written Initiative to establish a Responsible Gambling Advisory Panel comprising external experts to work with Crown on RG matters Letter inviting Prof. Alex Blaszczyński (AB) to chair the Panel sent to AB AB met with Prof. John Horvath, Barry Felstead and Sonja Bauer 24 October 2018, awaiting formal response to invite Following formal response from AB, process relevant documentation, appointment of further Panel Members and settle first tasks of the Panel Work with HR on project for PD and PEP reviews across CML 		
<u>Recommendation 7</u> The VCGLR further recommends that Crown Melbourne use observable signs in conjunction with other harm minimisation measures such as data analytics to identify patrons at risk of being harmed from gambling.	Recommendation Accepted A new data analytics trial has commenced in relation to carded players.	<ul style="list-style-type: none"> Crown Model Trial commenced 25 June 2018 Operational procedures developed First operational catch up meeting 25 July 2018 (SB/LP/KH) Refinement of Model continuing, option to trial a refined version VCGLR to be updated on the initial progress at the VCGLR/Crown Licence Management Meeting on 25 September 2018 	Ongoing	No

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
		<ul style="list-style-type: none"> Evaluation framework document commenced Awaiting clarification from VCGLR as to expectations for this Recommendation, following meeting on 31 October 2018 'Focal' presentation to the CRL RG Board Committee arranged for 15 November 2018 to consider an external provider of a data analytics product 		
<p>Recommendation 8</p> <p>The VCGLR recommends that Crown Melbourne proceed with development and implementation of comprehensive data analytics tools for all patrons, to proactively identify for intervention patrons at risk of harm from gambling. These tools would utilise both historical data (with parameters developed from the second player model), and real-time monitoring of play periods. Crown Melbourne should look to models in other jurisdictions, and consult with external data analytics experts, with a view to implementing world-class, proactive approaches with real-time (or near-real time) operational effectiveness. In particular—</p> <p>(a) for carded play (that is, player activity which can be systematically tracked), Crown Melbourne will have in operation a comprehensive real-time player data analytics tool by 1 January 2020, and</p> <p>(b) for uncarded play (that is, all other player activity), Crown Melbourne will, by 1 January 2019, commence a comprehensive study of all the practical options for a real time player data analytics tool, with a view to reporting in detail (including legal, technical and methodological issues) to the VCGLR by 1 January 2020 and the tool being in operation by 1 July 2022.</p>	<p>Recommendation Accepted</p> <p>As referenced above, Crown has commenced a data analytics trial in relation to carded players.</p> <p>Further, work will be undertaken on systems to explore and implement real-time concepts by 1 January 2020.</p> <p>Crown also supports reviewing the extent to which further data analytics tools might enhance the framework into the future. In this respect, the use and reliability of data from uncarded play is new ground for the land based gaming industry which is not yet supported by reliable research and evidence.</p> <p>Crown will commit to carrying out a study of the options available and assess and analyse the research and expert evidence available with a view to exploring appropriate tools and options available to it for uncarded play.</p>	<ul style="list-style-type: none"> Crown Model trial commenced 25 June 2018 Cross Property design, with further improvements identified Consideration of Dacom development as a tool for uncarded play monitoring for EGMs Splunk Play Period for Carded Play development continuing and UAT commenced in November 2018 Discuss uncarded play for EGMs with Focal when they visit to present to CRL RG Committee 	<p>Recommendation 8(a) 1 January 2020</p> <p>Recommendation 8(b) Commence study by 1 January 2019 Report to the VCGLR by 1 January 2020 Commence operation by 1 July 2022</p>	No

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p><u>Recommendation 9</u></p> <p>The VCGLR recommends that Crown Melbourne arrange, at its expense, for an independent assessment of the real-time player data analytics tool for carded play (see Recommendation 8(a)), to be completed 12 months after implementation of the tool. The independent assessment is to be undertaken by a person approved by the VCGLR, after consultation with Crown.</p>	Recommendation Accepted	<ul style="list-style-type: none"> To be considered in relation to Recommendation 8 a) in due course 	1 July 2023	No
<p><u>Recommendation 10</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne undertake a comprehensive review of its policy for the making and revocation of voluntary exclusion orders under section 72(2A) of the <i>Casino Control Act</i>. The comprehensive review should be undertaken in conjunction with the VCGLR, VRGF and other relevant external stakeholders. The review should be undertaken with a view to implementing policies that facilitate:</p> <ul style="list-style-type: none"> Crown Melbourne issuing short term exclusion orders for 3, 6, 12 or 24 months under section 72 of the <i>Casino Control Act</i>, considering the specific circumstances of the person and their preferred time period for exclusion, and conditional on the person undertaking to comply with the order and with other matters (such as obtaining treatment), and Crown Melbourne reviewing voluntary exclusion orders which are more than 10 years old to consider whether the continued operation of these orders serves a useful purpose, with a view to retaining only those orders that are beneficial to the persons who are subject to them, and can be adequately enforced. The VCGLR further recommends that the review of such orders occurs in an orderly 	Recommendation Accepted	<ul style="list-style-type: none"> Literature review briefed to TO 10 August 2018 Initial discussions with VRGF in relation to a working group Discussion with VCGLR at quarterly meeting 25 September 2018 Meeting with VRGF and VCGLR to be arranged Develop other short term exclusions in line with the current three month Time Out Program, which will be discussed at the next VCGLR/VRGF meeting Obtain advices on revocation process from the Panel Literature review commenced, expected to be finished by end November 	1 July 2019	No

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
manner between 1 July 2019 and 30 June 2020.				
<p><u>Recommendation 11</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne develop and implement a policy and procedure to facilitate Crown Melbourne issuing involuntary exclusion orders under section 72(1) of the <i>Casino Control Act</i> at the request of family members and friends in appropriate cases. The policy and procedure should be developed in conjunction with the VCGLR, VRGF and other external stakeholders. Crown Melbourne should include information about this option in all its responsible gambling publications, website and regularly provide information to relevant stakeholders, such as Gambler's Help and other similar organisations, about this option.</p>	Recommendation Accepted	<ul style="list-style-type: none"> • CP TPAPP obtained and adjusted for CML • Initial discussions with VRGF in relation to a working group • Discussion with VCGLR at quarterly meeting 25 September 2018 • VCGLR requested at meeting held on 31 October 2018, that future meetings be held with both the VCGLR and VRGF together • Meeting to be arranged with VRGF and VCGLR • Obtain advices from Panel 	1 July 2019	No
<p><u>Recommendation 12</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne expand facial recognition technology to cameras on all entrances to the casino and that Crown Melbourne provide written updates on a quarterly basis on its effectiveness to the VCGLR.</p>	<p>Recommendation Accepted</p> <p>Crown notes that it has already expanded its facial recognition capabilities and proposes to continue to do so in FY20.</p>	<ul style="list-style-type: none"> • Facial recognition cameras are now operating on all entrances to the casino • Smart phones to receive the images at the entry points are in trial mode and will go to 25 smart phones in use within the month • Project to expand facial recognition beyond the recommendation, with up to 50 cameras covering the perimeter of the property has commenced and is expected to be completed by the end of the calendar year • Compliance framework updated to include reference to ensure quarterly reporting • Write to the VCGLR confirming completion of the Recommendation 	1 July 2019 (and ongoing quarterly reports)	Yes (but noting ongoing quarterly reports)

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<u>Recommendation 13</u> The VCGLR recommends that, as part of developing a new responsible gambling strategy, by 1 July 2019, Crown Melbourne rebrand or refresh its responsible gambling messaging and publish new responsible gambling messages throughout the casino, in all Crown Melbourne publications, including online and social media platforms.	Recommendation Accepted	<ul style="list-style-type: none"> Commenced mapping of current RG Framework July 2018 Confirm date with participants, agenda and pre-work Signage meeting established Drafts of new logo developed Look and feel of all collateral to be the same across Australian Resorts 	July 2019	No
<u>Recommendation 14</u> The VCGLR recommends that, by 1 July 2019, Crown Melbourne develop and implement a responsible gambling strategy focusing on the minimisation of gambling related harm to persons attending the casino. The strategy should address: (a) early proactive intervention initiatives	Recommendation Accepted	<ul style="list-style-type: none"> See Rec 8 Additional resources now added to RGLO team Crown Trial follow up conversations occurring RG Strategy day with Crown Melbourne and Crown Perth leadership team and external facilitator held 17 October 2018 Representatives from the CRL RG Committee and Australian Resorts Executive reviewed first draft of RG Strategy on 26 October 2018. A further draft is to be circulated for review in due course. SB to discuss "gaming" vs "gambling" terminology with AB At meeting with VCGLR on 31 October 2018, VCGLR committed to providing further clarification for each element raised in the recommendation 	July 2019	No
(b) player data analytics		<ul style="list-style-type: none"> See Rec 7 and 8, work commenced 		
(c) proactive engagement with pre-commitment				
(d) intervening with local players with continuous play based on shorter timeframes		<ul style="list-style-type: none"> See Rec 7 and 8, work commenced 		

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
which are more reflective of responsible gambling				
(e) the role of all staff in minimising harm		<ul style="list-style-type: none"> • RG Strategy day to define harm definition • HR Manager appointed to project manage PD and PEP updates for all staff • In lead up to GHAW initial roll out of simplified messaging 		
(f) the effective use and monitoring of exclusion orders				
(g) internal reporting arrangements				
(h) integrating responsible gambling into proposals for trialing or introduction of new products and equipment		<ul style="list-style-type: none"> • Gaming Initiatives Form process implemented April 2018 		
(i) performance measures to assess the performance of the RGLOs, RGSC and casino staff in relation to harm minimisation		<ul style="list-style-type: none"> • Work commenced for casino staff April 2018, to be revisited in light of this recommendation • HR Manager appointed to project manage PD and PEP updates for all staff 		
(j) the roles of the Crown Resorts Responsible Gambling Committee and the Responsible Gambling Management Committee in driving harm prevention strategies based on world's best practice				
(k) the objectives of the RGSC in relation to minimising harm to patrons, and				

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
(l) the responsible service of gambling as a fundamental core business consideration when making strategic decisions regarding casino operations.				
<p>Recommendation 15</p> <p>The VCGLR recommends that, within three months of implementing the new responsible gambling strategy (Recommendation 14), there is regular reporting to the Crown Resorts Responsible Gambling Committee for it to maintain oversight of Crown Melbourne's harm minimisation strategy for responsible gambling. Regular reports every two months should include numbers and types of interventions and other harm minimisation activities of RGSC and other staff, details of the number and nature of referrals to external service providers, exclusion orders, breaches, revocation and appeals, as well as results from player data analytics and other initiatives to minimise gambling related harm. These reports should also be made available to the VCGLR for monitoring purposes. (The VCGLR intends to share this information, as appropriate, with the VRGF).</p>	Recommendation Accepted	<ul style="list-style-type: none"> Work will commence following RG Strategy day and further work on reporting dashboard JP/MM to meet with Scott May regarding confidentiality arrangements with VCGLR and VRGF related to the provision of documentation and information on RG matters. Ideally require an arrangement directly with the VRGF Dashboard reporting example prepared and is now being refined 	1 October 2019	No
<p>Recommendation 16</p> <p>The VCGLR recommends that within three months of implementing the strategy, a charter is developed for the Crown Melbourne Responsible Gambling Management Committee (staff committee) which includes reference to the role and responsibility of driving a harm minimisation culture.</p>	Recommendation Accepted	<ul style="list-style-type: none"> Consider CP structure for the CML RGMC 	1 October 2019	No

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p>Recommendation 17</p> <p>The VCGLR recommends that, by 1 July 2019, Crown undertake a robust review (with external assistance) of relevant internal control statements, including input from AUSTRAC, to ensure that anti-money laundering risks are appropriately addressed.</p>	Recommendation Accepted	<ul style="list-style-type: none"> Meet internally to discuss and scope 'external assistance' and prepare steps forward Initial discussions with AUSTRAC to understand its position regarding this recommendation 31/10/2018 – Meeting with VCGLR, Jason Cremona detailed that for this Recommendation to be closed, Crown must alter its Junket ICS to show process for every junket player's front money and buy-in to be individually identified. Further confirmed that REDACTED – SECRET INFORMATION 	1 July 2019	No
<p>Recommendation 18</p> <p>The VCGLR recommends, in all future submissions by Crown Melbourne to the VCGLR for approvals under the <i>Casino Control Act</i> or <i>Gambling Regulation Act</i>, that Crown document:</p> <ul style="list-style-type: none"> the purpose obligations under relevant provisions of legislation, the Transaction Documents, and existing approvals what changes the grant of the approval would make to products, rules and procedures, etc risks associated with the approval and how they will be treated how responsible gambling considerations have been taken into account in the process and the measures Crown will implement to mitigate the risk of gambling related harm, and <p>which areas of Crown will be responsible for managing implementation.</p>	Recommendation Accepted	<ul style="list-style-type: none"> A template for submissions has been created and a first submission prepared in enhanced format 	Immediate effect	No

Section 25 – Timeline – Implementation of Recommendations

Recommendation	Crown's Response	Proposed Action/Progress Update	Target/Action Dates	Completed Yes/No
<p><u>Recommendation 19</u></p> <p>The VCGLR recommends that, by 1 July 2019, Crown Melbourne implement a policy to make an exclusion order under section 72 of the <i>Casino Control Act</i> in appropriate cases where a person has engaged in significant unacceptable conduct in the casino or is the subject of serious criminal charges.</p>	<p>Recommendation Accepted</p> <p>Crown notes that it has had a policy in place to issue Exclusion Orders for unacceptable behaviour for over ten years and does issue Exclusion Orders for this purpose in appropriate circumstances. Crown also notes that it issues withdrawal of licence notices to persons in appropriate circumstances, as it is entitled to do as a common law right, as those notices cover broader areas of the Crown property than the more limited area covered by Exclusion Orders.</p>	<ul style="list-style-type: none"> Existing 'Unacceptable Behaviour' policy statement has been reviewed and amended to strengthen the use of exclusion orders either instead of or as well as withdrawal of licences (in appropriate cases) Amended policy is with management for review 	1 July 2019	No
<p><u>Recommendation 20</u></p> <p>The VCGLR recommends that, between November 2019 and March 2020, VCGLR Commissioners and directors of the Crown Resorts board meet to review the implementation of the recommendations set out in this report.</p>	<p>Recommendation Accepted</p>	<ul style="list-style-type: none"> To be actioned in due course 	Between November 2019 and March 2020	No



Crown Melbourne
Agenda Item 6: Litigation Report
July – October 2018

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



ANNEXURE A – DEBTORS

Local Debtors

Patron details	Amount Owing	Last Receipt	History Summary	Progress Since Last Report
		-	None currently the subject of litigation.	

Interstate Debtors

Patron details	Amount Owing	Last Receipt	History Summary	Progress Since Last Report
		-	None currently the subject of litigation.	

International Debtors

Patron details	Amount Owing	Last Receipt	History Summary	Progress Since Last Report
Huang Guo Hui	\$1,268,019 (Crown Melbourne) \$342,361 (Crown Perth)		Proceedings listed in Macau. Patron disputing the debt.	Hearing listed for 22 January 2019.



Crown Melbourne
Agenda Item 7: AML/CTF Update
July – October 2018

1. AUSTRAC

(a) AUSTRAC Compliance Assessments - Closed

As foreshadowed at our July meeting, in closing its two assessments of 2017 and 2018, AUSTRAC identified, and Crown Melbourne accepted, a number of recommendations in respect of its AML Program and framework.

Crown Melbourne is currently working through implementing each of the recommendations from the EGMs Assessment.

AUSTRAC has requested that we keep it abreast of any material changes to our Transaction Monitoring Program (TMP) as a result of the work currently underway by the specially-created project team on automation opportunities, as well as the results of the independent review that we will have conducted on our TMP - at AUSTRAC's recommendation - in advance of the contemplated joint AML Program for Crown Perth and Crown Melbourne.

An update on the progress of the project team is provided at section 7(a) below. An independent expert is scheduled to review Crown's TMP in mid-December 2018.

REDACTED – SECRET INFORMATION

(c) FinTel Alliance

We have had no further correspondence with AUSTRAC on this matter. We understand from discussions with some of our peers that these invitations may be pending for a number of industry participants. We have requested an update from AUSTRAC's Deputy CEO, Regulation & Strategy.

2. AUSTRAC Reporting

(a) Reporting Statistics (January 2018 – October 2018)

The following table reflects the number of Threshold Transaction Reports (TTRs), Suspicious Matter Reports (SMRs) and International Funds Transfer Instructions (IFTIs) reported to AUSTRAC since 1 January 2018:

Month	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	CY YTD Total
TTRs	3,607	3,798	3,715	3,235	3,360	3,240	3,217	3,362	3,275	3,622	34,431
SMRs	257	206	229	182	194	174	200	241	112	211	2,006
IFTIs	192	170	130	65	95	90	117	217	87	96	1,259

In respect of Crown Melbourne's AUSTRAC reporting obligations:

- Crown has implemented the "Gate" to check TTRs as foreshadowed at our last meeting. This Gate assists Crown to detect and correct errors identified in its



TTRs, in advance of uploading the reports to AUSTRAC. Whilst the Gate has proven useful in detecting errors in reports (including identifying incorrect address details), it does not have the capability of identifying input errors by staff when checking against a customer's ID. Consequently, the ongoing focus by the business on data accuracy and properly verifying the information input in our system against the Primary ID remains critical;

- a similar Gate has been prepared for IFTIs, and is pending release;
- the AML Team continues its verification review of IFTIs;
- any IT change impacting AML continues to be escalated for the approval of the Group General Manager – AML and the CIO; and
- the assurance process in respect of AUSTRAC reporting (the end-to-end review) has completed for IFTIs (with recommendations raised and being actioned), with the TTR review to commence this month.

(b) Joint Program

As previously noted, we continue to progress the development of the Joint AML/CTF Program for Perth and Melbourne. The Joint Program will also include Crown Sydney in due course. The proposed Joint Program will be independently reviewed by Minter Ellison in December and January prior to seeking its adoption in February 2019 subject to receiving the necessary internal approvals. AUSTRAC is supportive of the Joint Program initiative.

(c) General AUSTRAC relationship

As noted previously, we continue to work closely with AUSTRAC to address our obligations as a reporting entity and to provide AUSTRAC with any information it requires on the operations of our business. To that end, Crown Melbourne is scheduled to host AUSTRAC senior management on 22 November 2018 for a site tour and presentation on our International VIP Business.

3. Customer Identification

(a) Card Play Extra

The EGMs Team continues its work on enabling Card Play Extra (**CPE**) on authorised Crown Rewards accounts, with the view to enabling upwards of 40,000 Crown Rewards customers with the CPE functionality (the ability to deposit or withdraw funds to a betting account).

The Committee may recall that, as the CPE functionality is a designated service for the purposes of the AML/CTF Act (**Act**), the EGMs team has been proactively checking that CPE accounts are enabled only where 'Appropriate ID' has been provided by the customer, in accordance with the Act and with our AML/CTF Program.

The Regulatory & Compliance Department continues to conduct spot audits on compliance with this ID requirement. These audits are run on a regular basis

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(generally, monthly) with the results provided to the EGMs Team for appropriate actioning and reporting. The last audit, referable to the month of August 2018, indicated that the process outlined above is being implemented by the EGMs Team and that, if the required ID is not captured, no designated service is provided.

The EGMs Team is utilising SPLUNK (the same tool that the AML team anticipates will assist us in our TMP) to assist it in identifying any unauthorised activation of CPE from the gaming floor – that is, without manager approval. In this respect, a review is conducted by EGM management at the end of each day and a list of non-compliances that are identified is sent to the EGMs Area Managers / Operations Managers. Remedial training is provided to those staff members who have failed to follow process, and a note is put against the file for the relevant staff member.

(b) Other Projects

A number of projects are currently afoot to address, amongst other matters:

- the aggregation of customers for RSG and Security into the one customer database LUI from the existing SYCO and LUI, which includes a focus on ensuring that customer duplication is addressed;
- the enhancement of the premium customer offering across both Crown properties, commencing with the Deposit Account (DAB) (eg streamlining the customer experience across Melbourne and Perth by removing the requirement for the customer to sign two forms); and
- ‘merge and close’, to address where a customer may have more than one Crown Rewards membership.

A number of these projects touch upon our obligation to identify and “know our customers” in advance of providing particular services.

Where a proposal touches upon an AML matter, the business is raising these matters to the attention of the AML Team for its input in advance of any service roll-out or IT change.

In addition, the AML Team continues to raise awareness with the operational teams to encourage them to raise queries or questions on what might constitute the required identification or “Appropriate ID” for the verification stage of our know your customer processes.

4. Customer Due Diligence

(a) Sanctions and PEP screening project

As previously outlined, each of Crown Melbourne and Crown Perth presently screen ‘active customers’ (that is, individuals that have been identified and have been active in SYCO) through software provider Fircosoft against the World Check database (a product of Thomson Reuters).



Following the last meeting of the ERCC and an extensive RFP facilitated by the Procurement Team, Crown appointed Dow Jones as the successful tenderer.

As part of its offering, Dow Jones has opened up its search functionality to screen against watch lists and media to the broader Crown group free of charge. Crown and Dow Jones are working towards finalising the contractual terms and conducting an orderly transition from the incumbent provider to Dow Jones on and from 1 December 2018.

Notably, this Dow Jones service is broader than the incumbent offering in that it facilitates the screening by Crown of its vendors and relevant counterparties for third party due diligence purposes (e.g. modern slavery, sanctions, and material adverse media, amongst other things).

(b) AML/CTF Patron Risk Register

Crown Melbourne presently retains a risk register on each of its customers in its SYCO system, with further detail held by the AML Team.

A project is presently underway to investigate moving Crown's existing risk information into CURA, replicating the approach undertaken successfully by Crown Perth. This project is ongoing.

5. Existing Designated Services

Following the completion of the review of the risk management framework by the Group General Manager – Risk & Audit, the Group General Manager – AML, with the support of the Risk & Audit team, is now updating the AML Designated Services Risk Register in a consistent fashion for its inclusion in the Joint Program.

6. New Designated Services (or new methods of delivery of existing)

Where new services are introduced (or where a designated service is now delivered differently), the AML Team has conducted a ML/TF risk assessment where appropriate, for appending to the Gaming Initiative Approval Form (**Approval Form**).

A number of Approval Forms have been considered and approved by the AML Team following the last meeting of the ERCC, including in respect of:

- a proposal to allow for the depositing and withdrawal of funds to a customer's CPE account (with a transaction cap of \$2,000), provided that the customer has provided Crown with Appropriate ID in advance of any such transaction;
- proposed new ETG and EGM game offerings;
- a change to earn rates for Crown Rewards; and
- a proposal to introduce a "business class" ETG offering (being semi-private spaces on the gaming floor for premium ETG customers).



7. IT Matters

(a) AML Sentinel Project

Earlier this year Crown established an internal team comprised of AML and IT experienced staff to consider and investigate automation options available to Crown Melbourne and Crown Perth. The team has, to date, undertaken:

- a consideration of the existing technical capabilities available to Crown (including existing software and technology) and whether those resources can be utilised for AML transaction monitoring (and if so, how). This consideration has identified that a current vendor, SPLUNK, may have the capacity to meet Crown's requirements and ongoing investigations are occurring in respect thereof. SPLUNK is an engine that ingests data and facilitates the use of internally generated 'rules' to run over that data, generating alerts for actioning;
- a consideration of what data is held by Crown, how it is held, where it is held and whether it is live / semi-live or otherwise delayed; and
- what options for automation are available in the market including other service providers, in respect of how data can be viewed, and how we record and report the flow on actions conducted by the team. These discussions are ongoing.

The purpose of this project has been to determine automation opportunities available to Crown to assist with reporting and identifying appropriate AML related issues and to more efficiently implement, record and report the existing TMP, as well as other business rules referable to identified ML/TF risks from time to time.

The Project Team expects to be in a position to present to the ERCC or members thereof on the contemplated updates to the TMP from 1 January 2019 by late November/early December 2018.

(b) Issues arising following the implementation of LUI in December 2016

As previously reported, since the implementation of LUI in December 2016, a number of matters have been identified that have, or can potentially have, an impact on the manner in which Crown Melbourne meets its AML reporting requirements.

The identified issues have been reported to IT, with the AML and IT teams continuing to meet regularly on identified issues and proposed solutions, as well as business proposals and matters received or otherwise identified that are related to Crown's AML/CTF obligations.

(c) Duplicate patron accounts: roll out of CPP

Duplicate patron accounts in SYCO increase the risk of inaccurate KYC information being recorded and reported to AUSTRAC, as well as limited visibility of gaming history and patron data.

This issue remains outstanding and informs the CPP project presently underway, which involves key stakeholders across the business (including AML and Regulatory &



Compliance). At its core, the CPP project is focused on ensuring that each customer we have has one identifier to Crown, agnostic to home property or department – that is, one point of on-boarding.

CPP has been successfully implemented on a focused basis to RSG and Security in Q1 FY19. The rollout of CPP to the broader business is pending the approval of each relevant Business Unit.

In the interim, in order to ensure KYC information is accurately recorded and reported to AUSTRAC, the AML team carries out checks of any duplicate accounts as they are identified and makes amendments to correct and complete patron information as necessary.

(d) Incorrect bank information in IFTI reporting extract

This matter has been satisfactorily resolved.

8. Countries

The AML/CTF Program provides that the risk of particular jurisdictions is considered (once known) by utilising recognised lists published by relevant government authorities.

Where appropriate, the jurisdiction of a customer may prompt further investigation of a customer and/or gaming activity, which may in turn affect the overall ML/TF risk of a customer. The AML team will look at the country of origin of a customer as part of daily transaction monitoring.

During the period no new countries have been added to the following:

- Department of Foreign Affairs – Australia's Implementation of UN Security Council sanctions;
- Department of Foreign Affairs – Autonomous Sanctions; or
- Financial Action Task Force (**FATF**) – Non Co-operative Countries & Territories / High Risk Jurisdictions.

It is noted that Bahamas, Botswana and Ghana have been included by FATF under "other monitored jurisdictions" and will be considered by the AML Team when reviewing patron activity under the TMP. It is noted that Iraq and Vanuatu have been removed from the aforementioned list.

The AML Team has the discretion to undertake further investigation of a customer and/or gaming activity.

9. Compliance Breaches

Individual departments are responsible for deciding the disciplinary action taken in response to breaches. These breaches are reported on the monthly Legal Compliance



Certificates. Where identified by the Cash Transactions Reporting Manager, the non-compliance is recorded by the AML Team.

Should an Incident Report for a material breach or for re-occurring issues relating to particular staff member(s) be issued, serious disciplinary action is expected to be implemented. The Crown Melbourne Conduct and Counselling Policy is to be updated to reflect the importance of AML/CTF compliance and the consequences for failing to comply.

On a quarterly basis (or as otherwise detailed in the AML/CTF Program), the Compliance and Regulatory Department or the AML team (as appropriate) conducts 'spot checks' in respect of certain identified matters to ensure the relevant departments are conducting appropriate compliance checking.

The following matters have been reported to (or otherwise detected by) the AML team for the calendar year to date:

Description of matter	Jan-18	Feb-18	Mar 18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	CY YTD Total
Appropriate ID not sighted	-	-	1	-	-	-	-	-	-	-	1
Appropriate ID not listed (or improperly entered against wrong patron)	-	-	-	-	2	-	1	-	-	1	4
Expired ID taken	-	-	-	-	1	-	-	1	-	-	2
No residential address obtained	-	5	-	-	-	-	-	1	-	-	6
Other	-	-	-	-	-	-	-	-	1	-	1

The above does not include identified errors in TTR and IFTI reporting which are referred to the Cage on a daily basis for rectification.

10. Training

The AML Team forwards a list of all employees due to complete AML/CTF Risk Awareness Training on a monthly basis. Employees must complete refresher training every two years.

Following a concerted drive from the business (in particular, Table Games), Crown Melbourne's AML/CTF Risk Awareness Training level now sits at above 97% compliance, a positive result and indicative of the focus on the business on the importance of AML and AML training.

In addition to our AML/CTF Risk Awareness Training, Crown Melbourne is providing focused AML/CTF training to particular departments, referable to identified potential ML/TF risks. Following the last ERCC meeting, the AML Team (and/or the Regulatory & Compliance Department) has provided AML/CTF training to the following teams:

- various IT teams;



- Table Games managers;
- Cage management team;
- VIP International team; and
- EGM customer service agents, in respect of ML/TF risks presented by gaming machines and electronic table games.

Crown Melbourne now includes a brief section on the importance of Crown Melbourne's compliance with its AML/CTF obligations upon staff induction.

11 Legislative Changes and other relevant information

(a) Updates to the AML/CTF Act

"Phase 2" - an update to the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) (the **Act**) - was foreshadowed for release earlier this calendar year for consideration and comment. This did not occur.

Earlier in October, a spokesman for the Federal Home Affairs Office indicated that the Federal Government is preparing a bill to amend the Act and that its introduction would be "subject to the parliamentary schedule". This has not yet occurred, and Crown continues to monitor for the introduction of this bill, which is being referred to as "Phase 1.5".

(b) Updates to the AML/CTF Rules

AUSTRAC has released a draft set of amendments to the AML/CTF Rules in respect of the reporting and lodgement periods for the Compliance Report, for public consultation from 25 October 2018 through 22 November 2018.

These minor Rule changes will be reviewed and, in the unlikely event they impact Crown's operations, a draft submission will be prepared and circulated for comment well in advance of the submission end date.

(c) AUSTRAC's approach to regulation (October 2018 paper to industry)

Earlier this month, AUSTRAC released a paper outlining its approach to regulation and financial intelligence. In this paper, AUSTRAC's noted its intention to:

- simplify regulatory requirements and align them to reinforce regulatory outcomes;
- promote a culture of AML/CTF compliance and best practice risk management;
- develop a comprehensive understanding of ML/TF risks and share this across the AML/CTF community;



- engage with reporting entities who are at risk of not meeting their AML/CTF obligations or adequately managing their ML/TF risks;
- apply a forceful and credible deterrent to serious and systemic non-compliance; and
- collaborate with stakeholders here and abroad, acknowledging that ML/TF is a complex problem that can only be solved through collaboration.

AUSTRAC will consider a wide range of internal and external inputs in forming its view as to the level it interacts with reporting entities, including:

- the entity's transaction and SMR reporting history, and history of compliance;
- information from partner agencies and law enforcement about the entity; and
- a consideration of the entity's customers and the environment in which the entity operates.

The paper provides an overview of when AUSTRAC will seek enforcement action against a reporting entity for "serious and/or systemic breaches of the AML/CTF Act". In considering whether enforcement action is the most appropriate response to an identified non-compliance, AUSTRAC will consider a number of matters including the reporting entity's willingness and effort to comply. Where minor and/or technical non-compliance is identified (that AUSTRAC considers does not warrant formal enforcement action), AUSTRAC works with entities to respond and remediate.



Crown Melbourne
Agenda Item 9.1: Responsible Gaming Update
July – October 2018

1. Initiatives and activities

Section 25 Review

- Crown Melbourne is continuing to progress the implementation of the 11 Responsible Gaming Recommendations (**s25 Recommendations**) made by the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) in its Sixth Section 25 Review.
- On 17 October 2018, a Responsible Gaming Strategy Day was conducted, with the ensuing draft reviewed by representatives of the Crown Resorts Limited Responsible Gaming Board Committee and Crown Executive Management on 26 October 2018. A further draft of the Strategy document is being prepared for circulation to the Committee in due course.
- On 31 October 2018, the Group General Manager Regulatory and Compliance and the Group General Manager Responsible Gaming met with representatives from the VCGLR charged with monitoring the progress of the implementation of the s25 Recommendations. Several points required clarification, which the VCGLR undertook to provide.

Cross Property Self Exclusion

- On 16 October 2018 the VCGLR provided approval for Crown Melbourne to share its self exclusion lists to the following entities for the nominated purpose to move from an “opt in” cross property self exclusion process to a mandatory cross property self-exclusion process between Crown Melbourne and Crown Perth to enhance responsible gaming measures with Betfair:
 - Burswood Nominees Limited to facilitate a self exclusion program at the Crown Perth Casino and entertainment complex; and
 - Betfair Pty Ltd to cease promotion and market to self excluded individuals.

This approval is conditional on the person self excluding being advised as part of the self exclusion form to have:

- a) been advised of the purposes for which the information will be used; and
- b) consented to the release of this information for the purposes identified.

The implementation is scheduled for early December 2018.

Gaming and Responsible Gaming Interactions – Play Periods

- Further to the update in the February to June 2018 report, the Responsible Gaming department is working with IT to develop a more operationally focussed dashboard, and ultimately, an Application based alert and recording system.



- 'Play Period' is the observation/interaction of Crown Rewards members who have recorded play of 12 hours or more, with touch points continuing at 16 and 20 hours (or earlier as may be required due to observable signs). At these touchpoints, conversations, breaks in play, or a request to leave, are determined, dependent on the assessment of the circumstances made during the observation/interaction. In line with the existing process, members will still however be required to leave if their play extends to 24 hours (excluding international VIPs).

Crown Model

- The Crown Model trial is continuing. The Responsible Gaming team is currently working with the third data set of 100 members that has been provided by the Customer Analytics team. With each data set, data and operational refinements are being made. These are a product of the monthly meetings with the Customer Analytics and Responsible Gaming teams. There are some early indicators that play behaviour is changing with those that have had interactions, however, this should be treated with caution as the sample size is small and the nature of the model requires some time to pass for proper analysis.

Harm minimisation campaigns

- Responsible Gaming and Security Services have continued focussed joint operations in relation to car park patrols, on average conducted once per week.
- The Briefings and Muster campaign, which runs every three months, and focuses on aspects of the Responsible Gambling Code of Conduct, was delivered in October 2018 to gaming employees by Responsible Gaming Liaison Officers. The October 2018 sessions also included information about Gambling Harm Awareness Week.

Gambling Harm Awareness Week

- Gambling Harm Awareness Week (**GHAW**) was delivered as part of a State-wide initiative supported by industry, Government and the community and led by the Victorian Responsible Gambling Foundation and is designed to encourage community discussions about why gambling harm matters.

Crown Melbourne has supported this initiative since its inception in 2006, previously known as Responsible Gambling Awareness Week.

This year Crown Melbourne supported the week with customer and employee communications and events, including a special afternoon tea at Groove Bar on 10 October 2018, which was well attended by stakeholders, Executive, management, employees and patrons. Crown Resorts Limited non-executive Director, Prof. John Horvath, was guest speaker at this event.

For patrons, a staffed GHAW booth was located on the main gaming floor while employees had access to an information desk outside ID's, as well as the opportunity to participate in a competition via the employee kiosk, ERIKA. This attracted 779 entries, which is considered excellent.



2. Stakeholder engagement

Victorian Responsible Gambling Foundation (VRGF)

- The VRGF Land-Based Gambling Industry Forum was held in September 2018. Key topics discussed included:
 - Potential updates to the Venue Best Practice Guide (EGM venues only);
 - Venue staff and risk – a pilot program delivered as a joint initiative between the VRGF and RSL Clubs in relation to Venue staff about their own risk of gambling harm, Crown Melbourne addresses this in all RSG staff training; and
 - Industry referral to Gambler's Help services – current data provided to the VRGF from Gambler's Help services is not especially useful. The VRGF has approached Crown Melbourne to obtain feedback on referral relationships and data between Crown Melbourne and Gambler's Help.
- The CEO – Australian Resorts attended the VRGF Industry Leaders Meeting on 7 August 2018.
- The VRGF CEO, Louise Glanville, accepted a new role as the Managing Director of Victoria Legal Aid and was replaced in October 2018 by an interim CEO, Janet Dore. With the imminent care-taker period and the Christmas break, it is estimated that this period will be six to nine months until a permanent CEO is appointed. Crown Melbourne will be meeting with Janet Dore in December 2018.

Responsible Gambling Ministerial Advisory Council (RGMAC)

- At a meeting of the RGMAC on 26 July 2018, participants were informed that it was considering a list of matters which should be included in Responsible Gambling Codes of Conduct for gaming venue operators.

The proposed features presented by RGMAC for Codes of Conduct would not currently affect Crown Melbourne, however, this has not been formally ruled out.

Some of these features mirror a number of the suggestions made in the s25 Recommendations for Responsible Gaming.

- The RGMAC Working Group on 'Emerging Gambling Products', on which Crown Melbourne was represented, which is particularly interesting to Crown given its involvement in Chill Gaming, delivered its Report.

Products identified as requiring detailed consideration included emerging gaming machine products, synthetic lotteries, skins gambling, loot boxes and daily fantasy sports. A number of recommendations were made to RGMAC, but many did not receive consensus and this is reflected in the Report.



3. Regulatory updates

Changes to Responsible Gambling Codes of Conduct

- Recent amendments to the *Gambling Regulation Act 2003* (Vic) relating to Responsible Gambling Codes of Conduct (**Codes**) include:
 - removal of requirements for Codes to be approved and reviewed by the VCGLR;
 - the Minister for Gaming and Liquor Regulation (**Minister**) is enabled to give direction or directions in relation to the standards, requirements and content of Codes;
 - requirement of the Minister to conduct a review of the operation of Codes at least every five years; and
 - regulations are able to be made in relation to the standards, requirements and content of a Code.

These amendments came into effect 19 September 2018.

As a result of the amendments, Crown Melbourne is now able to make changes to its Code without requiring the approval of the VCGLR. Please note that Crown Melbourne will continue to review the Code annually.

4. Research and Industry Participation

Seminar Session Panel at the 2018 Australasian Gaming Expo

- The Group General Manager Responsible Gaming participated in a Seminar Session Panel at the 2018 Australasian Gaming Expo on 15 August 2018.

The Panellists included Nadine Grinblat, Chief Executive, AGC (Moderator); David Curry, Head of Regulatory and Corporate Affairs, ALH Group and Natasha Mann, Executive Director, Liquor and Gaming NSW.

The topic was 'Spotlight on Responsible Gambling', discussing achievements and trends in Responsible Gambling – the challenges, the successes and the facts.

Conference

- Attendance at the 12th European Conference on Gambling Studies and Policy Issues, Malta 11 – 14 September 2018.

The Group General Manager Responsible Gaming attended this conference. Presentations, papers and research updates provided focussed on international developments, especially in the areas of industry led player interactions, player tracking on-line and land based, and treatment.



The conference also provided an opportunity to discuss the Crown Resorts Responsible Gaming Advisory Panel with Prof. Alex Blaszczyński and the upcoming presentation to the Crown Resorts Responsible Gaming Board Committee by Focal Research.

Australasian Gaming Council – Strategy for Responsible Gaming

- The Australasian Gaming Council (**AGC**) is reviewing its Charter and Strategy for Responsible Gaming. The AGC Board, of which Crown Resorts is a member, appointed a Responsible Gaming Executive Committee (**RGEC**) to contribute to the review. The RGEC participants include Gaming Technologies Association, Australian Hotels Association NSW, Aristocrat Technologies, The Star Casinos, Tabcorp, ALH Group and Crown Resorts. The RGEC met on 23 July 2018, to:
 - advise on a high level strategy for the AGC that replaces or re-affirms and builds on the current charter;
 - advise on a revision of the AGC's member agreed Strategy for Responsible Gambling – updating and modernising the strategy to take it forward over the next 5-10 year period;
 - advise the AGC on preferred a research model and appropriate research agenda; and
 - advise the AGC on a preferred future Communications Strategy.

The outcomes will be discussed at AGC Board meetings and reported back internally in due course

5. Internal Audit Activity

- The F19 Responsible Service of Gaming audit was completed in August 2018. The overall audit rating was 'Excellent' with no findings identified. Internal Audit is satisfied that Crown Melbourne has controls in place to monitor compliance with the Responsible Service of Gaming Code of Conduct and relevant regulations.

6. Stakeholder Engagement

Community Engagement Group

- On 6 September 2018, John Horvath, Barry Felstead, Ken Barton, Karl Bitar and Sonja Bauer met with Tim Costello, Stephen Mayne, Anna Bardsley and at their request, Susan Rennie to discuss the following items:
 1. the release of Electronic Gaming Machines revenue at the full year results;
 2. the draft policy relating to the cessation of marketing to persons identified as having potential problem gambling behaviours; and



3. the establishment of a Community Engagement Group, the membership composition, Charter and meeting schedule. Mr Felstead asked Ms Bardsley if she would be part of this Community Engagement Group and take the role of Chairperson, and for Ms Bardsley to nominate further members for Crown's review. The draft Charter will be forwarded to Ms Bardsley following its presentation to the Crown Resorts Responsible gaming Committee at the 26 September 2018 meeting.
- Sonja Bauer subsequently met with Ms Bardsley on 30 October 2018 to discuss her interest as Chairperson and to present a Confidential Draft of the Community Engagement Group. Ms Bardsley undertook to provide her decision as to whether to be involved in the Group later in November 2018.

Responsible Gaming Advisory Panel

- The Crown Resorts Responsible Gaming Board Committee has recommended the establishment of a Crown Resorts Responsible Gaming Advisory Panel.

The role of the Advisory Panel is to provide information and advice to Crown Management in relation to Crown Resorts' responsible gaming programs and services, and the monitoring and evaluation of these programs and services.

Initially focussing on Crown Melbourne and Crown Perth, in due course the work of the Advisory Panel would encompass Crown Sydney.

- In this respect, Mr Felstead has written to Prof. Alex Blaszczyński inviting him to join and Chair the Responsible Gaming Advisory Panel. This was followed by a meeting with Prof. Blaszczyński, Prof. John Horvath, Mr Felstead and Ms Bauer in Sydney on 24 October 2018.

It is anticipated Prof. Blaszczyński will advise his position in early November 2018.



Crown Melbourne
Agenda Item 9.2: Responsible Service of Alcohol Update
July – October 2018

Responsible Service of Alcohol (RSA)

- As previously reported Crown was issued with two liquor Infringement Notices regarding its alleged service of alcohol to an intoxicated patron at Lagerfield and then Jackpot bars. As a consequence Crown has two demerit points on its main liquor licence which covers most of the complex including the casino, the hotels, the Palladium, Conference Centre, and casino bars and restaurants. Should five demerit points be incurred within three years the liquor licence can be suspended for 24 hours. Any suspension is subject to Ministerial override in circumstances where the Minister is satisfied that the cost to the community outweighs the benefit of suspension. The demerits remain on the licence for three years.
- Crown has previously reported on its RSA initiatives in the February to June 2018 report. Further to those ongoing initiatives, Crown also reviews the way it serves alcohol and has increased its training focus on rapid consumption of alcohol by patrons and the timing of service. Crown has a policy of no shot service after 1.00am.
- Crown continues to review, enhance and reinforce the RSA message to its service staff, staff generally and its patrons.