15 March 2021

Mr Philip Crawford
Chairperson
Independent Liquor and Gaming Authority
4 Parramatta Square
12 Darcy Street
Parramatta NSW 2150

Confidential

Dear Mr Crawford

Notification of unsuitability of Crown Sydney Gaming Pty Ltd (ACN 166 326 843) and invitation to consult

Thank you for your letter of 15 February 2021 (***Consultation Notice***).

The Consultation Notice invites Crown to respond to the Authority's present view that Crown Sydney Gaming Pty Ltd is no longer a suitable person to give effect to the restricted gaming licence and the *Casino Control Act* 1992 (NSW) (the ***Act***).

I am providing this response on behalf of Crown Sydney and Crown Resorts Limited (together, ***Crown***).

This response is divided into the following parts:

- this cover letter, which addresses the four matters that the Authority has asked Crown to respond to as a starting point for the consultation;
- Schedule 1, which sets out Crown's response to each of the 13 points set out on page 2 of the Consultation Notice and that are to be addressed in consultation; and
- Schedule 2, which sets out Crown's current Remediation Action Plan.

The Consultation Notice indicates that the Authority's present view is based upon the findings contained in the report of the Hon P.A. Bergin SC dated 1 February 2021 (***Report***). Crown

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acknowledges the seriousness of those findings and it has publicly apologised for its past shortcomings. We are determined to address these issues and regain the trust and confidence of all of our stakeholders, including that of the Authority.

As you are aware, Crown did not wait for the delivery of the Report before embarking on a program of reforms. Additional steps have been taken and programs put in place following the delivery of the Report in order to ensure that each of the identified areas of concern have been, or are being, appropriately addressed.

The steps that Crown has already taken are set out in detail in other parts of this response. They include: the strengthening of our risk management arrangements, including our management of AML/CTF risk; changes to the make-up of our board of directors and senior management; the removal of the influence of CPH through the termination of certain agreements; ceasing our operations in China; restructuring our VIP business; and terminating all dealings with junkets. These are important, tangible steps that have dramatically changed the way Crown conducts its business.

We are committed to implementing further changes that will strengthen confidence that the identified shortcomings and their root causes have been addressed. Our ongoing reform agenda, including in respect of culture and governance, will include elements of verification and assurance so that the Authority can be satisfied that the programs that are not yet completed will be delivered.

The four matters

The Consultation Notice sets out four matters that the Authority asks that Crown Sydney respond to as a starting point for the consultation. Our response to the four matters is set out below.

(a) "Whether Crown Sydney accepts that it is presently not a suitable person to give effect to the restricted gaming licence and the Act"

1 Based on the significant steps Crown has taken, and is taking, to address the issues identified in the Report and to ensure they do not happen again, Crown respectfully submits that it is open to the Authority to find that Crown Sydney is presently a suitable person to give effect to the restricted gaming licence and comply with the Act.

2 Our view has been fortified following the early work undertaken by Mr Blackburn, our new Chief Compliance and Financial Crime Officer, having reviewed the progress made to date in respect of Crown's AML/CTF program and controls. Mr Blackburn is available to meet with the Authority at your convenience to discuss his preliminary views and to provide the Authority with information about the current program of work (see Schedule 1, paragraph 25).

3 Crown accepts that it must continue to deliver on its program of work and that there will always be a need for continuous review and improvement. To ensure sustainability and to

optimise effectiveness, the Compliance and Financial Crime Officer will continue to develop enhancements and improvements to Crown's AML/CTF program.

4 In respectfully submitting that it is open to the Authority to find that Crown Sydney is presently suitable to hold the restricted gaming licence, we acknowledge that shortcomings have occurred and have reflected adversely on Crown's character. We also acknowledge that we operate under a social licence and that it is a privilege to hold a gaming licence. Our conduct is, and should be, held to a high standard. We regret that we did not meet that standard.

5 We agree with Commissioner Bergin and the Authority that progress to suitability involves (i) accepting the existence of past failures; (ii) analysing the reasons for those failures; (iii) committing to removing the cause of those failures; and (iv) committing to a reformation that will remove the likelihood of a repetition of such failures. The extensive uplift program Crown is implementing (discussed further below), reflects Crown's willingness to embrace each of these elements.

6 The question is , is Crown Sydney as presently constituted, with its reformed systems, controls and procedures, and with its commitment to implement the further improvements and enhancements, suitable to give effect to the restricted gaming licence and the Act?

7 To assist the Authority in assessing this question, we have set out:

(a) at Schedule 1 – Crown's response to each of the 13 points set out on page 2 of the Consultation Notice as being matters that the Authority has invited Crown to address in the Consultation process to be considered suitable; and

(b) at Schedule 2 – Crown's Remediation Action Plan has been organised into the following sub-categories, which are intended to align where possible with the shortcomings identified in the Report:

(i) Corporate governance and organisational structure (including Board structure and senior executive renewal);

(ii) CPH relationship;

(iii) AML/CTF Change Program;

(iv) Risk management;

(v) Culture;

(vi) Junkets/POI/Significant Player Review; and

(vii) Audit and assurance.

We respectfully submit that, once the Authority has had an opportunity to assess the improvements described in those documents, it is open to the Authority to find that Crown is presently suitable.

8 By way of summary, the key features of the programs of improvements include:

Reforms introduced prior to the delivery of the Report

(a) The decision to cease operations in China and to close a number of other offshore offices following the China arrests (as detailed in item 8 of the Remediation Action Plan);

(b) The termination of the Services Agreement and Controlling Shareholder Protocol between Crown and CPH (as detailed in item 9 of the Remediation Action Plan);

(c) The commencement of Board succession process, including the retirement of Professor Horvath;

(d) The appointment of an independent Chairman to the Board;

(e) The appointment of a new external independent auditor;

(f) The appointment of new legal advisor to the company and a separate legal advisor to the Board;

(g) Ceasing all dealings with junket operators (as detailed in item 35 of the Remediation Action Plan);

(h) Changes to Crown's organisational structure (as detailed in item 6 of the Remediation Action Plan), including:

  (i) a significantly larger and better resourced Compliance and Financial Crime team and the recruitment of a new Chief Compliance and Financial Crime Officer;

  (ii) the separation of the Risk and Internal Audit functions, and the elevation of reporting lines (with the creation of a new Chief Risk Officer role); and

  (iii) the establishment of the role of Chief People and Culture Officer with responsibility for driving cultural change within Crown;

(i) Changes to Crown's risk management policy, processes and structures, including the development of a group-wide risk appetite and the articulation of escalation thresholds within the risk framework (as detailed in items 27-28 of the Remediation Action Plan);

(j) [redacted]

(k) More broadly, the implementation of a program to uplift our anti-money laundering controls, including the implementation of a new Joint AML/CTF Program, the development of automated transaction monitoring tools, and investment in resourcing and capability (as detailed in the 'AML/CTF Change Program' section of the Remediation Action Plan).

Additional steps taken after delivery of the Report

(l) Changes to the composition of Crown's Board and senior management team (as detailed in items 1-3 and 7 of the Remediation Action Plan). This includes the departure of Michael Johnston, Guy Jalland and John Poynton as directors, meaning CPH no longer has nominee representation on the Crown Board, as well as the departure of Harold Mitchell, Andrew Demetriou, Ken Barton (as detailed in item 10 of the Remediation Action Plan);

(m) All remaining offshore offices were closed and overseas domiciled staff have been terminated. The VIP operation has been pared back to a business development function reporting to the Crown Melbourne CEO. Remaining roles within the VIP team, which historically operated as an independent business unit, have been integrated into Crown Melbourne's operations (as detailed in item 8 of the Remediation Action Plan);

(n) Commencement of Steven Blackburn in the position of Chief Compliance and Financial Crime Officer on 1 March 2021;

(o) The commencement of a forensic review of Crown's patron bank accounts and controls by Deloitte (as detailed in item 24 in the Remediation Action Plan);

(p) The appointment of Mr Tony Weston as the new Chief People and Culture Officer, who will oversee a cultural uplift program (see detailed in item 32 of the Remediation Action Plan); and

(q) The decision to phase out smoking in all its Australian premises by the end of 2022;

(r) The cessation of donating to political parties by Crown and its associated companies.

9 In submitting to the Authority that it can find that Crown Sydney is suitable, we respectfully draw to the Authority's attention that Commissioner Bergin did not find unsuitability on the grounds of dishonesty or lack of integrity. Commissioner Bergin's conclusions were instead premised on a finding that Crown's corporate character, expressed through the individuals in control of the corporation and its past corporate shortcomings, rendered it presently unsuitable. Commissioner Bergin also concluded that "a company's suitability may ebb and flow with changes to the composition of the company's Board and Management, and others who influence its affairs, over time." [1]

10 As noted above, since receiving the Report, there have been significant changes to the Crown Board with the majority of directors departing from Crown.[2] In considering the current composition of the Crown Resorts and Crown Sydney Boards, the Authority will note that no current member of either Board was the subject of any adverse finding or comment by Commissioner Bergin. No doubt was cast on the character of any of Ms Halton, Ms Korsanos or Mr Horvath (nor of me). That is so notwithstanding each appearing before the Inquiry and being examined at some length by Counsel Assisting. For the purposes of evaluating present suitability, the Authority can be confident that it can place trust in each of the directors of Crown and Crown Sydney to engage with the Authority openly, honestly and co-operatively (as well as bringing appropriate rigour and care to the management of the restricted gaming facility at Barangaroo).[3]

11 Similarly, a number of members of Crown's senior management that were subject to adverse comment by Commissioner Bergin no longer work at Crown, including Crown's former CEO,

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[1] Chapter 4.2, 16.

[2] Since the publication of the report, Ken Barton has ceased in his role as Chief Executive Officer and Managing Director and Mike Johnston, Guy Jalland, Andrew Demetriou, Harold Mitchell and John Poynton have all resigned as directors.

[3] Chapter 4.5, 5.

Ken Barton, as well as the former CEO of Australian Resorts, Barry Felstead, the former Chief Legal Officer of Australian Resorts, Joshua Preston and General Counsel and Company Secretary of Crown Resorts, Mary Manos. The CEO recruitment process has commenced.

12 We have acted swiftly and decisively to strengthen the independence of the Crown Board and to improve the calibre and capabilities of management.

(b) "What actions are proposed by Crown Sydney to make it a suitable person"

13 As stated above, we respectfully submit it is open to the Authority to conclude that Crown Sydney is a presently suitable person to give effect to the restricted gaming licence. As explained above, underpinning Crown's view of Crown Sydney's present suitability, are the concrete steps Crown has already undertaken to address the concerns identified during the inquiry and outlined in the Report. These steps are further outlined in Schedules 1 and 2.

14 To make a finding of suitability, we appreciate that the Authority may consider it necessary to obtain additional assurance. The Report recommends that an independent party be appointed by the Authority to monitor the implementation of the Remediation Action Plan at Crown's cost. This recommendation is consistent with a submission made by Crown as part of its closing submissions to the Inquiry that the appointment of an independent monitor could provide the Authority with assurance that the remediation plan has been implemented. We would like to consult further with the Authority as to the potential form this assurance process might take, including the timing and scope for the engagement of an independent monitor.

(c) "The period of time that Crown Sydney would require to implement those actions"

15 Where possible, specific timeframes have been articulated for each item within the Remediation Action Plan.

16 Although certain steps within that Plan will necessarily take some time to complete, it remains open for the Authority to take a holistic view of the matters raised in this response and during the broader consultation to find that Crown Sydney is a suitable person as it continues to implement its Remediation Action Plan. Crown is committed to the Remediation Action Plan and to a program of continuous improvement. It is willing to provide the Authority with appropriate assurances (including, if required, undertakings and external assurance), such that the Authority can be satisfied of Crown's resolve, and that the steps not yet complete will be implemented and effective in addressing the issues to which they are directed.

(d) "Whether there are other matters that Crown Sydney wishes to draw to the Authority's attention in relation to the conclusions and the recommendations in the Report"

17 As I have stated publicly, the confronting messages delivered throughout the Inquiry process and ultimately by way of the commentary and findings contained in the Report have been heard by the Board and management of Crown.

18 The Board of Crown is committed to seeing to completion the work that will be required to demonstrate to all regulators and to the broader community that our systems and processes are fit for purpose and that we can comfortably meet the obligations and high expectations that are properly placed upon us.

19 The Board also accepts that systems, personnel and structural changes need to be underpinned by a renewed focus on responsibilities and accountabilities and by other initiatives designed to facilitate an uplift in the organisations' governance and compliance culture. It is accepted that the Board and senior management must provide clear and consistent risk and compliance messages and drive the cultural and behavioural changes that are required.

Consultation process

20 We understand from the Consultation Notice that the Authority is considering making the outstanding steps in Crown's proposed Remediation Action Plan rectification steps in a Notice of Concern issued under clause 14(b) of the VIP Gaming Management Agreement. We are hopeful that, following its consideration of the matters outlined in this correspondence, the Authority will consider that Crown Sydney is a suitable person to give effect to the licence, and that it will therefore not be necessary to issue a Notice of Concern.

21 However, if, following its consideration of this correspondence, the Authority remains of the view that Crown is not presently suitable to give effect to the licence, then we respectfully request that we have the opportunity to consult further with the Authority to understand more precisely the Authority's concerns, and the steps that the Authority considers can be taken to address its concerns. We consider that an opportunity for further consultation prior to the issue of a Notice of Concern would be constructive, and would be consistent with the process envisaged under clause 14 of the VIP Gaming Management Agreement.

Crown agrees with the Authority's suggestion that a flexible consultation process is the preferred way for the parties to engage constructively in respect of the issues, noting that they traverse various aspects of the business and areas of expertise. We look forward to discussing with you the way in which that process can best progress.

Building a strong relationship with the Authority, based on trust and transparency, will be another important step in Crown's journey. We are committed and determined to stay the course and

oversee the program of reformation and change. We look forward to demonstrating our commitment to that outcome by working with you during this consultation process and into the future.

Crown would be grateful for the opportunity to meet with the Authority to discuss this response in more detail.

Yours sincerely

[redacted]

The Hon Helen Coonan
Executive Chairman

Schedule 1: Other matters to be addressed in response to the Consultation Notice

1 Introduction

1 The Authority has asked that Crown address the 13 points set out on page 2 of the Consultation Notice during the consultation process. Our response to each of those matters is set out below. Crown would welcome the opportunity to consult further with the Authority on these matters.

2 Criminal influence and exploitation

2 The Authority's letter requests Crown address the following matters:

(a) the forensic audit of Crown Resorts and Crown Sydney's accounts; and

(b) the proposals to be put forward by Mr Blackburn.

3 These matters are addressed in the Remediation Action Plan and are considered below in the broader context of Crown's AML/CTF Change Program.

Context

4 The Inquiry identified significant weaknesses in Crown's anti-money laundering and counter-terrorism financing (**AML/CTF**) controls relating to junket operators and its patron bank accounts.

5 These issues also revealed, and were caused by, historical weaknesses in Crown's:

(a) understanding of the money laundering and terrorism financing (**ML/TF**) risks it faces (including, but not limited to, criminal influence or exploitation) and its approach to proactively managing those risks;

(b) capability and resources (human and technology) devoted to identifying, mitigating and managing these risks; and

(c) financial crime governance and risk management processes.

6 To find Crown and Crown Sydney suitable to give effect to the restricted gaming licence and the Act, we submit that the Authority must be satisfied that Crown:

(a) has in place appropriate controls to detect and deter the type of criminal exploitation identified in the Inquiry (**Exploitation Issues**) and that it is committed to continuous improvement and evolution of those controls;

(b) has in place an appropriate AML/CTF Change Program (**AML/CTF Change Program**) to address the root causes of the Exploitation Issues and continues to enhance that program to better manage ML/TF risk; and

(c) will be proactive and transparent with the Authority about the process of change it is undertaking and will subject itself to external assurance.

We explain below how we consider the Authority can be satisfied of each of these matters.

Exploitation Issues

7 The exploitation identified in relation to junket operators has been addressed through the Crown Board's decision on 17 November 2020 that Crown will permanently cease dealing with all junket operators. The steps Crown has taken in this regard, and the undertakings it is willing to offer to the Authority, are addressed in further detail below at 3, Crown's relationship with junket operators.

8 In relation to patron bank accounts, Crown has implemented a number of steps to detect, disrupt and deter criminal exploitation. These steps are outlined in detail in Schedule 2. While Crown considers the steps it has taken to be appropriate, it is committed to further enhancing and evolving these controls and its overall approach to ML/TF risk.

AML/CTF Change Program

9 The steps Crown has taken to date through its AML/CTF Change Program have already effected significant change in the way Crown manages ML/TF risk, including the risk of criminal influence or exploitation. These steps are outlined in Schedule 2 under the heading 'AML/CTF Change Program'. Notably, they include a significant body of work that led to the adoption of a new Joint AML/CTF Program in November 2020 and the rollout of an automated transaction monitoring program, as well as the matters further explained below.

Financial Crime resources and funding

10 Crown has taken steps to ensure that it has the appropriate team in terms of capability, resources and authority to effect the AML/CTF Change Program.

11 The Crown and Crown Sydney Boards are ultimately responsible for managing the ML/TF risk to which Crown Sydney's business is exposed. Crown and Crown Sydney's Board has received bespoke face-to-face AML/CTF training and is receiving more regular and better AML/CTF reporting and exercising greater oversight of ML/TF risk management.

12 Crown has appointed Steven Blackburn as Chief Compliance and Financial Crime Officer with effect from 1 March 2021. Mr Blackburn is a global financial crime and compliance expert and executive. He was previously National Australia Bank's (**NAB**) Chief Financial Crime Risk Officer and Group Money Laundering Reporting Officer, responsible for Anti-Money Laundering, Counter-Terrorist Financing, Sanctions and Anti-Bribery & Corruption at the bank. In this role he was responsible for implementation of NAB's Financial Crime program content, including oversight of Financial Crime control activity and compliance across global operations. Prior to joining NAB, Mr Blackburn was the Chief AML Officer at CIBC Bank in Toronto, Canada, establishing a respected Financial Crime program.

13 Under Crown's new governance model, the Chief Compliance and Financial Crime Officer reports directly to the Executive Chairman (or Chief Executive Officer, when appointed) and the Board.

14 The Authority can have confidence that under our new leadership team, Crown will effect cultural change in how it manages ML/TF risk.

15 Mr Blackburn is currently supported by Nick Stokes, Head of Financial Crime and Group Money Laundering Reporting Officer, and a team of 14 in the Crown Financial Crime team, representing a percentage increase in the size of the team of almost 300% since the beginning of 2019.

16 The Board will ensure Mr Blackburn is provided with the budget he considers necessary to effect the AML/CTF Change Program and the support to make operational changes to further reduce our ML/TF risk.

Proposals from Mr Blackburn

17 Mr Blackburn's plan is to continue the process of embedding Crown's new Joint AML/CTF Program, including the roll out of Crown's automated transaction monitoring system, Sentinel. In parallel:

(a) Crown will conduct an enterprise-wide ML/TF risk assessment, informed by the results of an ML/TF vulnerability assessment that the external risk management consultancy firm, Promontory, is due to complete into Crown's vulnerability to criminal exploitation; and

(b) informed by the results of the ML/TF risk assessment and Promontory's work, the findings in the Inquiry and his assessment of Crown's Joint AML/CTF Program, Mr Blackburn will table with the Board a detailed report that sets out his assessment of Crown's current maturity across all elements of financial crime risk management and his plan as to:

(i) the Financial Crime team's resourcing and capabilities;

(ii) financial crime governance and oversight;

(iii) additional controls that may be necessary or desirable to address financial crime risks in the casinos' operations; and

(iv) further steps that may be necessary or desirable to build and embed a positive culture of financial crime risk awareness and compliance.

18 This report will be presented to the Board on or before 31 May 2021. Upon approval by the Board, the report will be shared with the Authority. Mr Blackburn is eager to meet with the Authority to explain the work he is undertaking in further detail, as well as his preliminary views as to suitability.

Forensic audit and other external assurances

19 Crown recognises the need to provide external assurance and validation of the steps it has taken, and will take, to improve its management of ML/TF risk.

20 The Deloitte forensic review and controls assessment outlined in our letter dated 22 February 2021 commenced in the week of 22 February 2021, and Deloitte is undertaking its work in three phases:

(a) Phase 1 is assessing the design and operating effectiveness of the current controls in place over Crown's patron bank accounts that are designed to prevent and detect the activity identified during the Inquiry;

(b) Phase 2, which runs in parallel with Phase 1, is confirming whether there are any transactional patterns or behaviours indicative of any ML/TF typologies through historic or current patron bank accounts, including but not limited to the typologies identified through the course of the Inquiry. As part of this phase, Deloitte will also undertake a sample review of other Australian or overseas bank accounts held by Crown or other legal entities associated with Crown's Australian casino operations that allow patron withdrawals or deposits. If Deloitte identifies any accounts that were used, or capable of being used, as patron bank accounts it will add these to the scope of the Phase 2 review; and

(c) Phase 3 will assess whether Crown's broader control framework appropriately mitigates the risk of any transactions similar to those identified in Phase 2 continuing to occur through Crown's patron bank accounts.

21 In addition, to provide external assurance to Crown and the Authority over Crown's AML/CTF Program more generally, Crown will engage a third party consultancy firm to conduct an independent review of the Joint AML/CTF Program in accordance with the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument* (No. 1) (2007) (**AML/CTF Rules**). Crown will share the results of the review and Crown's response with the Authority. The review will assess:

(a) the effectiveness of the Joint AML/CTF Program having regard to the ML/TF risk of each reporting entity in the designated business group;

(b) whether the Joint AML/CTF Program complies with the AML/CTF Rules;

(c) whether the Joint AML/CTF Program has been effectively implemented; and

(d) whether each reporting entity in the designated business group has complied with the Joint AML/CTF Program.

22 This review will occur in the fourth quarter of calendar year 2021. Crown will undertake to have a further independent review conducted twelve months after the independent review (with twelve months chosen as a time period to allow sufficient time for any recommendations from the independent review to be implemented and in operation for long enough to be assessed). Crown will share with the Authority the findings of each independent review together with Crown's response. This will provide comfort to the Authority that Crown is committed to a cycle of continuous improvement and external validation.

Openness and transparency with the Authority

23 We anticipate that these reviews will identify opportunities to further enhance our controls. We will engage openly with the Authority about the steps we will take to address any

recommendations as they arise, and whether further assurance over those steps may be appropriate.

24 More broadly, we would welcome the opportunity to meet with the Authority on a periodic basis to update it on the progress of the AML/CTF Change Program and to share with the Authority any trends Crown observes in relation to ML/TF risk. If this is of interest to the Authority, we would be happy to engage further on the Authority's preferred frequency, format and scope for these briefings.

3 Crown's relationship with junket operators

Future junket relationships

25 We acknowledge the ultimate finding in the Report that there were junket operators with which Crown dealt that may have had links to organised crime. During the Inquiry, we also made a number of concessions in respect of our due diligence processes for assessing junket operators.

26 These concessions were acknowledged in the Report.

27 On 17 November 2020, Crown announced that the Crown Board had determined that Crown will permanently cease dealing with all junket operators, subject to consultation with gaming regulators in Victoria, Western Australia and New South Wales. By early December 2020, Crown had informed all recently active junket operators of its decision to terminate its dealings with those junket operators.

28 We also acknowledge that:

(a) The Report recommended that the *Casino Control Act 1992* (NSW) be amended to prohibit casino operators in New South Wales from dealing with junket operators. We support this recommendation.

(b) On 23 February 2021, the Gaming and Wagering Commission of Western Australia issued directions to Crown Perth under the *Casino Control Act 1984* (WA), which provided that Crown Perth shall not participate in the conduct of junkets, premium player activity or privileged player activity.

29 Given these developments (including Crown's announcement on 17 November 2020), the Authority can have confidence that the issues identified during the course of the Inquiry with respect to Crown's dealing with junket operators cannot occur again and do not affect Crown's present suitability. However, to provide the Authority with additional comfort, Crown is willing to provide the Authority with an undertaking in a form suitable to the Authority to the effect that Crown will not deal with junket operators in the future without regulatory approval.

Customer due diligence

30 Even though Crown has ceased dealing with junket operators, we acknowledge that there are broader lessons to be learned from the issue(s) in Crown's junket operator due diligence processes that were identified during the Inquiry.

31 In parallel with the Crown Board's consideration of Crown's appetite for dealing with junket operators, which ultimately led to the 17 November 2020 announcement referred to above, Crown was undertaking a thorough consideration of how to improve its junket and persons of interest (**POI**) due diligence processes. As part of this, in April 2020, Crown commissioned Deloitte to undertake a review of its junket due diligence and POI process.

32 Deloitte provided Crown with its final report in August 2020. On 18 August 2020, the Crown Board resolved to adopt the recommendations made to it by Deloitte, and a work plan to implement those recommendations was endorsed by the Crown Board on 10 September 2020.

33 Although the majority of the recommendations with respect to the junket processes are no longer applicable, Crown has taken the following steps to improve its customer due diligence processes more generally in response to the recommendations in the Deloitte report:

(a) expansion to a Group-wide POI Committee, comprising the Chief Executive Officer from each property, the General Manager of Security and Surveillance from each property (or equivalent), the Chief Risk Officer, the Group Executive General Manager – Regulatory and Compliance, the Head of Financial Crime and the Group General Manager of Responsible Gaming;

(b) development and implementation of a POI Decision Assessment tool to document the rationale for the decision-making process in relation to patrons being assessed by the POI Committee, and to formalise and document the factors that are considered by the POI Committee and ensure that those factors are applied consistently;

(c) development and implementation of a POI Committee Charter (which sets out the composition, duties and responsibilities of the POI Committee) and POI Committee Process Document (which sets the process the POI Committee is to follow in the assessment of POIs); and

(d) providing the Crown Melbourne Compliance Committee and the Crown Resorts Board Risk Management Committee with oversight of the decisions made by the POI Committee.

4 Remediation action plan and undertakings

34 Crown's Remediation Action Plan is discussed in the covering letter and contained at Schedule 2.

5 Controls on the influence of James Packer and CPH Crown Holdings Pty Ltd (CPH)

35 Commissioner Bergin's concerns in relation to the influence of CPH and Mr Packer have been addressed through:

(a) the termination of both the Services Agreement and the Controlling Shareholder Protocol;

(b) the resignations of Michael Johnston, Guy Jalland and John Poynton; and

(c) no further nominee directors have been proposed.

36 Issues that had arisen in the past have been addressed through the steps outlined above. However to provide further assurance, Crown is willing to discuss with the Authority a mechanism to provide some form of enforceable assurance that Crown Sydney and / or Crown Resorts would not enter into any commercial arrangement with CPH and / or James Packer either generally or for sharing of confidential information without first notifying and seeking the approval of the Authority.

6 Board renewal

37 As was recognised by Commissioner Bergin in the Report, Crown had already commenced a process of Board renewal at the time the Report was published, and significant further changes have been made in recent weeks. Our priority is to ensure that Crown has a strong, independent Board and that directors have the necessary character, skills and expertise to guide and manage the group.

38 The following individuals have resigned as directors of Crown Resorts:

(a) Mr John Alexander retired as a director effective from 22 October 2020;

(b) Mr Michael Johnston and Mr Guy Jalland retired as directors effective from 10 February 2021;

(c) Mr Andrew Demetriou retired as a director effective from 12 February 2021;

(d) Mr Ken Barton retired as a director effective from 15 February 2021;

(e) Mr Harold Mitchell retired as a director effective from 22 February 2021; and

(f) Mr John Poynton retired as a director effective from 28 February 2021.

39 In addition, on 22 October 2020, Professor John Horvath announced his intention to retire as a director. This will take effect once new directors have been appointed.

40 Crown commenced a process of identifying prospective Board candidates late last year with the engagement of Korn Ferry.

(a) On 28 January 2021, Crown announced the appointment of Mr Nigel Morrison as a director of Crown Resorts, subject to the receipt of regulatory approvals. Mr Morrison has more than 20 years' experience in the gaming industry throughout Australasia and Asia.

(b) Crown expects to make further announcements of appointments to the Board in the near future once candidates with the relevant skills and experience for appointment have been identified and subject to appropriate clearance.

41 An important part of the Board renewal process has been the steps that have been taken to address the concern that the Board of Crown operates independently from its major shareholder (discussed above).

42 Crown welcomes the suggestions that were made in the Report[1] regarding the importance of continuing education for directors. In this regard, Crown has taken the following steps:

(a) As discussed at paragraph 11 above, a new AML/CTF training module was delivered to all current directors (including Mr Morrison) and certain members of senior management on 8 March 2021. The training was jointly developed and delivered by Allens and Mr Blackburn.

(b) The Board is undergoing continuous education, this program will include the delivery of annual training on AML/CTF issues to ensure that all directors and members of the c-suite remain up to date in their knowledge of this important area going forward. All new board members and c-suite executives will also receive face-to-face AML/CTF training upon commencement of their role.

(c) We are in discussions with the Australian Institute of Company Directors (**AICD**) to arrange enrolments in the Company Directors Course for existing and new directors of Crown's licensed entities who have not previously completed the course. We are also investigating comparable programs for directors offered through the Governance Institute of Australia. Formal training will be supplemented by a continuing professional development program for directors facilitated by an external expert provider.

43 While the process of Board renewal is ongoing, we believe that the Authority can take comfort from the steps that have already been taken, particularly in response to the findings contained in the Report and the commitment of the current Board members to ensuring they execute their management and oversight functions in accordance with their obligations.

7 Senior executive renewal

44 In addition to significant changes to senior management personnel, Crown has recently implemented a major organisational restructure which has resulted in the elevation of risk and compliance related reporting lines to report directly to the Executive Chairman and Board, separating these functions from any commercial or revenue considerations.

45 This has resulted in the following senior management renewal:

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[1] Chapter 4.6, 33 and 34.

(a) As the Authority is aware, prior to the release of the Report, Mr Felstead and Mr Preston departed Crown and, as a result of a restructure, the roles previously held by these individuals no longer exist.

(b) Since the release of the Report, Mr Barton no longer occupies his role as CEO, replaced temporarily by Ms Coonan as Executive Chairman. We are in the process of searching for a new CEO.

(c) In addition, since the release of the Report, the General Counsel and Company Secretary role has been split into two separate roles and Ms Mary Manos has left Crown. Crown's Chief Financial Officer, Alan McGregor is acting as the interim Company Secretary and Stuart McCulloch (Partner, Allens) is acting as the interim General Counsel.

(d) Ms Anne Siegers' role was changed from Group General Manager, Risk and Audit reporting to the Chief Legal Officer and the CEO of Australian Resorts, to a new role of Chief Risk Officer, reporting directly to Executive Chairman with a reporting line to the Risk Management Committee.

(e) Mr Steven Blackburn was recruited to fill the new role of Chief Compliance and Financial Crimes Officer and he commenced in that role on 1 March 2021. He reports to the Executive Chairman and has a reporting line to the Board.

(f) Mr Tony Weston was recruited to fill the new role of Chief People and Culture Officer and will commence on 7 June 2021. He will report to the Executive Chairman and have a reporting line to the People Remuneration and Nomination Committee.

(g) Ms Jessica Ottner was recruited to fill the new role of Group General Manager – Internal Audit and will commence on 10 May 2021. She will functionally report to the CFO and have a direct reporting line to the Audit and Corporate Governance Committee. The purpose of this change is to ensure that Crown's internal audit team is better equipped to operate as a true 'third line of defence' with a reporting line separate from the business.

8 Corporate Governance

46 The Report identified shortcomings in aspects of Crown's corporate governance processes and identified poor corporate governance and deficient risk management structures as a root cause of a number of the matters that led Commissioner Bergin to conclude that Crown Sydney was unsuitable.

47 The Report acknowledged, however, that steps have been taken in recent years to improve Crown's governance and risk management processes, in particular since the commencement of Ms Anne Siegers in the role of Group Manager, Risk and Audit in 2017. The various uplift steps taken are outlined in some detail in the Report at Chapter 2.7, paragraphs 32 – 51. These steps are also detailed in the Remediation Action Plan at items 26 – 30.

48 Since the release of the Report, Crown has continued to take steps to improve its corporate governance arrangements with a key focus on increasing the flow and quality of information that is provided to the Board about risk matters, and ensuring that managing risk is viewed as a priority within the business.

49 Relevant steps taken by Crown include:

(a) **Organisational Structure:** Changes have been made to Crown's organisational structure, including:

(i) A new Compliance and Financial Crime department has been created, independent of business units (and thus independent of any revenue considerations). The Chief Compliance and Financial Crime Officer is responsible for this department and has a direct reporting line to the Executive Chairman and the Board;

(ii) Ms Siegers was promoted to the new role of Chief Risk Officer (**CRO**), reporting to the Executive Chairman and the Risk Management Committee (**RMC**);

(iii) Within the risk team, the risk and internal audit functions have been separated;

(iv) The roles of General Counsel and Company secretary have been separated;

(v) A new role of Chief Culture and People Officer has been created, directly reporting to the Executive Chairman; and

(vi) The roles of CEO Australian Resorts and Chief Legal Officer Australian Resorts have been removed.

(b) **Risk Management Framework:** Under the program of uplift continuing to be pursued by Ms Siegers, changes have been, and are continuing to be, made to Crown's risk management arrangements. These are outlined at items 26 – 30 of Schedule 2.

(c) **Resourcing:** Additional resourcing has been added to the risk management team so that the current team of seven full time equivalent risk employees will be increased to ten. Four of the risk managers are now embedded within the business. These risk managers sit with the business and attend operational meetings to facilitate the consideration of risk management as part of day-to-day decision-making.

(d) **Dealings with CPH:** One of the most significant criticisms levelled by Commissioner Bergin regarding Crown's corporate governance related to the interactions which took place with CPH. As discussed above, Crown has taken clear steps to address this issue through the termination of the Services Agreement and Controlling Shareholder Protocol and by the departure of the non-independent directors from the Board.

(e) **Changes to VIP International business:** Another area where shortcomings in corporate governance were identified was in relation to the VIP international business. To address these issues,

(i) In January 2021, the Board provided approval to transition to an Australian based VIP model. As a result, on 28 February 2021 Crown closed its offshore offices and terminated the employment of its overseas domiciled employees.

(ii) The Australian based VIP business development model will be headed by Xavier Walsh (Crown Melbourne CEO). Roland Thieler (Senior Vice President of International Business), Jacinta Maguire (Group General Manager of International Business Operations) and Ishan Ratnam (President of International VIP Development) have now departed Crown.

(iii) A restructure of the remaining operational functions has been completed resulting in the remaining operational roles for the VIP business being integrated within existing Crown Melbourne functions (e.g. Finance, Marketing, Business Operations). These steps are intended to ensure that the VIP business no longer operates separately and is subject to the same culture and controls as other areas of the business going forward.

50 The Crown Board is also considering more significant changes to Crown's corporate governance structures, involving a centralised governance model. There are a number of regulatory approvals which would be required to implement this structure which Crown will work through with the relevant regulators.

9 The Corporate Culture of Crown Sydney and Crown and their relationship with the Authority

51 We agree with Commissioner Bergin that corporate culture is a critical factor underpinning strong corporate governance and risk management. We also acknowledge that the Report identifies shortcomings in aspects of Crown's corporate culture as a root cause of some of the issues of concern outlined in the Report.

52 Corporate culture is difficult to measure. The culture of an organisation can be affected by all sorts of different factors. We note that many of the steps being taken as part of our broader Remediation Action Plan will have a positive role to play in influencing Crown's culture. In particular, the strengthening of Crown's risk and compliance arrangements, including the significant uplift work being done to improve our management of ML/TF risk, will create a structural framework that supports a stronger culture of compliance.

53 As Commissioner Bergin identified in the Report, culture is heavily influenced by the 'tone from the top'. In that regard, the renewal of the Board (discussed at paragraphs 37 to 43) and the restructure of the Senior Management team (including the appointment of a new CEO) will also be a catalyst for cultural change.

54 One of the most significant cultural issues that was highlighted by the Inquiry was the culture that had developed within the VIP International business, which had previously operated as an independent business unit. As set out at paragraph 49(e) above, changes have been made to dismantle the structures that enabled the business operate as a separate silo with its own culture.

55 Corporate culture is not a 'set and forget' matter but must regularly be subjected to test and challenge. To this end, in addition to the remediation work described elsewhere in this document, we have commenced a work program targeted specifically at ensuring Crown maintains a strong corporate culture. We describe these steps further below.

Culture Reform Program

56 Prior to the release of the Report, the Crown Board had approved a significant program of work intended to drive cultural change across the Group (the **Culture Reform Program**). The Culture Reform Program is based on the following key principles:

(a) Crown's culture is led from the top of the organisation, from the Board, CEO and senior leaders defining the desired culture, communicating it in simple terms and demonstrating it through their actions;

(b) Crown's desired culture should be consistent with, and instrumental in the achievement of, its strategic goals;

(c) Crown should distil its messages around culture into simple, clear messages that resonate with all of its employees; and

(d) A measure of culture is what employees see as the core values of Crown and its purpose.

57 This program was initially presented to and endorsed by the Board in December 2020. Crown has created a new senior management position of Chief People and Culture Officer who will be tasked with overseeing the implementation of the program.

58 As part of the Culture Reform Program, we engaged Deloitte to conduct an organisational culture review. That is intended to be undertaken in four phases which are described at item 33 of Schedule 2. The first phase was completed in February 2021 and phases two and three are expected to be completed in May or June 2021. Once the output of phases two and three has been delivered, Crown will consider how to proceed with Deloitte for phase 4.

Remuneration and performance management

59 In the Report, Commissioner Bergin discussed the importance of remuneration practices to achieve good corporate governance.

60 In FY20, Crown introduced additional mandatory Key Performance Objectives (**KPOs**) to its Performance Evaluation Plan (**PEP**) which applies to its salaried employees. All salaried employees now have a mandatory Compliance, Risk and Governance KPO that is considered as part of their performance review and taken into account when considering salary

increases and variable reward entitlements. In addition to the introduction of a mandatory KPO, Crown introduced a 'hurdle' (also known as a gate-opener), which requires employees to have complied with Crown's values to be eligible for any salary increase or variable reward. Unfortunately, the unique challenges of 2020 meant that this new system was not applied or tested as Crown's facilities were closed for an extended period of time due to COVID-19, with a large number of our employees unable to perform their roles. In this environment, the organisation did not provide salary increases or variable rewards.

61 In 2019, we engaged the University of Queensland to assist us to undertake a holistic review of our remuneration and performance management approach. It is anticipated that the new approach will take effect for a pilot group for FY22 and, in due course, will be rolled out to all employees, including senior managers.

62 Changes have also been made to remuneration at a senior level. In 2020, a revised short term incentive (**STI**) structure was implemented for each member of Crown's key management personnel (**KMP**) eligible to receive an STI which made any STI payments subject to partial deferral and forfeiture in the event of any adverse compliance or regulatory events. A deferral and forfeiture structure will be maintained for the new CEO, once one has been identified.

Relationship with the Authority

63 We are committed to building a strong relationship with the Authority, based on trust and transparency. The improvements in Crown's corporate culture are evident in our recent dealings with the Authority, and we look forward to demonstrating our commitment to a strong and constructive relationship with the Authority going forward.

10 Recovery of the costs of the Inquiry

64 Crown is willing to discuss with the Authority contributing a substantial sum in respect of the costs of the Inquiry, but that contribution should reflect, for example, the fact that the terms of reference were not limited to Crown's conduct and operations.

11 Amendments to the agreements entered into with Crown under s142 of the Act

65 Crown is willing to discuss with the Authority and the Government whether there are opportunities to simplify the current agreements entered into under s142 of the Act on the basis that any changes will not impact the commercial benefits that were provided to Crown under the agreements.

12 Casino supervisory levy

66 Crown is willing to pay a casino supervisory levy.

67 Crown considers that the quantum of any casino supervisory levy applicable to Crown Sydney should be set on an equitable basis to The Star, having regard to the scope of operations undertaken at each property.

68 Crown would be willing to discuss with the Authority an appropriate mechanism to assess the contribution to an overall supervision levy that reflects the cost of casino regulation.

13 Entitlement to compensation in relation to proposed rectification steps

69 Crown does not intend to seek compensation in respect of any of the work that it has undertaken and is currently undertaking to address the issues identified in the Report.

Schedule 2 to ILGA Letter – Details of Remediation Action Plan

#	Area	Changes already made	Proposed next steps	Responsibility
Corporate governance and organisational structure				

1.	**Board departures (Crown Resorts)**	• The following individuals have resigned as directors of Crown Resorts:
		  • Mr John Alexander (22 October 2020);
		  • Mr Michael Johnston (10 February 2021);
		  • Mr Guy Jalland (10 February 2021);
		  • Mr Andrew Demetriou (12 February 2021);
		  • Mr Ken Barton (15 February 2021);
		  • Mr Harold Mitchell (22 February 2021); and
		  • Mr John Poynton (28 February 2021).
		• On 22 October 2020, Professor John Horvath announced his intention to retire as a director. This will take effect once new directors have been appointed.
			• Complete in response to the findings from the Commissioner's Report.	Helen Coonan

2.	**Board appointments (Crown Resorts)**	• Korn Ferry has been engaged to assist with finding candidates with relevant skills and experience for appointment to the Board. • Mr Nigel Morrison has been appointed as a director of Crown Resorts, subject to the receipt of regulatory approvals. Mr Morrison has more than 20 years' experience in the gaming industry throughout Australasia and Asia. • The appointment of an independent Chairman to the Board.	• Commencement of Nigel Morrison as a director of Crown Resorts, following receipt of regulatory approvals. • Recruitment of further individuals as directors of Crown Resorts, subject to receipt of regulatory approvals. At this stage, Crown Resorts is targeting a Board composition comprising of 7 directors.	Helen Coonan
3.	**Board composition (Crown Sydney)**	• Mr Barton resigned as a director of Crown Sydney Gaming (15 February 2021).	• Helen Coonan to be appointed as a director of Crown Sydney Gaming.	Helen Coonan

#	Area	Changes already made	Proposed next steps	Responsibility
4.	**Continuing education for Directors**	• A new face-to-face AML/CTF training module was delivered to the Boards of Crown Resorts, Crown Sydney, Crown Melbourne and Crown Perth on 8 March 2021. • Crown is in discussions with the Australian Institute of Company Directors (***AICD***) to arrange enrolments in the Company Directors Course for directors of Crown's licensed entities who have not previously completed the course. Crown is also investigating comparable programs for directors offered through the Governance Institute of Australia, given the AICD Company Directors Course is fully booked for several months. • Crown is in consultation with the Ethics Centre to understand opportunities for independent programs covering issues connected to corporate governance and culture.	• The People, Remuneration and Nomination (***PRN***) Committee is overseeing the development and implementation of induction and continuing professional development programs for directors, including requiring annual AML/CTF training and requiring any new directors in future to attend induction AML/CTF training and appropriate governance courses offered through the AICD and Governance Institute of Australia. • Formal training will be supplemented by a continuing professional development program for directors facilitated by an external expert provider.	Toni Korsanos / Tanya Baini
5.	**Governance structure**	• Consideration being given to implementing a centralised governance structure for the Crown group. • The Board provided in principle approval for the proposal in September 2020. • REDACTED - PRIVILEGE	• REDACTED - PRIVILEGE • Engagement with gaming regulators on the proposed structure.	Stuart McCulloch
6.	**Organisational restructure**	• A new organisational structure was announced in December 2020 (and further supplemented in February 2021). Key changes include: • New Compliance and Financial Crime department created, independent of business	• Complete.	Helen Coonan

#	Area	Changes already made	Proposed next steps	Responsibility
		units, with the creation of a new Chief Compliance and Financial Crime Officer with direct reporting lines to the CEO (or equivalent) and Board. • Risk and Internal Audit functions separated and reporting lines elevated, with the creation of a new Chief Risk Officer role reporting directly to the CEO (or equivalent) with a reporting line to the Risk Management Committee. • Creation of a group HR function to drive cultural consistency throughout the organisation, with the creation of a new Chief People and Culture Officer reporting directly to the CEO (or equivalent) with reporting lines to the PNR and OH&S Committees. • Separation of the General Counsel and Company Secretary role. • The appointment of new legal advisor to Crown and a separate legal advisor to the Board. • New roles: • Chief Compliance and Financial Crimes Officer; • Chief People and Culture Officer; and • Group General Manager - Internal Audit. • Roles removed: • CEO Australian Resorts; and • Chief Legal Officer Australian Resorts.		

#	Area	Changes already made	Proposed next steps	Responsibility
7.	**Senior management renewal**	• Mr Barry Felstead and Mr Joshua Preston departed Crown and, as a result of a restructure, the roles previously held by these individuals no longer exist. • Mr Barton is no longer in the role of CEO, replaced temporarily by Ms Coonan as Executive Chairman. • The role of General Counsel and Company Secretary has been split into two separate roles and Mary Manos has departed Crown with Crown's Chief Financial Officer, Alan McGregor acting as the interim Company Secretary and Stuart McCulloch (Partner, Allens) acting as the interim General Counsel. • Ms Anne Siegers' role has changed from Group General Manager, Risk and Audit to Chief Risk Officer, reporting directly to the CEO (or equivalent) with a reporting line to the Risk Management Committee. • Mr Steven Blackburn was appointed as the Chief Compliance and Financial Crime Officer and he commenced in that role on 1 March 2021. He reports to the CEO (or equivalent) and has a reporting line to the Board. • Mr Tony Weston was appointed as the new Chief People and Culture Officer and will commence on 7 June 2021. He will report to the CEO (or equivalent) and have a reporting line to the People, Renumeration and Nomination Committee. • Ms Jessica Ottner was appointed as the Group General Manager – Internal Audit, commencing on 10 May 2021, have a functional reporting line to the CFO and have a direct reporting line to the Audit and Corporate Governance Committee.	• Heidrick and Struggles appointed to undertake the search for a new CEO. • Tony Weston to commence as the new Chief People and Culture Officer on 7 June 2021. • Jessica Ottner to commence as the Group General Manager – Internal Audit on 10 May 2021.	Helen Coonan / Alan McGregor

#	Area	Changes already made	Proposed next steps	Responsibility
8.	**VIP Business Restructure**	• In January 2021, the Board approved the transition to an Australian based VIP model, with the closure of all remaining offshore offices and the cessation of employment of overseas domiciled sales team employees. • A restructure of the operational functions has been completed. VIP will now operate solely as a Business Development function reporting to Xavier Walsh (Crown Melbourne CEO). The remaining operational roles for the VIP business have been integrated within existing Crown Melbourne functions (e.g. Finance, Marketing, Business Operations). • The Australian based VIP model will ultimately report in to Xavier Walsh (CEO Crown Melbourne). • VIP Executives Roland Thieler, Jacinta Maguire and Ishan Ratnam have now departed Crown.	• Organisational restructure has been completed.	Xavier Walsh
CPH Relationship				
9.	**Termination of agreements**	• Services Agreement and Controlling Shareholder Protocol were terminated on 21 October 2020.	• Complete. • Crown is also willing to undertake to the Authority that similar arrangements will not be entered into in the future should this be required.	Helen Coonan
10.	**Resignation of directors**	• Mr Johnston, Mr Jalland and Mr Poynton have resigned from the Crown Resorts Board.	• CPH no longer has separate representation on the Board of Crown.	Helen Coonan
11.	**Controls on the influence of CPH**	• Refer to items 9 and 10 above.	• Crown understands that additional undertakings have been provided by CPH to ILGA.	Helen Coonan

#	Area	Changes already made	Proposed next steps	Responsibility
AML/CTF Change Program				

12.	**Financial Crime Resourcing and Team Structure**	• A new Compliance and Financial Crime department independent of business units has been created with direct reporting lines to the Board.
		• Steve Blackburn commenced as the Chief Compliance and Financial Crime Officer on 1 March 2021.
		• Nick Stokes, Head of Financial Crime and Group Money Laundering Officer, was appointed as AML/CTF Compliance Officer for each of the Crown reporting entities on 2 November 2020.
		• Further new Financial Crime roles have been created and appointed:
		  ◦ Group Senior Manager Financial Crime – Customer Investigations (commenced 21 October 2020);
		  ◦ Financial Crime Investigations Officer Melbourne (commenced 19 October 2020);
		  ◦ Group Senior Analyst Financial Crime – Customer Investigations (commenced 21 December 2020);
		  ◦ Group Financial Crime Manager – Data Analytics (commenced 21 December 2020);
		  ◦ Financial Crime Manager Sydney (commenced 14 December 2020);
		  ◦ 2x Group Financial Crime Analysts (commenced 4 January 2021);
			• Recruitment of the following additional positions is underway:
			  ◦ Group Financial Crime Analyst (three positions);
			  ◦ Group Senior Manager Financial Crime - Assurance & Testing;
			  ◦ Perth and Sydney Financial Crime Analysts; and
			  ◦ Financial Crime Project Manager (contractor).
			• Additionally, Mr Blackburn is currently assessing the Financial Crime team's structure. He has the support of the Chair and the Crown Board to increase the current resourcing levels (refer to item 25 below).
				Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility
		• Financial Crime Manager Perth (commenced 18 January 2021); • Group Senior Manager Financial Crime – Customer Intelligence and Due Diligence (commenced 11 January 2021); and • Financial Crime Investigations Officer Sydney (commenced 1 March 2021).		
13.	**ML/TF Risk Assessment**	• Promontory was engaged in September 2020 to provide Crown with an assessment of potential financial crime vulnerabilities in its business, and a forward-looking strategic assessment of capabilities to manage the risks associated with financial crime. Promontory have presented their preliminary findings to Crown's Financial Crime team and Crown expects to receive their draft report shortly.	• Informed by the results of Promontory's financial crime vulnerability assessment, Crown will conduct an enterprise-wide ML/TF risk assessment. • Refer also to item 25 below.	Steve Blackburn / Nick Stokes
14.	**AML / CTF Program**	• As part of Crown's ongoing roll-out of the AML/CTF Change Program, a Joint AML/CTF Program (comprising the AML/CTF Part A Program, which includes the AML/CTF Policies and Procedures, and Part B Program) (***Joint AML/CTF Program***) was endorsed by the Crown Resorts Board for adoption by each of Crown's reporting entities. Part A was approved by the boards of each of the reporting entities, being Crown Sydney, Crown Melbourne and Crown Perth, on 2 November 2020. • Among other things, Part A of the new Joint AML/CTF Program provides for greater Board and senior management oversight and responsibility for driving a positive culture of AML/CTF compliance (see item 15 below for more information).	• Continuing embedment of the Joint AML/CTF Program with oversight and guidance from Mr Blackburn. • Refer also to item 25 below. • [redacted]	Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility

		• Under the Joint AML/CTF Program, the AML/CTF Compliance Officer has responsibility for the continued compliance of each of the reporting entities with the requirements of the AML/CTF Act and the AML/CTF Rules, as well as the Joint AML/CTF Program. Under sections 7.1 and 19 of the Part A Program the AML/CTF Compliance Officer has a direct reporting line to the Crown Resorts Board and both an opportunity and requirement to raise significant AML/CTF matters.
		• The Joint AML/CTF Program also includes a revised transaction monitoring program (***TMP***). This includes the introduction of an automated TMP through Sentinel and manual transaction monitoring.
		  ◦ Sentinel is discussed further in item 17 below.
		  ◦ As part of the manual aspect of the TMP, Crown has implemented an internal process for the generation of Unusual Activity Reports (***UARs***), which are submitted internally for review by the Financial Crime team pursuant to the AML/CTF Policies and Procedures. The Financial Crime team then decides whether to file a suspicious matter report (***SMR***) with AUSTRAC and/or to conduct enhanced customer due diligence.
		• The relevant business stakeholders approved and endorsed the Business Unit Standard Operating Procedures to give effect to the new Joint AML/CTF Program.
		• Crown has also adopted a number of specific policies and procedures aimed at mitigating further its exposure to money laundering risk, including:
			• [redacted]	

#	Area	Changes already made	Proposed next steps	Responsibility
		• On 1 October 2020 Crown communicated to its staff that it would no longer permit junkets or other customers to utilise money remitters. On 21 October 2020, Crown notified its staff that it would no longer authorise third party transfers without the written approval of the COO (or equivalent) or the Group General Manager, AML. On 16 November 2020 Crown introduced the formal Third Party Transfers and Remitters Policy which articulates this. • [redacted]		

#	Area	Changes already made	[redacted]	Proposed next steps	Responsibility

#	Area	Changes already made	Proposed next steps	Responsibility
		[redacted]		

#	Area	Changes already made	Proposed next steps	Responsibility
		can [redacted] the [redacted]		
15.	**AML reporting structures and governance**	• The Joint AML/CTF Program creates a prescriptive framework for both formal reporting and informal escalation of AML/CTF related matters. It provides for Crown Board oversight of AML/CTF matters and requires quarterly reporting to the Crown Board and monthly reporting to Crown senior management and that material AML/CTF matters be escalated at each Crown Board meeting or as frequently as required. • The AML/CTF Policies and Procedures provide that the Board and senior management of both Crown Resorts and each reporting entity are the owners of ML/TF risk. Pursuant to s 7.5 of the Part A Program significant AML/CTF matters will also be raised with a newly established AML/CTF Committee which in turn will report matters to the Executive Risk and Compliance Committees (***ERCC***) of each Crown reporting entity. • The Group AML/CTF Committee meets quarterly and comprises representatives from each of the relevant business units of each Crown entity. The Group AML/CTF Committee met in January 2020, November 2020 and January 2021. The Group AML/CTF Committee did not meet as scheduled in 2020 due to the closure of Crown's properties as a result of the COVID-19 pandemic. The remaining scheduled meeting dates for 2021 are as follows: 29 April 2021, 15 July 2021 and 28 October 2021. • The Crown Financial Crime team has also provided updates to the ERCCs in Melbourne and Perth as follows:	• Refer to item 25 below. • The Sydney ERCC is in development and will be formed with the commencement of gaming at Crown Sydney.	Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility
		• in November 2020 and January 2021 in Melbourne; and • in November 2020 and February 2021 in Perth. • The agenda for the Melbourne ERCC, as well as the Perth ERCC includes a standing AML/CTF agenda item. • The agenda for the Crown Resorts Board includes a standing AML/CTF agenda item. Detailed AML/CTF updates were provided to the Crown Resorts Board in November 2020 and February 2021. • The agenda for the Crown Resorts Risk Management Committee includes a standing AML/CTF agenda item.		
16.	**Riverbank / Southbank and enhanced Patron Account Controls**	• The Riverbank and Southbank bank accounts were closed in December 2019. Since that time, neither Riverbank nor Southbank has operated a bank account. • The only patron accounts for Crown Sydney are onshore bank accounts in the name of Crown Sydney Gaming. • A direction was issued to relevant Crown staff in Perth on 24 September 2020, and in Melbourne on 12 November 2020, that under no circumstances should transactions be aggregated in Crown's casino management system. This direction was also incorporated into Crown Melbourne and Crown Perth SOPs in October 2020. Additional controls have been implemented over Crown's patron bank accounts to mitigate the risk of criminal exploitation (the ***Patron Account Controls***), including: • On 8 April 2020, an Executive Office Memorandum was circulated to relevant Crown employees informing them that Crown will no	• Crown is undertaking a 'lookback' of the transactions identified in the reviews of the Riverbank and Southbank accounts undertaken by Grant Thornton and Initialism to identify whether there is any further reporting to AUSTRAC required. • [redacted]	Steve Blackburn / Nick Stokes / Patricia Chin

#	Area	Changes already made	Proposed next steps	Responsibility

		longer make or receive payments to or from third parties without prior written approval from the property CEO or equivalent and the AML/CTF Compliance Officer. This direction was further memorialised in another Executive Office Memorandum on 31 July 2020 with further instructions on the ban on all third party transfers and a Q&A for staff on what they are to do if a customer approaches Crown requesting to transfer funds to a third party, or requesting that a third-party be able to transfer funds to Crown.
		• On 16 November 2020 (pursuant to cl 7.5(i) of the Part A Program and cl 6.2.3 of the AML/CTF Policies and Procedures) Crown introduced a manual rule for bank statement monitoring, which requires bank statements be monitored weekly and cash deposits reviewed to identify suspicious transactions.
		• On 16 November 2020, Crown adopted the Third Party Transfers and Money Remitters Policy (the ***Third Party Policy***). The Third Party Policy notes that Crown:
		  • does not accept payments from third parties (including money remitters) into its accounts for the benefit of a Crown customer; and
		  • will not make payments to third parties (including money remitters) on behalf of a Crown customer.
			[redacted]
			• Refer also to item 24 below.	

#	Area	Changes already made	Proposed next steps	Responsibility
		The Third Party Policy prescribes a detailed procedure to be followed if a departure from the default position of not accepting payments from third parties is to be approved. • On 4 January 2021, Crown implemented the Return of Funds Policy, which states that Crown will: • only accept payments that are transferred into its bank account from personal bank accounts belonging to the patron seeking to transfer funds to Crown; • return all of the following types of payments: (a) cash deposits; (b) funds transferred from a company or trust bank account (unless approved); (c) funds transferred by a third party for the benefit of a Crown patron account (unless approved); (d) funds transferred when the description or narration is misleading as to purpose; and (e) funds transferred where the patron has not provided a		

#	Area	Changes already made	Proposed next steps	Responsibility
		receipt or supporting documentation.		
17.	**Transaction Monitoring Program / Sentinel**	• Crown's new Joint AML/CTF Program includes a revised transaction monitoring program (***TMP***). • Crown has rolled out an automated TMP through Sentinel. Sentinel has two features: (i) it automatically monitors and alerts for transactions (the ***Rules Feature***) and (ii) allows Crown to view a 'Customer Intelligence' dashboard which provides a summary of the customer's profile and their gaming and transaction activity. • The Rules Feature is a risk-based TMP which contains rules designed to detect unusual transactions, patterns of transactions or behaviours, including transactions on accounts which are not consistent with rated play. Although the Rules Feature is currently live with a large number of standalone transaction monitoring rules in operation, other transaction monitoring rules are still being calibrated. Further aspects of the risk-based Rules Feature in Sentinel are also being developed. • On 3 February 2021 the Financial Crime Team for Crown Melbourne and Crown Perth commenced monitoring and dispositioning of Sentinel alerts in the Rules Feature. There are currently 15 Sentinel rules, which cover two key risk areas, being cash transactions and high risk alerts. The alerts are automated in Sentinel, but the dispositioning and triage process is manual. Crown is working towards this becoming a digitised process.	• Continued rollout of Crown's automated transaction monitoring program with oversight and guidance of Mr Blackburn. • Initialism has been engaged to conduct a transaction monitoring source information review. This is a review of Crown's transaction monitoring program focusing on the source data being ingested into the TMP from the various Crown systems, a review of the TMP testing documentation, the appropriateness of the 15 Sentinel rules, and whether the 2019 Initialism TMP recommendations have been implemented. Initialism are due to provide their findings by Friday 19 March. Crown will address Initialism's recommendations for improvements to Crown's TMP process.	Steve Blackburn / Nick Stokes
18.	**Regulatory Reporting (IFTIs/ SMR/ UARs and TTRs)**	• As noted above at item 14, Crown has developed a new UAR process as a way to systematise internal reporting of unusual activity for a determination by the Financial	• Crown has initiated external reviews of its international funds transfer instruction reports (***IFTI***), SMR, and	Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility

		Crime team as to whether a SMR should be filed with AUSTRAC.
		• The current UAR process is manual. On 25 February 2021 the Financial Crime Team commenced a pilot of the digitised UAR process. While the digitised system will still be subject to a range of future enhancements, the following components are currently functional:
		  • UAR form;
		  • UAR review and triage fields;
		  • Investigation report; and
		  • SMR decisioning fields.
			threshold transaction reports (***TTR***) reporting processes to ensure it is complying with the requirements of Chapters 17, 18 and 19 of the AML/CTF Rules when submitting these reports. Crown will address any recommendations arising from those reviews.
			• Crown has also set up a test reporting account with AUSTRAC for Crown Sydney to test the bulk upload process for TTR and IFTI files is working. Further testing of this account is planned with AUSTRAC.	

19.	**ECDD / KYC**	• Enhanced customer due diligence process has been adopted in Crown's AML/CTF Policies and Procedures (as part of the new Joint AML/CTF Program). The AML/CTF Policies and Procedures provide for a process in clause 3 regarding customer risk assessments, and how those customers who are high or critical risk are to be escalated. • On 12 November 2020 Crown also introduced its Escalation of Critical Risk Customer Policy, which requires specific matters to be addressed to determine whether a critical risk customer should be retained; Crown has also introduced a new Persons of Interest (***POI***) Group Committee. This became active on 14 October 2020, with a decisioning tool developed and in operation (see items 35 – 38 below for further details on further patron specific controls implemented by Crown.)	• Crown will review its Escalation of Critical Risk Customer Policy to address comments made in the Bergin Report as to the definition of critical risk customers and the process for considering whether they should be retained.	Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility

20.	**AML/CTF Training**	• Revised online "Awareness" training module has been released. As at 28 February 2021:
		  • 11,470 Crown employees (88%) have completed the AML/CTF Awareness Training;
		  • 2,695 Crown Melbourne Contractors have also completed the training.
		• "BU Specific" targeted face-to-face training for Table Games (including VIP International), Gaming Machines, Cage, Security & Surveillance, Hotels and Food and Beverage, is being delivered (typically to supervisors and above, noting a number of Table Games staff have currently been stood down due COVID-19 restrictions). As at 9 March 2021:
		  • 909 employees (92%) at Crown Perth;
		  • 1,258 (77%) at Crown Melbourne;
		  • 183 employees (100%) at Crown Sydney.
		  • 102 (86%) of the Business Operations Teams (***BOT***) (senior management) at all properties have also received targeted training. 100% of the Sydney BOT have attended training, and at least 83% of the BOT in Melbourne and Perth have completed training. Those who have missed the training in Melbourne and Perth will have an alternative session arranged.
		• 100% of C-suite executives have also received face-to-face AML/CTF training.
		• A new face-to-face AML/CTF training module was delivered to the Boards and senior management of
			• Crown will conduct refresher AML/CTF training for moderate and high risk employees and contractors on an annual basis.
			• AML training scheduled for late March will cover the roll out of a new digitised UAR and SMR workflow for staff in the Crown Table Games, Gaming Machines and Cage business units. The information sessions will provide relevant Crown employees in the casinos and the cage with an understanding of the UAR and SMR process and how to identify and escalate unusual activity through the new system and workflow.
			• A training calendar is also being prepared. The topics for the training will change depending on relevant trends identified in the business, changes to policy or industry guidance. Business units will also receive further AML training.
			• Face-to-face AML/CTF training for board and C-suite executives will be reconducted annually and each new board member and c-suite executive will receive face-to-face AML/CTF training within one month of commencing their role.
				Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility
		Crown Resorts, Crown Sydney, Crown Melbourne and Crown Perth on 8 March 2021.		
21.	**Employee Due Diligence**	• [redacted]	• [redacted] • Further enhancement of the Employee Due Diligence Framework (including additional checks) at onboarding or if transferred to a higher risk role, are being considered.	Steve Blackburn / Nick Stokes
22.	**Additional Crown Sydney AML controls**	• [redacted] to [redacted] at [redacted]	• Refer to item 37 below.	

#	Area	Changes already made	Proposed next steps	Responsibility
		• [redacted]		
23.	**Independent review of the Joint AML/CTF Program**		• In the fourth quarter of 2021, Crown will engage a third party consultancy firm to conduct an independent review of the Joint AML/CTF Program. Crown will share the results of the review and Crown's response with ILGA. The review will assess: • the effectiveness of the Joint AML/CTF Program having regard to the ML/TF risk of each reporting entity in the designated business group; • whether the Joint AML/CTF Program complies with the AML/CTF Rules; • whether the Joint AML/CTF Program has been effectively implemented; and	Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility
			• whether each reporting entity in the designated business group has complied with the Joint AML/CTF Program. • Crown will undertake to have a further independent review conducted twelve months after the independent review.	
24.	**Deloitte Forensic Review**	• Deloitte have been engaged by Crown to conduct a forensic review and controls assessment to address the recommendations in the Bergin report. The review commenced on 22 February 2021 and consists of the following three phases of work: • **Phase 1** will assess the design and operating effectiveness of Crown's current Patron Account Controls. This phase will be completed sooner than Phases 2 and 3 to ensure the Crown Resorts Board and ILGA are provided with comfort as soon as possible that Crown has appropriately mitigated the risk of transactions occurring through Crown's current patron accounts that are similar to those identified in the Grant Thornton and Initialism Reports in relation to the Riverbank and Southbank accounts dated November 2020. • **Phase 2** will confirm whether there are any transactional patterns or behaviours indicative of any money laundering typologies through historic or current Crown patron accounts, including but not limited to the typologies	• Crown anticipates that Phase 1 of Deloitte's review will be completed on or before the end of March 2021. It will provide a copy of Deloitte's report for Phase 1, Crown's response, and Deloitte's response to Crown's response as soon as possible. • The timing for Phases 2 and 3 of Deloitte's review will be determined in early April, and a further status update provided to ILGA.	Steve Blackburn / Nick Stokes

#	Area	Changes already made	Proposed next steps	Responsibility
		identified in the Grant Thornton and Initialism Reports. This phase will provide the Crown Resorts Board and ILGA with full visibility as to: • whether there were other transactional patterns or behaviours indicative of money laundering through the Riverbank or Southbank accounts not identified in the Grant Thornton and Initialism Reports; and • the extent to which any other Crown patron accounts (including all historic patron accounts) may also have been infiltrated by criminal elements. Further, Deloitte will undertake a sample review of other Australian or overseas bank accounts held by Crown or other legal entities associated with Crown's Australian casino operations. If it identifies any accounts that were used, or capable of being used, as patron accounts it will add these to the scope of the Phase 2 review. • **Phase 3** will provide comfort to the Crown Resorts Board and ILGA as to whether Crown's broader control framework appropriately mitigates the risk of any transactions similar to those identified in Phase 2 continuing to occur through the Crown's current patron accounts.		
25.	**Steven Blackburn proposals**	• Mr Blackburn's plan is to continue the process of embedment of Crown's new Joint AML/CTF Program, including the roll out of Crown's automated transaction monitoring system, Sentinel. In parallel, Crown will	• Informed by Promontory's work, the findings of the Inquiry and his assessment of the Joint AML/CTF Program, Mr Blackburn will table	Steve Blackburn

#	Area	Changes already made	Proposed next steps	Responsibility
		conduct an enterprise-wide ML/TF risk assessment, informed by the results of an ML/TF vulnerability assessment that the external risk management consultancy, Promontory, is due to complete into Crown's vulnerability to criminal exploitation.	with the Board a detailed report that sets out his assessment of Crown's current maturity across all elements of financial crime risk management and his plan as to: • the Financial Crime team's structure, resourcing and capabilities; • financial crime governance and oversight; • additional controls that may be necessary or desirable to address financial crime risks in the casinos' operations; and • further steps that may be necessary or desirable to build and embed a positive culture of financial crime risk awareness and compliance. • This report will be presented to the Board on or before 31 May 2021. Upon approval by the Board, the report will be shared with ILGA.	
Risk management				
26.	**Risk team changes**	• In December 2017, a new Group Manager, Risk and Audit role was created, reporting to the CEO of Australian Resorts. Ms Anne Siegers was recruited for that role.	• Three additional roles for the risk team are in recruitment (taking the team to ten FTE).	Anne Siegers

#	Area	Changes already made	Proposed next steps	Responsibility
		• In December 2020, the new role of Chief Risk Officer (***CRO***) was created, reporting directly to the CEO of Crown Resorts (or equivalent) with a reporting line to the Risk Management Committee. Ms Siegers was appointed in this role. The CRO is also a member of the Executive Team for each property. • Since her arrival at Crown, Ms Siegers has built up the risk team from one full time equivalent to seven. This includes four risk managers who have been embedded in the business. These risk managers sit with the business and attend operational meetings to facilitate the consideration of risk management as part of decision-making and ensure greater knowledge of the business by the risk department.		
27.	**Risk management policies and procedures**	• On joining in 2017, Ms Siegers reviewed the existing risk matrix and significantly reduced the materiality threshold so that more risk information was provided to the Board. She also introduced escalation requirements for each level of risk to specify when risks were required to be escalated and to whom. • A formal risk appetite was approved by the Board in November 2018. • A risk management strategy (which incorporated the risk appetite statement) was approved by the Board in June 2019. The risk management strategy is reviewed annually and was updated in June 2020 to include a section on risk culture. • When Ms Siegers joined Crown, there were existing Corporate Risk Profiles but there were gaps in individual risk profiles below that for each specific business area. The risk department commenced a program of work to	• Risk and Compliance Culture Framework to be provided to the RMC at its next meeting for further discussion and approval.	Anne Siegers

#	Area	Changes already made	Proposed next steps	Responsibility
		prepare these risk profiles for each business area in 2018 and now has risk profiles for the majority of business areas, including VIP Operations. Each risk profile identifies a specific individual who is responsible for risk in that area, including escalation of those risks. • A first draft of the Risk and Compliance Culture Framework was provided to the Risk Management Committee (***RMC***) in November 2020. Feedback was also received from Deloitte on the Framework.		

28.	**Risk governance and reporting**	• A number of changes have been made to the RMC process:
		  • meetings increased from two per annum to four in November 2017 and then from four to six meetings per annum in October 2020;
		  • meeting time has increased to three hours for each meeting;
		  • emerging risk, compliance and AML issues have all been added as standing items to the RMC agenda;
		• Reporting to the RMC has been enhanced and the RMC now receives the following at each meeting:
		  • an executive summary of emerging risks around the business;
		  • risk appetite dashboards which report against the seven risk categories in the risk appetite statement;
		  • proposed adjustments to risk profile based on the key events discussed;
		  • an update on material risks;
			• Updated reporting format to include reporting in relation to risk and compliance culture to be provided to the RMC for approval in March 2021.	Anne Siegers

#	Area	Changes already made	Proposed next steps	Responsibility
		• a summary of key risk indicators divided into the seven risk categories. This is based on operational data that assists with identifying where there might be emerging risks, for example, the number of data breach events reported the Compliance. • The minutes from each RMC are provided to the full Board of Crown Resorts, and the Chair of the RMC provides an update to the Board on key matters considered during the RMC meeting. • The ERCC was established in July 2018 in Melbourne (it was already in existence in Perth). ERCC meetings coincide with Risk Management Committee meetings. This ensures that Executives are aware of what is going to the RMC and can ensure that all relevant information for each property is being escalated.		
29.	**Additional risk management enhancements**	• An Enterprise Risk Management system was introduced in Melbourne (it was already in use in Perth) to collate risk information and facilitate reporting. • Monthly meetings of compliance officers have been rolled out. All business units escalate any issues that have been identified during the month at these meetings. The CRO attends all of these meetings to ensure that the risk department is fully informed of compliance issues and can identify systemic issues if they arise. • The Risk team has commenced a review of the training programs provided to staff to consider whether there is adequate coverage of relevant risks in the training program.	• Review of training is ongoing.	Anne Siegers

#	Area	Changes already made	Proposed next steps	Responsibility
30.	**Deloitte review**	• Deloitte was retained to review the risk management program in February 2019. • Deloitte's report was provided in June 2019 and the majority of the recommendations provided by Deloitte have now been implemented. The remaining recommendations will be adopted in due course or are recommendations which Crown has determined not to adopt at this stage but will reconsider at a later stage.	• Crown to consider additional recommendations at an appropriate time in the future.	Anne Siegers
Culture				

31.	**Crown values**	• For performance year FY20, Crown rolled out its new values, which are:
		  • We act respectfully;
		  • We are passionate;
		  • We work together; and
		  • We do the right thing.
		• The values were introduced in Melbourne and Perth at briefings provided to all staff to formally launch the values.
		• After the formal launch, the values were promoted with extensive signage in back of house areas which included explanations and interviews with employees about what each of the values mean to them.
		• The values have also been incorporated into other relevant policies and documents like the Crown Code of Conduct and the Risk and Compliance Culture Framework.		

#	Area	Changes already made	Proposed next steps	Responsibility

32.	**Culture Reform Program**	• An overarching culture reform plan to assess current culture and to address any necessary cultural reform has been developed, broken into the following key areas:
		  • Laying the foundations and tone from the top
		  • Reviewing and refining Crown's strategic intent
		  • Clarifying Crown's Purpose and Values
		  • Assessing Crown's current culture
		  • Assessing the gaps and planning remediation
		  • Implementing a governance structure
		  • Developing and implementing a measurement process
		  • Audit and information sharing
		• The plan was presented to and endorsed by the Board in December 2020.
			• The Culture Reform Program will be under the direction of the Chief People and Culture Officer (who is expected to commence on 7 June 2021).	Anne Siegers

33.	**Deloitte culture review**	• Deloitte has been engaged to conduct an organisational culture review, broken into four discrete phases of work. To date, Deloitte has been engaged to undertake the first three phases of work. • Phase 1 was completed in February 2021 and involved the development of a framework to assess Crown's existing culture and its maturity.	• In Phase 2, Deloitte will carry out a more detailed analysis to gain a deeper understanding of Crown's culture and identify levers for change. This will involve surveys, focus groups and interviews and is expected to be delivered in May/June 2021. • In Phase 3, Deloitte will use both quantitative and qualitative analysis to prepare a report and recommendations for presentation to senior management and the Board.	Anne Siegers

#	Area	Changes already made	Proposed next steps	Responsibility
			This is also expected in May/June 2021. • Phase 4 would involve using the insights from the other phases to define a target culture state for Crown and build a road map to achieve cultural change. This part of the process will take further time to achieve but will give Crown a clear path forward to achieve effective and long-lasting cultural change. Crown will assess the output of Phases 2 and 3 before it formally engages Deloitte for phase 4.	
34.	**Remuneration**	• Revised STI structures implemented for each member of Crown's key management personnel (***KMP***) eligible to receive an STI including partial deferral and forfeiture in the event of any adverse compliance or regulatory events. A deferral and forfeiture mechanism will apply to the new CEO once a candidate is identified. • Introduction of mandatory Compliance and Risk KPOs for all salaried staff in FY20. • Introduction of values based 'hurdles' as part of performance management framework in FY20. • Engagement of the University of Queensland in 2019 to assist with developing a new performance management framework.	• University of Queensland framework to be piloted with employees in Table Games for FY22.	Alicia Gleeson / Anne Siegers
Junkets/POI/Significant player review				
35.	**Cessation of dealing with junket operators**	• On 17 November 2020, the Crown Board determined that Crown will permanently cease dealing with all junket	• Complete.	Xavier Walsh

#	Area	Changes already made	Proposed next steps	Responsibility
		operators, subject to consultation with gaming regulators in Victoria, Western Australia and New South Wales. Crown informed all recently active junket operators of this decision by early December 2020.	• Should it be required, Crown is willing to provide the Authority with an undertaking in a form suitable to the Authority to the effect that Crown will not deal with junket operators in the future without regulatory approval.	
36.	**POI review**	• In April 2020, Crown commissioned Deloitte to undertake a review of its junket due diligence and POI process. The final report was received from Deloitte in August 2020. • The Crown Resorts Board resolved to adopt the recommendations on 18 August 2020. • A workplan to implement the Deloitte recommendations was endorsed by the Board on 10 September 2020. • Recommendations in relation to customer due diligence have been implemented, including expansion of the POI Committee to a group-wide committee, implementation of a POI Decision Assessment tool, and providing the Crown Melbourne Compliance Committee and the Crown Resorts Board Risk Management Committee with oversight of POI process.	• Complete	Michelle Fielding / Anne Siegers
37.	**Significant Player Review**	• A new process was implemented in 2020 (and subsequently further refined) to assist with customer due diligence and identification of individuals with whom Crown should cease dealing. • A Significant Player Review Policy (***SPR Policy***) to support the process is in development. • The Significant Player Review involves a review (on an ongoing basis) of top-end local and domestic players	• Finalisation of SPR Policy. • Reviews will be undertaken on an ongoing basis as new customers reach certain trigger thresholds and as periodic re-assessments are undertaken.	Tim Barnett

#	Area	Changes already made	Proposed next steps	Responsibility

		(determined by certain theoretical or actual revenue spend thresholds during defined periods) across all three of Crown's properties to determine whether (i) to continue to deal with the patron; (ii) further investigation is required; or (iii) cease to do business with the patron. The review also assesses players based overseas who play Gaming Machines.
		• Reviews have been undertaken across all three of Crown's Australian properties: The SPR Policy outlines a framework for completing further Know Your Customer (***KYC***) in accordance with the AML/CTF Rules on customers who trigger certain theoretical or actual revenue spend thresholds at Crown during defined periods:
		  • Reviews completed for in excess of 1,250 top customers in Melbourne and in excess of 500 Sydney based customers who are expected to become Crown Sydney customers. Of the customers referred to the POI Committee, 90 have been issued with a Withdrawal of Licence (***WOL***) either at the meeting or subsequently for failure to provide sufficient source of wealth information. A further 93 customers are awaiting decision by the POI Committee.
		  • Perth's review of its top customers continues with in excess of 250 customers currently subject to reviews.
		  • As part of the top locals review, a new workstream for approximately 54 formerly international customers now domiciled in Melbourne has been initiated. Of the patrons		

#	Area	Changes already made	Proposed next steps	Responsibility
		reviewed, 16 have now been approved to continue as customers, and 6 have been issued with a WOL.		
38.	**Credit approval process**	• The credit decision making process has been separated from the Premium Player due diligence and approval process.	• Complete.	Anne Siegers
39.	**Information sharing protocols with relevant law enforcement agencies**	• Nick Kaldas engaged to assist with developing [redacted] protocols with law enforcement agencies. • [redacted] •	• [redacted]	Karl Bitar
Audit and assurance				
40.	**Audit enhancement**	• Quality Assessment of the Internal Audit Department was obtained from the Institute of Internal Auditors Australia in October 2020. The review concluded that the Crown Internal Audit Department is operating professionally and generally conforms with the Internal Audit Standards. This is the highest rating that can be achieved. • The risk and audit functions have been separated as part of the recent organisational restructure as an enhancement to the Three Lines of Defence model. • A new Group General Manager – Internal Audit has been appointed and will commence on 10 May 2021.	• New Group General Manager – Internal Audit to commence on 10 May 2021.	Anne Siegers

#	Area	Changes already made	Proposed next steps	Responsibility
		• The appointment of a new independent auditor.		

41.	**Enhanced information sharing with the Authority**	• In the course of the Inquiry, Crown proposed enhanced information sharing and oversight by the Authority as set out in a proposed Internal Control Manual (***ICM***): "Information Sharing, Regulator Supervision and Audit".
		• Pursuant to the proposed ICM, Crown will provide the following reports to the Authority:
		  • regular reporting on all new member who have joined Crown Sydney;
		  • regular reporting on all guests who have entered the Restricted Gaming Facility;
		  • making gaming records and related reports available to the Authority upon request;
		  • compliance AML and risk reports available to the Authority upon request;
		  • reports produced for meetings of the POI committee, along with the decisions of that committee, to be made available to the Authority upon request.
			• Crown would be happy to discuss the merits of the proposed ICM with the Authority so that an approach can be agreed.	Michelle Fielding

42.	**Interim Review by the Authority**	• In the course of the Inquiry, Crown proposed that the Authority conduct an interim review of the Restricted Gaming Licence on the first anniversary of full gaming operations commencing at Crown Sydney (and prior to the first formal review under the Casino Control Act.	• Crown would be happy to discuss the scope of this review further with the Authority so that an approach can be agreed.	Helen Coonan