



RISK MANAGEMENT COMMITTEE
Meeting of the Committee
Thursday, 25 March 2021 at 10:00am
by videoconference



Risk Management Committee

Meeting of the Committee scheduled to be held on
Thursday, 25 March 2021 at 10:00am

Attendees

<i>Committee:</i>	Jane Halton (Chair) Toni Korsanos Helen Coonan
	Bronwyn Weir (Secretary)
<i>By Invitation:</i>	Steven Blackburn (Chief Compliance and Financial Crimes Officer) Michelle Fielding (Group GM – Regulatory and Compliance) Stuart McCulloch Alan McGregor (Crown Resorts) Nigel Morrison John Salomone (Australian Resorts, CFO) Anne Siegers (Crown Resorts, Group GM Risk & Audit) Nick Stokes (Group GM – AML)

AGENDA

1. [Minutes of Committee Meeting held on 19 November 2020](#)
2. [Matters Arising](#)
3. [Cyber Security Presentation](#)
4. [Risk Reporting](#)
 - 4.1. [Risk Management Framework](#)
 - 4.2. [Material Risk Report](#)
 - 4.3. [Risk and Compliance Culture Framework](#)
 - 4.4. Emerging Risks
5. [Compliance Report](#)
6. [AML/CTF Update](#)

7. Insurance Renewal

8. Charters and Policies

8.1. [Risk Management Strategy](#)

8.2. [Risk Management Policy](#)

8.3. [Risk Management Charter](#)

8.4. [Delegations Policy](#)

9. Modern Slavery Statement

10. Other Business

10.1. [Whistleblower Process](#)

10.2. [Register of Contracts](#)

10.3. [Future Meetings](#)



AGENDA ITEM 1:
Minutes of Committee Meeting held on
19 November 2020



Risk Management Committee

Minutes of a Meeting of the Committee held on Thursday, 19 November 2020
at 3.20pm by videoconference

Members Present:

Jane Halton (Chair)
Andrew Demetriou
Toni Korsanos

Mary Manos (Secretary)

By Invitation:

Ken Barton (Crown Resorts Limited)
Michelle Fielding (Group GM – Regulatory and Compliance)
Lauren Harris (Crown Resorts Limited)
Alan McGregor (CFO – Australian Resorts)
Anne Siegers (Group GM Risk & Audit)
Nick Stokes (Group GM – AML) (Agenda Item 7 only)
Nick Kaldas (Agenda Item 2 only)
Nick McTaggart (Agenda Item 2 only)

Apologies:

Helen Coonan (Crown Resorts Limited)
Barry Felstead (CEO – Australian Resorts)
Josh Preston (Australian Resorts, CLO)

BUSINESS

Minutes of Committee Meeting held on 20 October 2020:

It was **RESOLVED** that the Minutes of the Risk Management Committee Meeting held on 20 October 2020 be approved.

Matters Arising:

The matters arising paper was taken as read and the status of each matter arising was noted.

Jane Halton welcomed Nick Kaldas and Nick McTaggart.

Alan McGregor advised the Committee that:

- in respect of the due diligence to be conducted on the Company's debtors prior to recovering funds, management was reviewing 36 debtors in conjunction with the AML team and the results of the diligence would be shared with the Committee at a future meeting;

REDACTED - PRIVILEGE

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- the Company had advised its debtors that funds could not be transferred via money remitters, noting that advice was being sought in relation to \$10 million which had been transferred to a money remitter in Indonesia for the Company's benefit.

The Committee discussed the due diligence processes on international patrons, particularly those who are currently residing in Australia, with Nick Kaldas and Nick McTaggart and it was noted that Nick Kaldas would work with Ken Barton on strengthening these processes.

Crown Sydney Opening:

The Crown Sydney Opening paper was taken as read.

REDACTED - PRIVILEGE

GST Grouping:

The paper with respect to this item was taken as read.

The Committee discussed the proposal for Crown Perth to exit the Betfair GST Group and it was noted that the proposal would be considered by the Audit and Corporate Governance Committee and the Board.

Risk Reporting:

Material Risk Report

The Material Risk Report was taken as read.

Anne Siegers highlighted that a number of the risk definitions had been updated at the request of the Committee and were marked in tracked changes in the Material Risk Report.

The Committee requested that:

- AML be included as a standalone category in the Risk Appetite; and
- the risk rating of the 'material breaches of gaming and other relevant legislation / regulations' be reconsidered having regard to recent matters.

The Committee discussed the Key Risk Indicators dashboard and requested that it be presented graphically going forward.

The Committee also requested that an AML/CTF dashboard be created which identifies data around training, AUSTRAC reporting

and breaches / disciplinary action.

It was noted that the Risk Management Framework would be adapted following any changes to the organisational structure.

Risk and Compliance Culture

The Risk and Compliance Culture Framework paper was taken as read.

The Committee discussed the draft Framework at length, including the application of the values and the proposed qualitative and quantitative cultural measurements.

It was noted that management would speak to a number of the financial institutions to gain some insights into the culture framework changes implemented following the Banking Royal Commission.

Treasury Risks

The Treasury Risks paper was taken as read

The Committee considered and endorsed the proposed appointment of UBS to advise on the funding options available to the Company.

Emerging Risks

The Emerging Risks paper was taken as read.

Following a query from Jane Halton it was noted that the employee in China was engaged to assist with hotel reservations and bookings.

The Committee requested an urgent risk review be undertaken of the international staff members and whether these employees were still required to be employed by Crown.

Compliance Report:

The Compliance Report was taken as read.

Among other matters, Michelle Fielding highlighted the following:

- Hodge Malek QC has been appointed to undertake a review of Aspinalls' training, policies, procedures and risk assessments to ensure it is adequately prepared to comply with the changes;
- following a review of internal control statements by the VCGLR, Crown has offered to prepare revised drafts with a meeting held on 13 November 2020 to discuss the first two of the ICSs to be reviewed, being Junket and Premium Player Programs and the Introductory Chapter;
- the VCGLR requested copies of the Grant Thornton and Initialism reports on Southbank Investments and Riverbank Investments;
- Crown Melbourne received an amended Show Cause Notice requesting information in relation to Cheok Wa Chau;
- in respect of the Crown Aspinalls employee claim, a hearing was

scheduled for the evening to consider the matter; and

- the UK Gambling Commission has issued Aspers with a regulatory penalty of £652,500 in relation to the patron suicide matter with a public regulatory statement expected to be published by the Commission in due course.

The Committee noted the whistleblower disclosures included in the paper.

It was **RESOLVED** that the Compliance Report be noted.

Anti-money Laundering:

Implementation of AML/CTF Joint Program

The Implementation of AML/CTF Joint Program paper was taken as read.

AML/CTF Update

The AML/CTF Update was taken as read.

Nick Stokes advised the Committee of a number of matters, including that:

- Allens had requested an extension to respond to the section 167 Notices;
- the AML team was working on digitising the regulatory interactions tracker for reporting to the Committee; and
- Promontory would shortly be commencing its ML/TF risk assessment.

The Committee requested that it be updated on the outcomes of the ML/TF risk assessment.

The Committee also discussed the employee training sessions and requested that consideration be given as to whether the training sessions could be accredited.

Cyber Risk Presentation:

The Cyber Risk Presentation was taken as read and it was **RESOLVED** that the presentation be noted.

Insurance Renewal:

The Insurance Renewal Update paper was taken as read.

Mary Manos advised the Committee that insurers were only willing to provide Side A Directors & Officer's insurance cover to the Company on renewal (which is a departure on previous years where Side A/B/C cover was obtained).

Having regard to the inability to obtain Side B and Side C cover upon renewal, the Committee requested a note on the protection afforded to directors in the absence of this cover.

The Committee endorsed the proposal to obtain \$100 million in Side A D&O insurance capacity.

Anne Siegers provided an update on the property insurance renewal advising that the indemnity period for business interruption insurance was expected to reduce from 56 months to 36 months, the total program limit would be reduced from \$4 billion to \$3 billion and the deductible was likely to increase from 5 days to up to 14 days.

The Committee discussed the proposed reduction in property insurance cover to \$3 billion and it was noted that, based on an assessment undertaken by Marsh, the level of cover was deemed sufficient.

In respect of the property insurance renewal, the Committee **RESOLVED** to approve:

- the reduction of the ISR cover period from 56 to 36 months;
- the negotiation by Marsh of the deductible period, with the aim of keeping it as close to the expiring terms as possible but accepting that it may be a period between 5 to 14 days with or without a cap; and
- the reduction in overall cover from \$4 billion to \$3 billion.

Other Business:

Future Meetings

The future meeting dates were noted.

Closure:

There being no further business, the meeting was declared closed at 5.36pm.

Signed

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Jane Halton
Chairperson



AGENDA ITEM 2:
Matters Arising



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Bronwyn Weir
Date: 17 March 2021
Subject: Matters Arising

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Dear Committee Members

The following matters arose at the previous meetings of the Committee:

Matter Arising	Status
Chronology of interactions with AUSTRAC to be categorised and expanded to interactions with gaming regulators. Trend reporting / issue identification to also be included.	An updated chronology will be presented to a future meeting of the Committee.
Risk definitions to be updated to reflect the current environment and controls and an out of cycle meeting to be scheduled to review the revised Risk definitions.	In progress – please refer to the mark-ups included in the material risk report at Agenda Item 5.1. It is proposed that a workshop be scheduled to consider the Risk definitions.
Future reports on risk culture be presented on a group wide basis to include all of Crown's operating subsidiaries	Example of report provided in agenda item 4.3.3 for comments.
Review of Crown's purpose statement and values to be undertaken.	Crown's purpose statement and values was approved by the Crown Resorts Board in June 2019. Crown's purpose statement and values to be reviewed by the newly appointed Chief People and Culture Officer in consultation with the Board.
Review typology of transactions through the Southbank and Riverbank accounts.	Initialism and Grant Thornton were engaged to conduct this review. Reports were received on 16 November which we are in the process of reviewing. Additional work being undertaken by

Matter Arising	Status
	Deloitte. Item can be closed as it is being tracked through the AML transformation project.

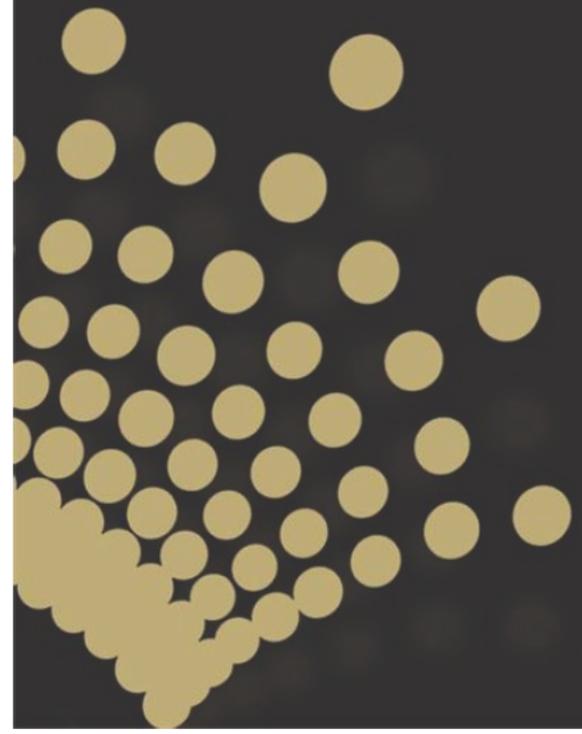


AGENDA ITEM 3:
Cyber Security Presentation



Crown Resorts Cyber Program

March 2021



Executive Summary

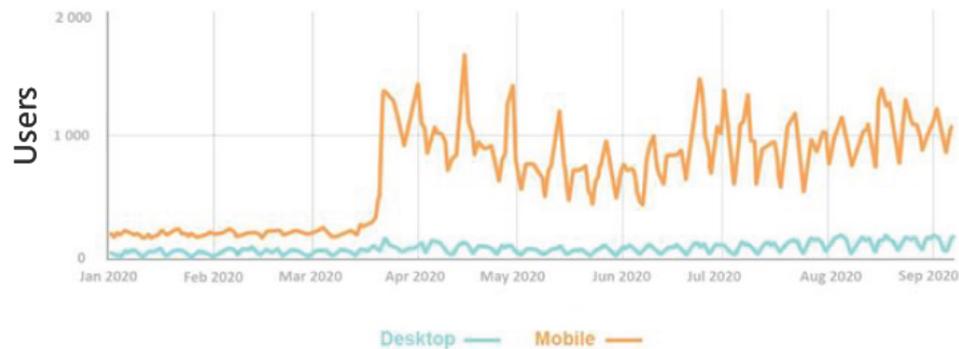


- **Cyber Landscape – Business Conditions and Emerging Threats**
- **Threat Identification – Advanced Threat Protection**
- **Cyber Program – Years F17 to F19 and Investment**
- **Crown Protect – Framework and Practice**
- **Planning – Current Year and Beyond**

Cyber Landscape



Transformed User Activity



Remote Access Demand

- 1,000 mobile users per day
- 540 desktop connections per day

Daily Email Statistics

- 215,000 Received
- 82% Genuine Emails
- 15% Potentially Malicious
- 3% Malicious Emails

Emerging External Threats

- Traffic from Suspicious Domains
- Increased Impersonations
- Fraudulent Login Attempts

Advanced Threat Protection



Crown's most targeted email address was sent 505 malicious emails in August 2020

Anti-Phishing



Protection from phishing attacks and safety tips on suspicious messages.

Safe Attachments



Protection from malicious content in email attachments, files in SharePoint, OneDrive and Teams.

Safe Links



Protection from opening and sharing malicious links in emails and Microsoft Office desktop applications.

Favour

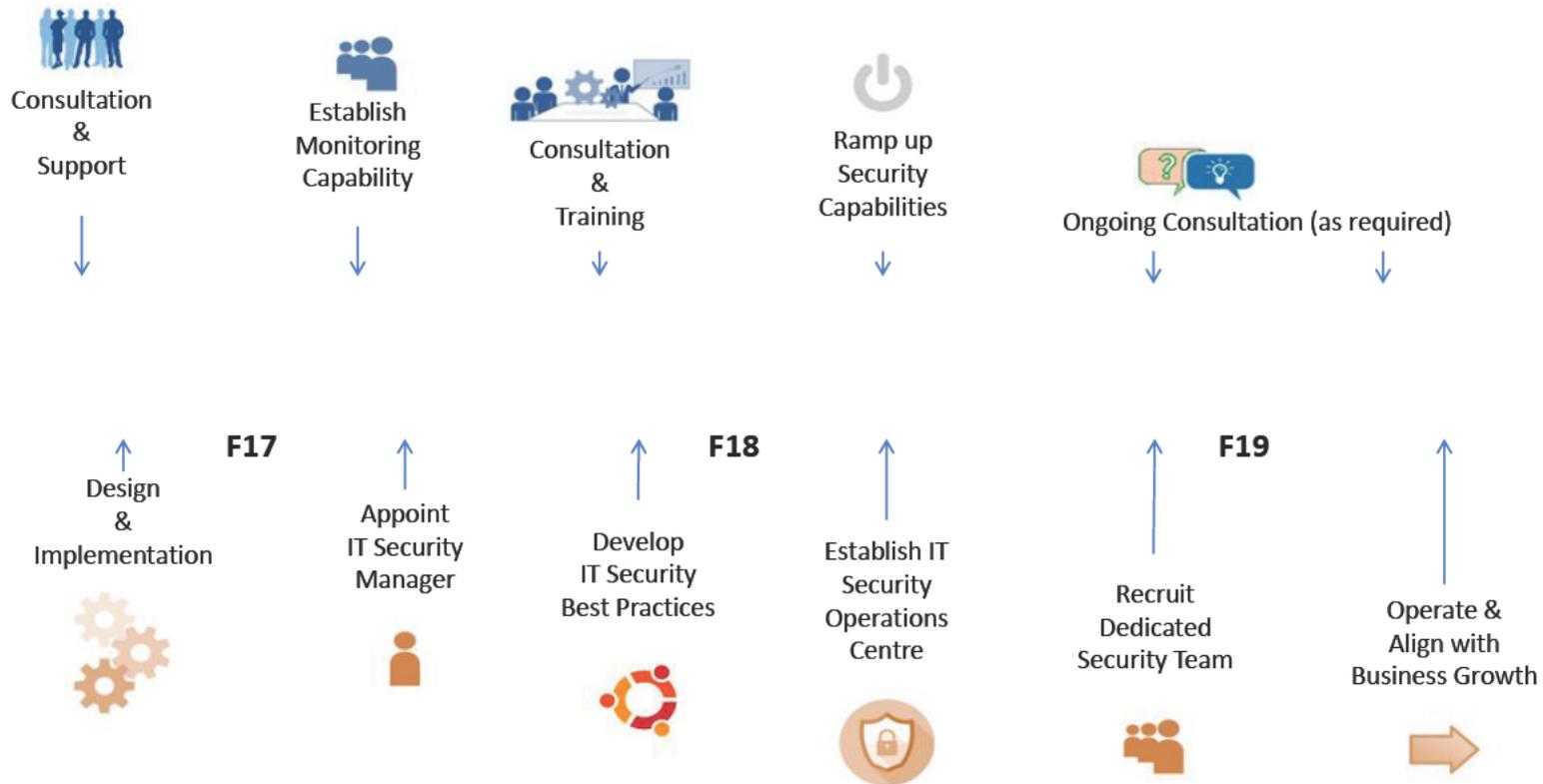


Andre Ong <andreong@inbox.lv>
To Craig Preston

[ANDREONG@INBOX.LV](#) appears similar to someone who previously sent you email, but may not be that person. [Learn why this could be a risk](#)

Be Cyber Aware: This email originated from outside of Crown Resorts. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Cyber Program Foundation



Cyber Program Investment Re-cap



	F17	F18	F19
Delivered	<ul style="list-style-type: none"> ✓ Cyber Consultation ✓ High Level Roadmap ✓ Strategic Principles <ul style="list-style-type: none"> • Awareness • Detection • Protection • Sustain 	<ul style="list-style-type: none"> ✓ Strategic Outlook ✓ Manager appointed ✓ Cyber Consultation ✓ Maturity Assessment ✓ Established Programs <ul style="list-style-type: none"> • Cyber • IT Risk & Compliance • PCI Compliance 	<ul style="list-style-type: none"> ✓ Sustained Cyber Program ✓ Cyber Security Framework ✓ Cyber Operational Function ✓ Strategic Cyber Partnerships ✓ Cyber Threat Analysis ✓ Cyber Vulnerability Testing ✓ 24 x 7 Cyber Intelligence Centre <ul style="list-style-type: none"> • Monitor • Detect • Response
	Investment	<p>CAPEX -</p> <p>OPEX \$410,000</p>	<p>CAPEX \$800,000</p> <p>OPEX \$704,000</p>

Cyber Security Framework



Threat Landscape

Crown

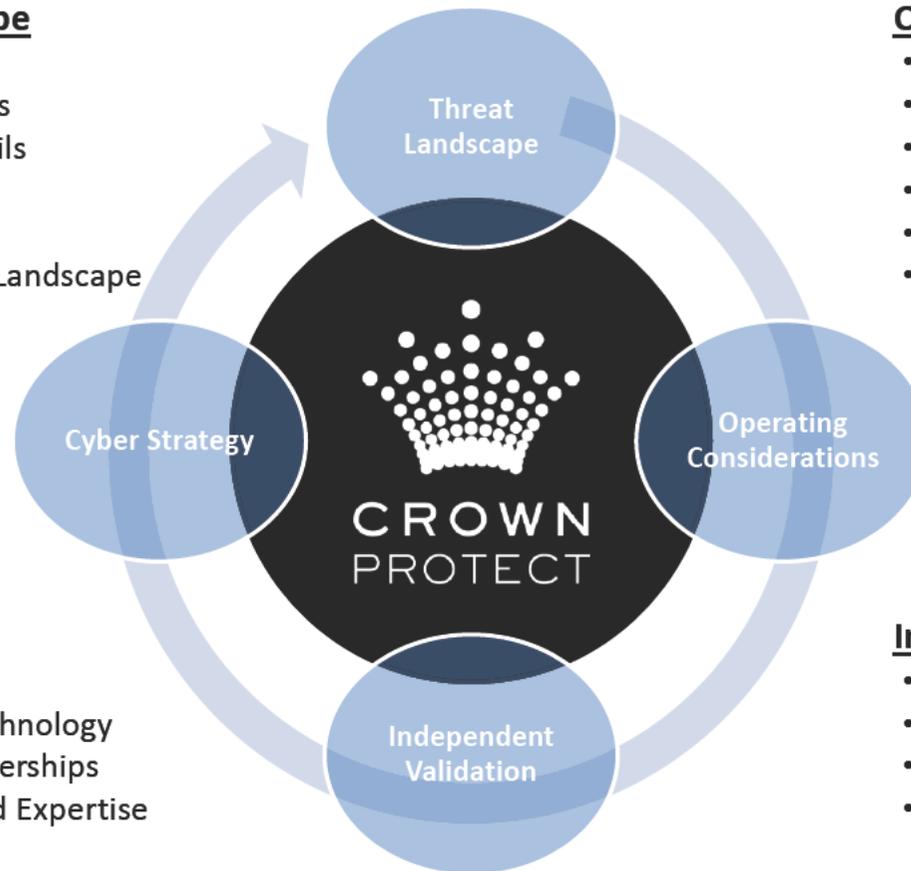
- Cyber Incidents
- Malicious Emails

Cyber Partners

- Threat Feeds
- Global Threat Landscape

Operational Considerations

- Work from Home
- Workforce Mobility
- Cloud Hosted Environments
- Collaboration
- Data in Transit, Rest and in Use
- Crown Sydney



Cyber Strategy

- Initiatives
- Supportive Technology
- Strategic Partnerships
- Knowledge and Expertise
- Alignment

Independent Validation

- Maturity Assessments
- External Auditors
- Cyber Security Testing
- Compliance Verification

Crown Protect Practice



- ✓ Cyber Intelligence Centre
- ✓ IT Risk & Compliance
- ✓ Cyber Maturity
- ✓ Privacy Protection
- ✓ Cyber Forensics



- ✓ Vulnerability Assessment Program
- ✓ IT Audit Program
- ✓ Cyber Awareness
- ✓ Disaster Recovery
- ✓ Regulatory Compliance

Governance

- Privacy and Data
- User Authentication
- Threat Identification

Services

- Advisory
- Support
- Education

Facilities

- Mobile Device Protection
- Secure Payment Integration
- Advanced Threat Protection

Crown Protect Roadmap



F20 - Expansion

- Threat Visibility
- Forensic Function
- Cyber Monitoring
- Cyber Practice

F21 - Enhancement

- Threat Intelligence
- Foundation Boundaries
- Sydney Onboarding

F22 - Optimisation

- Intelligent Risk based Cyber Practice
- Sophisticated Cyber Practice
- Intrinsically adapt and adjust to evolving Threat Landscape



Thank You



AGENDA ITEM 4:
Risk Reporting



Crown Resorts Limited

MEMORANDUM

To: Risk Management Committee

From: Anne Siegers

Date: 15 March 2021

Subject: Crown Resorts Limited – Risk Management Framework Progress and Update

Dear Committee members,

As the topic of risk processes and culture has been at the centre of many ILGA discussions, I thought I would provide the RMC with a summary of the strategy that has been implemented over the past 3 years, with regards to the enhancement and maturity of the risk management framework, and provide some insights into the developments that are in the pipeline.

Up to 2017, the Board of Crown Resorts had in place a Risk Policy and a Risk Management Committee that met twice a year with a charter that was updated at least annually. It received regular reporting on the material risks identified in its corporate risk profile and reviewed that risk profile annually. It had in place powers of attorney to effect delegations, and had in place internal audit, risk, compliance and AML functions. All of these elements are fundamentals to effective risk management.

The events of 2016 represented a traumatic experience for the organisation and its people across all layers of management and all business areas. This led to a number of divestments in overseas interests, the closure of the China operations, the loss of key executives and a refocus on our Australian businesses.

Parallel to that, the building of Crown Sydney was progressing, and consideration was starting to crystalize with regards to how Crown Sydney was going to operate. The organisation started shifting from a property-based organisation to considering the benefits of consistent and coordinated efforts in some key governance and management areas.

This signalled a material shift in a number of areas. The concept of Australian Resorts to manage our Integrated Resorts operations was enhanced with a number of group roles being created, including that of CEO – Australian Resorts, with the creation of group functions for finance, marketing, IT, legal, compliance, responsible gaming, AML and risk and audit.

For risk, this led to the formation of a group role and the recruitment of an experienced professional in the role of Group General Manager – Risk and Audit (GGM-R&A). That role took effect in December 2017.

One of the first steps that was taken in December 2017 and early 2018, was to assess what the organisation had in place with regards to its risk framework and how risk was actually being managed and reported.

Three main gaps were immediately identified:

1. there was a lack of formalisation and documentation of the risk expectations of the Board with regards to risk management,
2. there was a misalignment between the documented elements of the risk appetite and the actual risk appetite of the company (which was much smaller), and
3. there was a lack of effective escalation and reporting mechanisms within the risk framework.

Since then, a number of enhancements have been introduced across all dimensions of risk management to address these three main findings, including:

- Governance
- Capacity and capability
- Framework elements
- Reporting
- The aim for better practice
- The process of embedding good risk management practices in the 1st line

The paper [attached](#) provides an overview of the different elements of the framework as identified above, as well as some insight into developments that are currently underway.

Updates on the progress of these framework elements will be provided to the RMC.

Regards,

Anne Siegers
Chief Risk Officer



Risk Management Framework Progress Overview

There are a number of elements that make up the risk management framework. Over the past three years, material enhancements have been implemented. The main dimensions of risk management that have seen increased maturity as of March 2021 include:

- Governance
- Capacity and capability
- Framework elements
- Reporting
- The aim for better practice
- The process of embedding good risk management practices in the 1st line

Governance:

- 3 lines of defence:
The concept of the three lines of defence is a governance principle that is commonly in place in large organisations and is at the heart of the assurance mechanism required by Boards. It is a core principle of the APRA standards of risk governance which apply to the financial services industry in Australia.

What it contends is that the higher the number (1,2 or 3), the more independent the related function is and therefore the better able it is to provide objective assurance to the Board on the activity it is reporting on.

In that model, the 1st line, which represent the operational functions, own and manage risks; the 2nd line own the risk framework and provide a link between the board and management, and the 3rd line (internal and external audit) provide independent assessment on a regular basis on the quality of the risk framework and the controls across the business that manage the key risks to the operations.

The concept of the three lines of defence was introduced in Crown in early 2018, and enacted in the restructure of the Risk and Audit teams, which were separated and reporting into a single role (the GGM-R&A). It was later documented in the Risk Management Strategy document first approved by the board in June 2019.

This concept has been further reinforced in December 2020 with the separation of the portfolios of Audit and Risk. There are now two separate heads of each department: the Chief Risk Officer and the Group General Manager – Internal audit, who will start with Crown in early May 2021.

- Risk Reporting Lines
Prior to 2018, the GGM-R&A role reporting line enhanced from reporting to the Chief Legal Officer (CLO) of each property (then the CLO – Australian Resorts) to also having a reporting line into the CEO – Australian Resorts. The GGM-R&A also started reporting directly to the chairs of the RMC and the Crown Melbourne Audit Committee (CM-AC).

This was further improved in December 2020 with the creation of the Chief Risk Officer role reporting directly to the CEO – Crown Resorts and the ongoing invitation of the CRO to the Burwood and Sydney Boards (since there are no Risk sub-committee of these boards). The reporting lines in the chairs of the RMC and CM-AC remain in place with strong engagement between the three.

The CRO also became a Group Executive position, joining the Executive Leading Teams (ELT) of Crown Resorts and all three properties. This is a critical development to enhance communication flow and ensure effective challenge on decision making, particularly for more strategic decisions.

- Board Meetings
During 2017, the frequency of the RMC meeting was increased to 4 meetings a year. In mid-2020, this was increased to 6 and the scope of the RMC charter was explicitly increased to cover compliance and AML.
- Management meeting structure
In 2018, the Executive Risk and Compliance Committee (ERCC) was introduced across both Perth and Melbourne. A version of the committee already existed in Perth, as it does not have a dedicated risk or compliance sub-committee of the board.

The ERCC allows the information that is presented to the relevant Board (or sub-committee), to be discussed and completed where it needs to be by all executives of the property. This process enhances the transparency of reporting, but also the responsibility of the executive team to ensure the completeness and accuracy of the information escalated to the board. It allows for smaller events that on their own may not have triggered the reporting thresholds, to be discussed and assessed in the greater context of the organisation, and for possible systemic or recurring issues to be identified and escalated appropriately.

This same forum will be set up for Sydney when gaming operations are in place.

A number of other management forums have also been set up and standardised across the properties (and will be introduced in Sydney), including the Fraud Management Forum, the Cyber Council, the AML-CTF Committee, the Compliance Committee, and a number of other committee that target specific risk areas. Each of these feed into the ERCC.

Capacity and capability:

- Resourcing
Prior to December 2017, there was a part time (0.6FTE) resource in Perth, that had responsibility of risk and projects, and 2 of the Internal Audit staff in Melbourne, were also fulfilling the functions required by the Melbourne Risk Management framework. That amounted to approximately 1FTE across both properties.

As of March 2020, there are 7 FTE in the Risk function, with another 3 in the process of being recruited. Other than one staff, who is an internal appointment, all staff have been recruited in the past three years for their specific risk management experience and skillset. The one internal appointment is the current Group Manager – Risk Analytics. This Manager had extensive IT knowledge and has been an asset to the team in building the quantification aspects of the risk function.

The other appointments include 4 Risk Managers, who are embedded in the business areas and challenge the business, but also facilitate the implementation of the risk framework and the reporting of information. One is based in Perth, one in Sydney and two in Melbourne.

A recent appointment was made to roll-out the updated Resilience and Business Continuity framework.

The three roles currently in recruitment are a Risk Analyst to support the Group Manager – Risk Analytics; a Risk Advisor to support the Risk Manager located in Perth; and a Head of Risk to support the CRO in the practical implementation of the risk framework. The 4 Risk Managers will report to that position.



An additional role is under consideration to support the CRO in the delivery of the project work currently in the pipeline, particularly in 2021.

- System

CURA is the Enterprise Risk Management (ERM) system that was in place in Perth prior to 2018. This system was rolled out across the rest of the Australian Resorts from 2018. The system was reconfigured and the enhanced risk framework elements were coded in the system to allow quality and consistency to be system-driven in the deliverables of the risk functions (namely the risk profiles).

Continuous developments are being made to enhance the functionality of the system and support the increasing maturity of the risk management processes.

Framework elements

- Risk Appetite

Risk Appetite represents the amount of risk the organisation is willing to accept in the pursuit of its strategy. There are a number of mechanisms that translate that concept across the organisation, which include risk specific artefacts, like the risk matrix, but also all the operational elements that are in place across the operations, like delegations, policies, processes and controls.

Until December 2018, there was no document that articulated the Board's risk appetite. That document was first approved by the board in December 2018, and was incorporated into the Risk Management Strategy (RMS) in June 2019.

That being said, a risk matrix and delegation protocols were in place, and policies, procedures and controls were also in place across the whole organisation. The first 6 months of 2018 were focused on understanding from the operational practices what the actual appetite of the organisation was, and 'reverse engineer' the risk artefacts to represent the actual appetite versus the one that was documented in the tools that were available. The events of 2016 had materially affected the appetite of the organisation for pursuing certain strategies, and the relevant risk artefacts had not been updated to reflect that shift. This was remedied in 2018.

The Risk Appetite is now continuously reviewed, with a formal annual review process that requires approval by the Board. Any adjustments to the Risk Appetite are reflected in the supporting risk artefacts, including the risk matrix.

- Risk Management Strategy

The second material issue that was identified in the initial assessment was a lack of formalisation and documentation of the risk expectations of the Board with regards to risk management. That was remedied with the introduction of the RMS which was first approved by the board in June 2019.

The RMS includes an articulation of the three lines of defence and the roles and responsibilities with regards to risk management across the organisation, the risk appetite, and the fundamental risk identification and management processes.

In June 2020, an articulation of the expectations of the board with regards to Risk Culture was also included in the document.

This document is a fundamental cornerstone of the risk management framework of Crown, and all other activities of Crown, including WHS, AML, IT, HR, marketing, sales, etc., must at least meet those principles, and are subservient to that document.

- Escalation processes

One of the key processes that ensures effective risk management is the concept that information

must flow across the management layers of the organisation, and relevant levels of authority along the way will either manage the information or events, or escalate them if they are outside their authority. In the gaps that were identified in the initial assessment of the risk framework in 2018 was the lack of effective escalation and reporting mechanisms within the risk framework.

This was remedied in mid-2018 when the Risk Matrix was updated and the concept of escalation levels was introduced to the residual risk ratings. In the past, a risk was 'low' or 'high', but there was meaning associated with this residual rating. In mid-2018, the residual ratings were associated with escalation levels: from a 'low' risk being managed by business as usual, to a 'high' risk requiring board oversight. This meant that not only was the risk matrix recalibrated to reflect the smaller risk appetite of the organisation, but authority level with regards to risk taking were introduced and aligned to that appetite.

- Delegation policy
Historically, the delegation process has been driven by the Legal and Finance teams, being the most impacted functions, with limited input from Risk. In 2019, the GGM-R&A took responsibility for developing a delegation policy and not only expanding, simplifying and standardising the concept of delegation, but also aligning it with the risk appetite document. Prior to that, there was a material misalignment between the two.

The recent and further anticipated changes in the organisational structure have created a challenge in keeping the delegation policy and associated documents up-to-date, but a proposed delegation policy is attached to these papers to reflect the recent changes.

- Risk profiles
A number of risk profiles were already in place across the Perth and Melbourne properties, but there were gaps in areas of the business that did not have one, and there was misalignment between the two properties. Over the past three years, the risk function has roll-out a program of ensuring that there is a risk profile for everyone material areas of the business, and that a consistent consolidation process is in place to ensure an effective communication flow between the operational areas all the way to the Board and back down. This process is called to 'top-down / bottom-up' process.

The closure of the properties during 2020 due to COVID-19 have stopped this progress, but the process is resuming, and profile for Crown Sydney are under development.

Reporting:

- Material risks
Reporting on material risks has been in place at the RMC from prior to 2018. It has been enhanced over that period and expanded to the ERCC and property Board forums.
- Reporting against the risk appetite and its tolerances
The articulation of the risk appetite in June 2018 was immediately followed by reporting against the tolerances articulated in the appetite. This was also expanded to the ERCC and property board.
- General events and ongoing adjustments to the corporate risk profile
In 2018, a summary section was introduced to the material risk report, that includes any material events that have occurred or are in development across the business, and that may impact the corporate risk profile. This reporting forum allows for events that may not formally reach the reporting threshold or be associated with a material risk to still be escalated and discussed, increasing the level of visibility at all relevant layers of the organisations.

Consideration for these events is also a trigger for considering if the current residual risk ratings of corporate risks are adequate or should be adjusted in light of the recent developments.



- Key Risk Indicators – quantification of risk
In November 2020, risk reporting to the RMC started incorporating a Key Risk Indicator (KRI) dashboard. This is still in development and in a fairly basis state at this stage, but it is an important part of increasing the quality of the risk information reported across the organisation and moving the risk management process to a more data driven process.

2020 slowed the development and progress of this reporting process, but this is a priority for the next 12 months.

The aim for better practice:

Risk management is a discipline that attempts to anticipate the future. This, by nature, is very difficult to perform perfectly. However, the skilled implementation of standards and effective application of experience allows for better practice to be achieved.

A number of standards exist that can assist in aiming for better practice:

- ASX principle 7
the ASX has published core principles of governance that every Australian listed company must assess itself against. Principle 7 relates to risk management, and Crown has developed its RMS to ensure alignment with this principle.
- ISO 31000:2018
There are two main philosophies with regards to risk management, one is the ISO standard (ISO31000:2018 being the latest) and the other is COSO, which is a North American concept. The ISO standard is based on an Australian and New Zealand standards (AS/NZ 4360-2004) and was adopted as an international standard in 2009.
Crown has built its risk management framework under the ISO standards, and at its core, follows those same principles.
- APRA standards:
The most mature regulatory framework, with regards to risk management, in Australia, is the APRA framework, which is based on the international BASEL Accords requirements. APRA regulates the financial industry. Banks have unique risks, generally referred to as financial risks, which are due to the nature of their balance sheet and the fact that many of their assets are not their own: fundamentally, they rely on the savings of some of their customers to lend to others. This requires a tremendous amount of trust in the system, which is why it is so heavily regulated. A breakdown in that trust can lead to a retail run and have a flow-on effect on the stability of the entire financial system across the world.

Crown does not have any of those risks nor the magnitude of impact on the international scene, and therefore the APRA framework is not entirely relevant to us. Nevertheless, there are some excellent and better practice concepts in those standards that are relevant to Crown. In building our risk framework, we have considered the principles articulated in the APRA standards to aim to develop a better practice framework. Some of the elements that we have adopted or are inspiring ourselves from are:

- The 3 lines of defence governance model,
 - The concepts of documented Risk Appetite and Risk Management Strategy,
 - The requirements around the measurement of Risk Culture and how to do so,
 - Data Risk Management,
 - BCP and scenario planning,
 - Key Risk Indicators, and
 - The BEAR regime for consideration of the remuneration of executives.
- External reviews (PWC, Deloitte)
We have also thought to challenge our processes with advice and review from external advisors

who have a large concentration of diverse experience and can assist us in challenging and further maturing our own framework.

As part of the 6th Section 25 review by the VCGLR in 2018, PWC reviewed our framework. The timing was such that we were in the process of redesigning our core elements, therefore their report helped us confirm that the foundations were the right ones.

We asked Deloitte in 2019 to further review the progress of our framework elements, and their input was taken into account in the finalisation of the RMS document that was first approved by the Board in June 2019.

The Risk Management Framework requires that we have an external review on at least a three yearly basis. The next one is scheduled for 2022, which should allow us to have implemented most of our planned core enhancements.

The process of embedding good risk management practices in the 1st line

- History – a unique asset for Crown

Prior to 2018, the risk function was very lightly resourced and focusing on delivering the basic risk artefacts (risk profiles and risk reports to the board). This meant that the business (1st line), had to fill any gap left. This is why, in the assessment that was performed in early 2018, a unique proposition was identified where the reality was that the business was managing risks, and actually doing it quite well, but the lack of a formalised risk management framework meant that the documentation, escalation processes and the consistency across the business was somewhat lacking. This did represent an opportunity to enhance the risk framework, but it also presented a unique asset as ownership of risk management by the 1st line was very strong. Ownership by the 1st line is one of the largest challenges encountered in financial institutions that have developed very large second line functions, but in doing so, are finding difficulties in giving the 1st line a sense of ownership and responsibility over risk management.

This is the main reason why the formalisation of the risk management framework at Crown has taken a unique path, which is mainly trying to either document the practices that are already well embedded and therefore working, or trying to preserve the sense of ownership by the 1st line, and therefore not imposing a heavy handed approach to change. The downside of this approach is that it is highly effective for the vast majority of the business areas that already had a strong risk and compliance culture, but it is less effective where that culture was lacking.

The Culture review by Deloitte that is underway will assist us in identifying those areas and adjust our approach where appropriate.

- 'Keep it Simple' principle

As highlighted by the IILGA Inquiry, 'management speak' can be difficult for the majority of staff to understand what is expressly required of them. Luckily, the Board documents are not intended to be those documents that provide direction to all staff. There are many other mechanisms that translate those requirements to all staff. Those include the code of conduct, policies, procedures and systems, as well as specific risk artefacts. All of the risk documents are targeted for their audience, with the users in mind, and the objective of making them as clear and simple as possible. This is the underlying principle behind all of the risk framework elements.

As examples, the risk appetite has been translated into thresholds that risk owners can refer to in the risk matrix. The Matrix has been built around 7 risk categories that reflect the types of impacts that any risk event can have. This is a deviation from the APRA standards, for example, but that deviation was deemed relevant to Crown to make the categorisation of risk simpler and more easy to understand by the 1st line, rather than a typology that would be more aligned with risk professionals, but would require expert knowledge and therefore be less relevant to its users.



Another tool that is used to embed the Risk Appetite is the delegation policy. This is a tool widely used and understood by the 1st line, so adjusting its limits to align with the Risk Appetite is a simple way to embed the risk principle in a way that seems transparent to the business, as most staff would not think of delegations to be a risk tool, but is fully embedded.

- Enhancing what already exists
In the same vein, the risk principles over the past 3 years has been to look for tools that already exist and are owned by the different business units, and work with those business units to make minor adjustments to them so they are more risk-based and more aligned to the RMS principles. This is a highly effective process, but a slow one as it requires our risk managers to work with each individual business units to deeply understand their processes and work with them to adjust their existing tools or work on new ones. The upside of this methodology is that there is full ownership by the business and the embeddedness of risk management practices is as high as it can be.
- Specific Risk Management Tools
Despite this main approach, there are instances where specific risk management tools are required. Where that is the case, the risk management team works in close collaboration with the targeted users of the tools to ensure their relevance and effectiveness. Examples of this are the POI Decision Assessment tool or the Data Risk Management tool.

Pipeline developments:

- Reporting and Key Risk Indicators (KRI)
As mentioned earlier in the document, the enhancement of reporting, and specifically the increased use of Key Risk Indicators is a large area of focus for the risk team. The increase in resourcing in that portfolio will assist in increasing the pace of change.
- Risk Culture
Risk Culture, and its assessment, has been in the pipeline of the risk team for the past 2 years, and the inclusion of the Risk Culture section on the RMS in June 2020 was the first formalisation of this principle. A *Risk and Compliance Culture Measurement Framework* has been drafted, which further develops this concept. It was first presented at the November 2020 RMC for discussion and is provided in the March 2021 papers for approval.

An ongoing report has been developed which will be provided to the RMC on a quarterly basis and will provide insights into Crown's Risk and Compliance Culture. A first draft of this report is provided in this set of papers for information and feedback.

Risk Culture has been a high focus for APRA and consideration of the recommendations in the APRA standards has been taken in account by Crown's risk function in developing its own framework.

- Resilience / Business Continuity
Business continuity has been in place for some time at Crown, but the events of the past 12 months have shown that this function is less theoretical than may have been thought in the past. It has also demonstrated that a greater focus on building upfront resilience, rather than after-the-fact response is a critical consideration. As such, a new resilience framework has been drafted which will be discussed at the following RMC and embedded across the organisation.

In developing this framework, relevant elements of APRA's best practice standards around scenario planning and the consideration of 'black swan' events on residual risk ratings are being considered.

- Data Risk Management
With the increase in digitalisation, cyber events, and generally appetite for quantitative measures, data is increasingly seen as a critical asset to the business. The risk function has been working with

IT to develop a Data Risk Management Framework (and tools), that will be rolled-out and expanded over the next 12 months.

This is one of the best practice elements well documented in the APRA standards that Crown is considering in its own framework.



Crown Resorts Limited

Risk Report
March 2021

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SECTION 1 – EXECUTIVE SUMMARY

The purpose of this report is to provide the members of the Risk Management Committee with:

- An overview of the main events that have materialised since the last report and an ongoing update on events that continue to remain materially relevant to the business;
- A dashboard that considers those events against the Board’s Risk Appetite thresholds;
- An assessment of how these events may impact on the risks facing the organisation, and therefore if adjustments to the corporate risk profile are necessary;
- An update on all material risks currently identified in the corporate risk profile (the ‘critical’ and selected ‘high’ risks in the updated Crown Resorts risk profile depicted as “material risks” in the Crown Resorts Risk Map set out on page 6 of this report).

Since the last report in November 2020, a number of internal and external events have evolved or materialised, or continue to remain of material relevance, which have the potential to impact the overall risk profile of the organisation, and particularly its material risk exposures.

The key events that have taken place or remain relevant during the period include:

External factors

Following a prolonged COVID-19 mandated property closure, from 28 October 2020, Crown Melbourne’s retail and F&B outlets started re-opening and Crown Towers re-opened on 9 November 2020. Gaming resumed in a very limited capacity on 12 November 2020, with no table games, and both patron numbers and time limitations on play. These restrictions were eased, and Crown Melbourne commenced operating under the revised restrictions on 25 November 2020. All three Melbourne hotels are now open.

In January and February, both the WA and Victorian governments issued 5-day lockdown requirements. The re-opening conditions for Crown in both states took some time to get back to pre-short lockdown levels.

On 3 February 2021, the Melbourne Golf Academy (**MGA**) (the driving range owned by Crown Melbourne) was informed that a patron who visited on Monday 1 February 2021, between 17.19 and 18.36, tested positive for COVID-19.

MGA was closed for deep cleaning, and all employees that had been identified as a close contact were directed to get tested and to self-isolate for 14 days. No further cases have been identified from the positive MGA case.

As of mid-March, approximately 25% of staff across the Group are still fully or partially stood down. Uncertainty remains around COVID-19, state border closures and travel restrictions/quarantine requirements, and overall operating restrictions based on density and maximum occupancy limits. The vaccine rollout may help stabilise the Governments responses to positive COVID-19 cases.

Crown Aspinalls remains closed (having re-closed on 4 November 2020 due to second wave of restrictions in the UK). Workforce reductions (reduced hours and redundancies) have taken place. Some of these redundancies have led to employee grievances matters.

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Crown continues to carefully monitor and respond to any new Government directions regarding COVID-19.

Crown's share price fell mid-February following the release of the ILGA report and the announcement of the Royal Commissions in WA and VIC, but has since recovered, following the ASX trend.

Regulatory Matters

As previously reported, as a result of the 2019 media allegations, various regulatory investigations and inquiries are continuing including by ILGA, the VCGLR, the Victorian and WA governments, ASIC and AUSTRAC.

ASIC Matters

In respect of October 2020 ASIC information request regarding the 2020 financial report, following consideration of Crown's response, ASIC advised that it has discontinued its enquiries at this time in respect of those matters. ASIC did however make an additional enquiry regarding the treatment of the AUSTRAC investigation in the 2020 financial report to which Crown has responded.

ASIC has requested an update from Crown on the variable remuneration governance arrangement enhancements implemented since ASIC provided Crown with feedback in June 2020 following Crown's participation in the Corporate Governance Taskforce review.

As previously advised, Crown commenced receiving Notices to Provide Information from ASIC on 1 May 2020, the Notices required information regarding the ILGA Inquiry; Controlling Shareholder Protocols; information regarding Directors; information regarding the NSW Casino Licence and Agreements and Crown's Boards and Board Committees (along with the Perth ERCC). To date at least 17 Notices have been received, the most recent being 18 March 2021.

A number of former board members have also received ASIC Notices.

ATO Matters

The ATO lodged an appeal on 2 November 2020 in respect of the GST Matter and will be heard before the Full Federal Court on 17 and 18 May 2021.

Victorian Regulator

Crown has received a number of Section 26 and a Show Cause Notice from the VCGLR, mostly in relation to matters raised during the ILGA inquiry.

On 17 December 2020, it was announced that the VCGLR has brought forward the seventh review of the Crown Melbourne Casino Operator and Licence, with the last review having concluded in 2018.

On 21 February 2020, the Victorian government announced that it would replace the 7th review with a Royal Commission in Crown Melbourne's suitability to hold its Victorian casino license. Mr. Finkelstein QC has been appointed as Commissioner for the proceedings. Notices to produce documents are already being processed, and the first hearing will take place on 24 March 2021.

During the period, Crown has continued to address and engage with the VCGLR on the Recommendations made by the VCGLR as part of its Sixth Review of the Casino Operator and

Licence. The VCGLR advised that the Recommendation 20 meeting will no longer be required by the VCGLR.

Crown is continuing to engage with the VCGLR in respect of its investigation into the China detentions with the most recent response was provided by Crown on 22 January 2021.

A number of historical matters have been closed by the VCGLR (please refer to agenda item 06 – *Compliance report* for further details).

WA Regulator

As a result of the conclusions of the Bergin report, the WA Government has established a royal commission to assess Crown Perth's suitability to hold casino licence under the Casino Control Act.

The royal commission is due to provide an interim report to the state by June 30 and a final report by November 14. The commissioners will be former Supreme Court judge Neville Owen AO (chair), former Supreme Court judge Lindy Jenkins and former auditor general for WA Colin Murphy.

The media has also alleged a conflict of interest between Crown Perth Staff and the WA Regulator. The WA Regulator staff member has been stood down. This matter will form part of the matters reviewed by the commission.

NSW Regulator

The report from the ILGA inquiry was issued to the regulator on 1 February 2021 and was made public on February 8 under parliamentary privilege. The report found Crown Sydney not suitable to hold a casino licence and provided recommendations to convert to suitability.

Crown is actively working to respond to these recommendations, and is working with ILGA to finalise the other operational approvals required to start gaming operations once suitability is established.

The liquor license is also under review and expected to be rolled-forward.

Betfair

In NSW, Betfair received a Show Cause Notice and a Notice to Produce on 4 December 2020 with regards to advertisement activity by Sportsbet (an unrelated entity), which was present of Betfair's sites. Betfair asserts the advertisements were promotions, not inducements (which are prohibited). As at 16 March 2021, no further correspondence has been received on this matter.

Operational Matters

A new organisational structure was approved by the Crown Resorts Board and communicated to the organisation in December 2020. The main changes to the structure include the elevation of governance roles (Risk, Compliance and AML) to the Crown Resorts level, to ensure a greater oversight across the organisation, and the replacement of the CEO – Australian Resorts and CLO – Australian Resorts, with a CEO at each property and a consolidation of legal responsibilities at the Crown Resorts level.

The release of the Bergin report has led to a large number of directors and executive stepping down from their roles in February and early March.

Other operational changes have included the closure of the international VIP sales offices and the termination of employment of the senior VIP team. Going forward, the VIP operations will report to the CEO – Crown Melbourne.

The JobKeeper program was implemented at Crown, which has and continues to help support staff who have been stood down during the closure period and the limited re-opening period. The Program is due to end 28 March.

It is anticipated that a number of staff that remain partially or fully stood down may have found alternate employment, but remain on Crown's staff rosters to receive JobKeeper. As Crown teams work through rosters for the upcoming weeks, it will be more apparent of where Crown is situated with their staff numbers.

Crown announced that it will no longer allow indoor smoking by December 2022 in any of its Australian properties.

As previously reported, Crown Melbourne received a Show Cause Notice from the Melbourne City Council relating to combustible cladding on the Metropool Hotel (dated 11 April 2019). Crown lodged additional information on 22 May 2020 and the Victorian Building Authority filed its comments to the Building Appeals Board (**BAB**) on 12 June 2020. In December 2020, the BAB denied Crown's submission, following comments from the Victorian Building Authority. Alternate plans are in development.

Crown has been proactively replacing small sections of cladding along the Podium riverfront during this low traffic period and is preemptively conducting additional testing on the other buildings in the complex.

Over the past few months there has been an increase in cyber activity, particularly targeting Crown recruitment, with increased sophistication in the nature of the attacks and indirect ransomware risk through our third parties.

Two third party incidents have also materialised in the past months:

- On 17 January 2021, Allens' file transfer services was subject to a cyber attack and a large number of files were accessed. Regarding Crown, 26 files were impacted. Those files were both encrypted and password protected, therefore the risk of their content being accessed is very low, but the content of the files is highly confidential. A privacy breach assessment was conducted, and there was no indication of meeting the criteria of a breach.
- On 16 February 2021, Crown's ATO account was compromised. Crown was able to identify the breach quickly and the matter was externally escalated to both the ATO and the Australian Cyber Security Council, and the Board was briefed. The purpose of the attack appears to have been to divert Crown's refunds to the individual's account. The ATO stopped the process and advised Crown that attacks of a similar nature had happened in recent months. Crown IT are monitoring Crown Resorts ABNs and tracking notification emails from the ATO to detect any further changes.

The implementation of the next phase of EFTPOS terminals is now complete and there are currently 95 EFTPOS terminal on tables. The three-month report into the operation of EFTPOS (which was a condition of the original approval given the Gaming & Wagering Commission) has been prepared and submitted to the Commission. The three-month report was originally due to be presented at the March 2021 Commission meeting and will now be put to the April 2021 Commission meeting.

As noted in prior meetings, Crown Aspinalls and DGN have been informed by their banking institutions, that their accounts will be closed. This is as a result of the banks choosing to no longer

have gaming operators in their customer portfolios. DGN has successfully transitioned to ANZ and their account with Bank of America has been closed. Crown Aspinalls' arranged alternate banking arrangements with Barclays.

REDACTED - PRIVILEGE

AML/CTF Matters

Steve Blackburn, Chief Compliance and Financial Crime Officer started with Crown on 1 March 2021.

Crown responded in 2020 to s 167 Notices regarding a Compliance Assessment of Crown Melbourne's AML/CTF Program, with a focus on High Risk Customers and Politically Exposed Persons.

The matter has been referred to AUSTRAC's Enforcement Team, who on 16 October 2020 sent a further s 167 Notice. The Notice required Crown to provide information and documents in relation to:

- AML/CTF Programs;
- ML/TF Risk Assessments;
- Customer Risk Ratings; and
- Enhanced Customer Due Diligence.

Crown has provided the documentation and information, with the final submission provided on 18 January 2021.

AUSTRAC has commented in Parliament on the fact that it was conducting similar reviews with other casinos.

AUSTRAC's Junket Risk Assessment was published on 11 December 2020. It provides an overview of the criminal threat environment and an analysis of specific vulnerabilities.

The ILGA Inquiry has focused on elements of Crown's AML/CTF practices, particularly related to transactions on the Riverbank and Southbank accounts. Crown engaged with AUSTRAC on this issue and prepared a response to queries AUSTRAC has put to Crown.

Please refer to agenda item 07 for a detailed update on AML/CTF matters.

With regards to enhancing Crown's engagement with Law Enforcement Agencies, Nick Kaldas is assisting Crown in creating a framework for collaboration and information sharing.

The *Anti-Money Laundering and Counter-Terrorism Financing and Other Legislation Amendment Bill 2019 (Cth)* passed both houses of Parliament on 17 December 2020.

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SECTION 2 – RISK APPETITE DASHBOARD

CATEGORY	QUANTITATIVE METRICS – RMC REPORTING TRIGGERS		REPORTABLE EVENTS	REFERENCE
Financial	Outside normal trading EBITDA losses (per event), and/or adverse to the current (normalised) forecast	>\$10M	No	
Brand / Reputation	Internal event creating a sustained share price loss	>5%	No	
	Sustained negative national or international media coverage	Any event	Yes	ILGA INQUIRY VIC & WA ROYAL COMMISSIONS
Regulatory/ Legal	Breaches that may have a financial or reputational impact	Any event	No	VCGLR & AUSTRAC
	Breaches of the AML/CTF program	Any Event	No	
	Material legal action or class action	Any event	No	2 class actions
	Breach or event that has the potential to damage the relationship	Any event	Yes	VCGLR & AUSTRAC
	Material responsible gaming issues including sustained adverse media	Any event	No	
	Material service of alcohol issues impacting the liquor licences	Any loss of licence and/or points	No	
People	Notifiable serious incidents with regulator involvement under workplace health and safety and other related legislation	Any event	No	
	Sustained staff turnover and/or unplanned absences above average	Any event	Yes	END OF JOBSITEER
	Loss or potential loss of key management personnel	Any event	Yes	COVID-19 ILGA INQUIRY
	Imminent industrial action	Any event	No	
Customer/ Patrons	Negative event affecting segment of patrons (e.g. VIP, F&B, Hotel)	Over 20% or 20,000 patrons of segment type , or \$100M revenue	Yes	COVID-19
Infrastructure	Security incident that threatens people or property	Any event	No	
	Loss of other core IT infrastructure or multiple key systems	>24hrs	No	
	External or internal security breaches resulting in unauthorised access to, or loss of, customer data likely to result in serious harm	Any event	Yes	ALLENS and ATO
	Loss of critical physical infrastructure	>24hrs	No	
	Unplanned loss of gaming floor in one property	>10% for up to 24 hrs	No	COVID-19
	Unplanned loss of non-gaming front of house facilities in one property	> 1 hotel or 50% F&B > 24hrs	No	COVID-19
Strategy / Business Sustainability	Critical event requiring mobilisation of resources and CMT/EMT activation	Any event	Yes	COVID-19, ILGA, WA & VIC ROYAL COMMISSIONS
	Key strategic project delayed by 12 months or more	Any event	No	
	Change in ownership share of related or third-party entity	Any event	No	

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SECTION 3 – PROPOSED ADJUSTMENT TO CROWN RESORTS CORPORATE RISK PROFILE

Consideration of key events

The key events described in the Executive Summary represent materialisation of risk events and they should be reviewed in light of the risks facing the organisation in the next 12 months. When key events escalate, or have the potential to escalate, the likelihood and consequence of risk should be reconsidered.

Below is a table that summarises how these key events are evolving against the relevant material risks, which gives an indication to the Committee members of whether the rating of those material risk should be reconsidered.

MATERIAL RISKS	EVENT TREND
1. Legislative / Regulatory Changes	No new events →
2. Volatility of Premium Gaming	No new events →
3. Act of Terrorism on Property	No new events →
4. Major Reputational Damage	Continuing Events →
5. Litigation	Continuing Events →
6. VIP Bad Debts	No new events →
7. Material Breaches of Gaming and other Relevant Legislation/ Regulations	Continuing Events →
8. Data Misuse	No new events →
9. Breakdown in relationships with key government, legislative or regulatory bodies	Continuing Events →
10. External disruptors outside our control	Continuing Events →
11. AML Breaches	Continuing Events →

There are no changes proposed as a result of key events that have materialised or continued to evolve over the period.

Other Considerations

In light of the significant board and management changes that are currently underway, and the resulting loss of corporate IP, experience, history and capability, it is proposed that the RMC discuss

and support the addition of a new risk in the corporate risk profile: #25 – *Loss of key persons*. This risk is currently embedded in risk #17 – *poor people and safety practices*, but should most likely be reported on separately at this time.

It is proposed that the residual rating for this risk be likely/major. The consequence rating reflects the high reliance that the organisation is about to place on certain individuals as Crown goes through two concurrent royal commissions. A small number of key individuals will be required for both processes and their corporate knowledge and experience.

It is also proposed that the Board consider putting together a key person strategy with both welfare and retention measures.

In parallel, considering the continued international border closures and the restriction by the Perth Regulatory for Crown Perth to operate Junkets and Premium programs, it is proposed that the likelihood of the two risks #2 – *Volatility of gaming revenue* and #6 – *VIP bad debt* be reduced to 'unlikely'. That would change the rating of risk #6 – *VIP bad debt* to overall 'moderate' (or managed by the Senior leadership team), and risk #2 – *Volatility of gaming revenue* to 'High' (or managed by the CEO and Executive team).

Crown Resorts Corporate Risk Map – March 2021

		<i>MATERIAL RISKS</i>				
Likelihood	Almost certain	Harm to persons on property (16)		Major reputational damage (4) Legislative/regulatory changes (1)	External disruptors out of our control (10)	
	Likely			Litigation (5) Loss of Key Person(s) (25) NEW	Treasury risk (23)	
	Possible	Responsible business model (14)	System business disruption (24) Major Criminal Activity (12) Responsible provision of gambling (13) Responsible provision of alcohol (15) Poor people and safety management practices (17) Physical business disruption (20)	Material breaches of gaming and other relevant legislation / regulations (7) Data misuse (8) Breakdown in relationships with government, legislative or regulatory bodies (9) AML breaches (11)	Act of terrorism on Crown property (3)	
	Unlikely		Breakdown in strategic partnerships with third party providers (19) Industrial Action (21)	VIP bad debts (6)	Volatility of gaming revenue (2)	
	Rare				Suboptimal investment decisions (18) Aviation accident (22)	
		Insignificant	Minor	Moderate	Major	Severe
Consequence						

Legend:

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

SECTION 4 – KEY RISK INDICATORS

Below is a Key Risk Indicator (KRI) dashboard that provides operational metrics over each of Crown's seven risk categories. These metrics can be used as indicators for risk trends, in either a leading or lagging view, and often require the consideration of more than one indicator to provide risk insight. The most effective way to consider KRIs is to look at trends over time, and the purpose of those indicators is to provide flags for areas that need to be further considered.

CROWN RESORTS RISK MANAGEMENT COMMITTEE		Frequency	Budget / Target / Average	Trend
Category	KEY RISK INDICATORS			
Financial	Cost-to-Income ratio (%) (Gaming)	Monthly	164.6%	
	CM - TG VIP Win Rate %(VS theoretical 1.40\$)	Monthly	1.40%	
	CP - TG VIP Win Rate %(VS theoretical 1.40\$)	Monthly	1.35%	
	Hotel Occupancy Rate (CT,CM,CP) %	Monthly	47.7%	
	Total F&B Covers	Monthly	564,583	
	Labour Cost over total revenue for all Business Units (%)	Monthly	32.4%	
Brand / Reputation	Unexpected loss in share prices (%)	Monthly	\$9.74	
	Total Poor / Fair/ Complaints Feedback Received (%)	Monthly	57%	
	Number of Compliments (%)	Monthly	43.5%	
	Number of unsubstantiated allegations brought to media attention	Monthly	0	
Compliance / Regulatory	CM_New alleged material compliance Notice/Investigations/breaches - Existing /New *(Privacy,RSA,RSG, Casino Agreement, Casino Control Act 1991 (VIC),Occupational Health & Safety Act 2004,WorkSafe	Quarterly	38:24*	
	Number of data breach events reported to compliance	Monthly	0	
	Number of WorkCover Claims Closure Rate / Claims Received	Monthly	52.6 / 116	
People	Lost time incident frequency rate (LTIFR)	Monthly	5.6	
	Number of hours accrued Annual Leave	Monthly	1,427,055*	
	Staff Turnover % (MAT) - Moving Annual Total	Monthly	10.7%	
	Number of terminations that occur less than 180 days of employment	Monthly	27	
	Number of Serious Misconduct terminations	Monthly	0	
	Total Number in the Crownability Program	Monthly	306*	
	Compliance Rate (%) of courses completed by all business units	Monthly	86.2%	
	Compliance Rate (%) - AML/CTF Risk Awareness Training	Monthly	100.0%	
	Litigation by current or former Staff defamation/slander by former staff (whistleBlower)	Quarterly	0	
	Number of industrial actions carried out by union and staff	Quarterly	0	
Customers	Number of new Patron On-site sign ups	Monthly	4,503	
	Number of Patron on-site Visits + Crown Perth Gaming Floor Visit	Monthly	795,428	
	Number of Customer/Patrons utilizing the Crown Resorts App	Monthly	11,292	
	Number of visits to Melbourne & Perth Crown website	Monthly	787,573	
	Number of Insurance Claims by Patrons due to injury on Crown Melbourne Property	Monthly	4.0	
Infrastructure	Number of critical IT system unplanned downtime and service interruption (Melb)	Monthly	0	
	Number of IT Scheduled Changes	Monthly	34	
	Number of IT Emergency Changes	Monthly	18.0	
	Number of Spam emails Detected by staff and reported	Monthly	77	
	Number of Critical Cyber Security Threats	Quarterly	0	
	An incident causing critical physical infrastructure for extended period of time	Quarterly	0	
Strategy / Business Sustainability	An event that triggers (Crisis Management, Critical Incident Management,Business Continuity Management, Emergency Management)	Quarterly	0	
	Number of IT programs / Completed / Outstanding for current FY	Monthly	n/a	

*Last Year

KEY	
	Favourable by more than 2% on Average/Target
	Within 2% of Average / trend /Tolerance
	Unfavourable by more than 2% of average/Target

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SECTION 5 – UPDATES TO MATERIAL RISKS

1. Legislative and Regulatory Changes

The rating of this risk was increased at the June 2020 meeting as the broad impact of the ILGA inquiry over the regulatory environment of junkets and the VIP business was considered. The rating is now 'Almost Certain' and 'Major' (Critical), which means that it requires oversight from the Committee or the Board.

Crown believes it will have the capability and capacity to respond to these changes but anticipates that they could materially impact the business model.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Changes to legislation, regulation or Government policy covering the conduct of, and access to, gaming or broader operational and compliance processes in any jurisdiction in which Crown operates.</p> <p>Examples of changes include, but are not limited to:</p> <ul style="list-style-type: none"> • Increases in tax or additional levies and taxes • Changes to restrictions (where applicable) on the number, type, speed and location of gaming machines • Changes to mandatory minimum “return to player” on gaming machines • Changes to approved table games and approved rules of the games (where applicable) • Changes to restrictions on advertising and marketing, including online advertising (where applicable) • Changes in laws or changes in interpretation of laws dealing with promotion of gambling in foreign countries • Visa restrictions (where applicable) • Changes to online wagering regulations, affecting product offering (including exchange betting) • Changes to pre-commitment system • Changes to smoking exemptions 	<p>Preventative and Detective controls:</p> <ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable) to reduce likelihood of change. • Maintenance of productive relationships with key stakeholders • Annual strategic planning and business planning processes. • Contingency planning, including business continuity plans. • Appropriate and targeted marketing campaigns. • Management monitoring of: <ul style="list-style-type: none"> – international competitors; – the VIP program and relationships; – local and domestic competitors in all jurisdictions in which Crown operates; – financial performance and trends. • Appropriate capital structure. • Capital investment in VIP facilities. • Effective escalation framework ensures matters are provided with adequate level of management oversight and response effort. • Targeted initiatives in product development, marketing, technology and people management to consistently demonstrate capability to differentiate gaming brands in a crowded market. • Revised operating plans. • Engagement with medical experts. <p>Response Strategies:</p> <ul style="list-style-type: none"> • Interpretation of changes, including through external advice, across all operational areas • For large changes: development of cross-functional project teams • Reporting to the relevant management or Board committee on progress

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MATERIAL DEVELOPMENTS

Crown Group – AUSTRAC

The *Anti-Money Laundering and Counter-Terrorism Financing and Other Legislation Amendment Bill 2019 (Cth)* passed both houses of Parliament on 17 December 2020.

AUSTRAC's Junket Risk Assessment was published on 11 December 2020. It provides an overview of the criminal threat environment and an analysis of specific vulnerabilities.

It is expected that following the release of the next AUSTRAC risk assessment report on the Casino Industry, the regulatory landscape will further be adjusted for casinos with regards to money laundering regulations.

Crown Sydney – Problem Gambling Policy

The NSW Government has announced policy changes to address problem gambling in pubs and clubs. These include self and third-party exclusion and cashless cards for use in poker machines.

Crown Sydney – Development

Management has continued to engage with L&GNSW to liaise on opening requirements and continue to complete the recommendations of the ILGA Inquiry.

Crown Melbourne – 6th Section 25 Casino Licence and Operator Review

Crown is working with the VCGLR to address each of the 20 Recommendations made by the Sixth's 25 Review of the Casino Operator and Licence. Eighteen Recommendations have been responded to by Crown within the agreed timelines and are now deemed closed. Of the remaining two, one is not yet due, and the other received an extension for completion as a result of the COVID-19 closure.

Crown Melbourne – Royal Commission

On 17 December 2020, as results of the ILGA Inquiry, Crown was advised that the VCGLR would bring forward its seventh s 25 review of the Casino Operator and Licence. The review was to assess the ongoing suitability of Crown Melbourne Limited, to hold the Casino Licence within Victoria. This Review has now been superseded by a royal commission.

Raymond Finkelstein QC will serve as Commissioner and Chairperson of the Royal Commission and will hand down his recommendations by 1 August 2021.

Crown Perth – Royal Commission

The royal commission was initiated from the findings of the Bergin Inquiry, to assess the suitability of Crown Perth to hold a casino licence and the effectiveness of the WA regulatory framework and the WA regulator (potential Conflict of Interest).

The royal commission is due to provide an interim report to the state by June 30 and a final report by November 14. The commissioners will be former Supreme Court judge Neville Owen AO (chair), former Supreme Court judge Lindy Jenkins and former auditor general for WA Colin Murphy.

Crown Melbourne – ICS Review

The VCGLR has implemented a review of 10 of Crown Melbourne's Approved Internal Control Statements (ICSs), to propose amendments to strengthen their overall operation and minimise potential risks. The VCGLR proposed that Crown provide any feedback in writing, however, Crown instead offered to prepare the revised drafts, which was accepted.

A meeting was held on 13 November 2020 to discuss the first two of the ICSs to be reviewed, being Junket and Premium Player Programs and the Introductory Chapter.

The remaining eight ICSs to be reviewed are: Cheque Cashing and Credit Facilities; Revenue Audit and Reporting; Cage Operations; Count Room and Drop Box, Drop Bucket and Note Stacker Collection; Surveillance; Security Operations; Table Games Operations and Gaming Machine Operations.

Crown Melbourne – Liquor Control Reform Act

Management participated in a Ministerial Forum on Wednesday, 7 October in relation to the Liquor Control Reform Act proposals. The changes being considered by the Minister, the Hon. Melissa Horne, have minimal impact in Crown's existing operations. The key change suggested in our December 2019 submission was for a differentiated penalty system for large venues such as Crown, but this was not seen this as a priority. Consequently, we suggested that venues be granted an avenue of appeal to VCAT (currently any appeal against the loss/suspension of licence due to exceeding the maximum demerit points must be determined by the Minister). This suggestion is under consideration.

Crown Perth – Regulatory Reform Review

A review of Racing, Gaming and Liquor Regulatory Functions has recently commenced from within the Department of Local Government, Sport and Cultural Industries (**DLGSCI**). An initial meeting was held between Crown Perth and Government representatives in December 2020, in order to provide a view of regulation as it applies to the Casino and some of the examples of ways Crown Perth and the Regulator could work together to reduce duplication of approvals that do not jeopardise safety.

More recently, the DLGSCI has requested that Crown (as the primary gaming stakeholder in Western Australia) more formally submit its views on how Crown currently works with the DLGSCI (through RGL), any improvements worth exploring, and any case examples that support our views. The submission is currently being prepared.

Crown London Aspinalls – Legislative Changes

In our previous Report, we noted that on 31 October 2020 new Licence Conditions and Codes of Practice were to be published requiring more enhanced self-reporting from casino operators, which are AML and Safer Gambling centered, such as potential breaches of the Money Laundering Regulations. Crown London has retained Hodge Malek QC to review its training, policies, procedures and risk assessments to ensure it is adequately prepared to comply with the changes. The review is being finalised.

Before any operator can make a customer a VIP, from 31 October it must:

- Establish that spending is affordable and sustainable as part of the customer's leisure spend;
- Assess whether there is evidence of gambling related harm, or heightened risk linked to vulnerability;
- Ensure the licensee has up to date evidence relating to identity, occupation and source of funds; and
- Continue to verify the information provided to them and conduct ongoing gambling harm checks on each individual, to identify any signs of harm.

The new Guidance also requires operators to appoint a senior executive who holds a personal management licence (PML) to oversee their respective scheme - making individuals personally accountable (the Managing Director is the appointed position at Crown Aspinalls).

Hodge Malek QC has reviewed the outcomes of the ILGA Inquiry review and taken key elements into consideration in his review of Aspinalls.

Other matters

A number of other matters have not seen any developments since the last report, but remain in progress with potential material impacts to Crown, which include:

- The Black Economy Taskforce outcomes;
- AUSTRAC's casino industry wide Junket Risk Assessment;
- The Trackside and TAB sale in WA; and
- The implementation of the National Consumer Protection Framework for Online Wagering (NCPF) Measures for Betfair.

2. Volatility of Gaming Revenue

The rating of this risk was adjusted during the annual review of the risk profile in June 2020, with consideration for the impact of COVID-19, the current Australian and state border closures and the fact that a reduced overall volume of VIP gaming revenue would exacerbate the volatility of the actual results when gaming resumes.

The likelihood was increased to 'Likely', and the impact remained at 'Severe' (overall 'Critical' risk) which means that the risk still requires oversight from the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the rating **should be revised, and the likelihood of the risk reduced to 'unlikely'**.

RISK DEFINITION

Definition	Key Controls
Sustained unfavourable variations from theoretical win rates applicable to the gaming business (local and international). Whilst short term fluctuations are expected to occur, due to 'luck', reporting of theoretical over actual has normalised results over time.	<ul style="list-style-type: none"> • Management monitoring and review of international commission business strategy including maximum bet limits and customer programs. • Increased data analytics on historical betting patterns. • Ad-hoc review by external experts of theoretical model and performance. • Strategies in place to ensure sustained turnover, meant to decrease impact of single large wins or losses. • Ongoing review of VIP operating model.

MATERIAL DEVELOPMENTS

Crown Properties

As previously reported, Premium Gaming volumes must be maintained to mitigate the risk of prolonged negative deviations from theoretical win rates.

Turnover is materially below budget, mostly due to the closure of the Australian borders (State and Federal) and the prolonged shut down of the Melbourne property. The Australian borders will remain closed and state borders will open on and off over the foreseeable future.

Year on year turnover volumes and win rates for Crown Perth are recorded as follows:

CROWN PERTH	Dec 2017	June 2018	Dec 2018	June 2019	Dec 2019	June 2020	Dec 2020	Feb 2021
YTD International and Interstate Turnover (\$b)								
Win Rate (%)								

Management is to continue to monitor trends, and action as appropriate.

4.2

3. Act of Terrorism on Property

The rating of this risk is largely aligned with the ASIO terrorism threat rating, as well as consideration for the prevention and response measures that Crown has in place. The rating has not been adjusted in the past 12 months, as the overall ASIO threat level remains consistent at 'probable', which is a 3 out of 5 possible rating scale.

Although the Melbourne property remains closed, it is not proposed that the rating be reduced during that period as Perth and Sydney are seeing extensive foot traffic.

Overall, the risk is rated as 'Critical', meaning under the oversight of the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>The calculated use of violence (or the threat of violence) against Crown's properties, employees and/or customers in order to attain goals of a political, religious or ideological nature.</p>	<ul style="list-style-type: none"> • Emergency and crisis management and planning framework including: <ul style="list-style-type: none"> – Emergency management planning – Corporate crisis planning – IT disaster recovery planning – Terrorist risk assessments undertaken at property level – Counter terrorism escalation planning – Tailored training across all operational areas. • Ongoing assessments and enhancements of deterrent measures on property, including by third parties. • 24/7 monitoring by security and surveillance of relevant FOH and BOH areas for suspicious behaviours. • Facial recognition technology in use. • Maintenance of close and productive relationships with key law enforcement agencies and other authorities in relevant jurisdictions for intelligence gathering.

MATERIAL DEVELOPMENTS

There are no new developments since the last report.

4. Major Reputational Damage

In light of all the media activity that has been taking place over the past 15 months, as well as the public nature of the ILGA Inquiry, the rating of this risk was increased to Major/Almost Certain in February 2020. As expected, the ILGA Inquiry has generated extensive media coverage. Preliminary timelines suggest that the ILGA Inquiry will release its findings by 1 February 2021. We anticipate reputational challenge to be experienced over the next 12 months as a result.

Overall, the risk is rated as 'critical', meaning requiring the oversight of the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the **rating should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Crown operates under both a legal licence, as well as a social licence, which is just as critical. Negative publicity/image of Crown and/or its affiliate businesses which may adversely impact Crown's reputation and/or performance and potentially damage its social licence and jeopardise its gaming licences.</p>	<p>Preventative and Detective controls:</p> <ul style="list-style-type: none"> • Positive promotions of Crown's businesses which include, but are not limited to, raising awareness of Crown's breadth of business activity, corporate responsibility initiatives, responsible gaming commitments, employee inclusion programs and employee training to key stakeholders such as government representatives, regulators and key community leaders. • Engagement of external advisers to assist with communications strategies and proactive management of negative media attention. • Consideration of community expectations. • Adherence to, and awareness of, relevant legislative and/or regulatory policy, adoption of group wide and property level Anti-bribery and Corruption and other integrity related Policies and training of relevant employees/contractors where applicable. • Employee/contractor/supplier probity checks and performance monitoring and regulator licensing for relevant staff. • Maintenance of close and productive relationships with key stakeholders, including with key law enforcement agencies and other authorities in relevant jurisdictions. • Focus on corporate responsibility function and reporting. • External advisory panels in place in key areas: RG, OSH. • Development and adherence to Media Protocols and policy. • Monitoring all customer facing online channels and advertising for disruptions or events that may be damaging to reputation. • Privacy program and strict confidentiality protocols in place and staff training on privacy awareness. • Cyber security program in place and staff training on cyber security awareness. • Brand strategy, including engagement of external advisers.

Definition	Key Controls
	<p>Response strategies:</p> <ul style="list-style-type: none"> • Escalation of material matters to the Board for oversight and guidance. • Business continuity management and planning. • Corporate crisis planning. • Analysis of major events with root cause report to the Risk Management Committee and as appropriate the Board

MATERIAL DEVELOPMENTS

LEGALLY PRIVILEGED – Australian Resorts - Media allegations

Following Channel 9's 60 Minutes story featuring Crown on Sunday 28 July 2019, additional media stories have been released with allegations against Crown. These media reports, compounded by Mr Wilkie's allegations, led to a number of state and federal regulators pursuing investigations or inquiries regarding Crown.

The ILGA Inquiry released its report on 1 February 2021, and the WA and Victorian regulators have since launched royal commissions into Crown's suitability in each of these states.

Crown is responding to the findings of the Inquiry and will continue to engage with relevant stakeholders around ongoing enhancement of governance structures and other requirements for suitability.

Crown Aspinalls - Employee Claim

In January 2020, Crown Aspinalls was contacted by a lawyer acting on behalf of a long term table games employee, and made claims regarding sexist and racist behaviour by patrons of Crown Aspinalls toward their client and other black employees, which they say the business failed to adequately prevent or respond to. Crown Aspinalls' lawyers have engaged with the claimant's solicitors since that time.

The hearing that was held on 19 November 2020 before the Employment Tribunal, on an application by Crown Aspinalls to have the matters the subject of the complaint struck out that are dated 2007 & 2009, prior to Crown's acquisition of Aspinalls was successful. The hearing of the applicant's complaint will be held in mid-2021.

LEGALLY PRIVILEGED – Australian Resorts - Fair Work Ombudsman

The media reported in late February 2021 that Crown had self-reported to the Fair Work Ombudsman a potential underpayment issue. Media coverage was minimal, but is expected to increase as the findings of the matter are finalised.

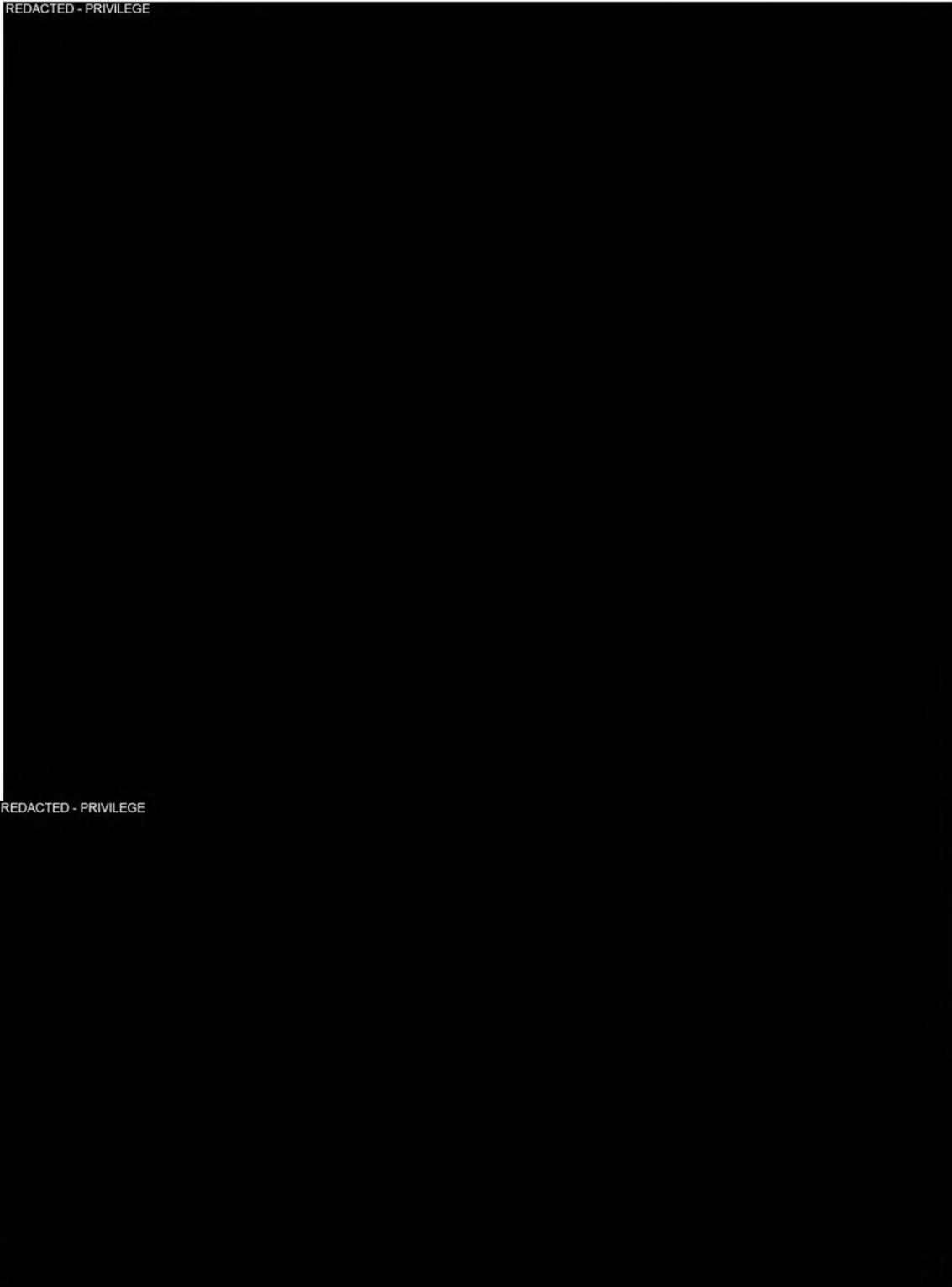
Other matters:

Also see risk 7 - Material Breaches of Gaming and Other Relevant Legislation/ Regulations for details on a Show Cause Notice from the VCGLR and risk #11 – AML breaches on the enforcement action from AUSTRAC.

A number of other matters have not seen any developments since the last report, but remain in progress with potential impacts to Crown, which include the Dinner by Heston matter.

5. Litigation (Strictly Confidential – Under Legal Privilege)

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

4.2

6. VIP Bad Debts

The rating of the risk of VIP Bad Debt was increased when the current class action was filed. Until the class action is resolved and in light of current and expected legal activity, no additional material matters have warranted a change in rating since then.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives.

Key events and other internal and external factors during this reporting period suggest the rating **should be adjusted to reflect the decreased likelihood of VIP bad debt. It is proposed that the likelihood move to 'unlikely'.**

RISK DEFINITION

Definition	Key Controls
Crown is exposed to the risk of default by customers across its affiliate businesses.	<ul style="list-style-type: none"> • Credit approval processes, including enhanced due diligence and validation of patrons through Central Credit Reports. • Management monitoring of financial performance and trends. • Management monitoring and review of credit policy. • Engagement of external debt collectors and/or initiation of legal action (in authorised jurisdictions only). • Hedging to manage any potential foreign currency loss.

MATERIAL DEVELOPMENTS

Australian Resorts – Bad Debt Position

Both Crown Melbourne and Crown Perth have continued to suspend the extension of credit to Chinese domiciled players with credit granted to other players on a selected basis only. The casino shutdowns, as well as the ban on international travel, which is expected to last some time in the new year, has further impacted the VIP business. The Board has also resolved not to carry on any junket business until at least 30 June 2021.

The debt positions over the past 24 months for Crown Melbourne and Crown Perth is tabled below:

CROWN MELBOURNE	30 Jun 19 \$m	30 Dec 19 \$m	30 Jun 20 \$m	31 Dec 20 \$m	28 Feb.21 \$m
Gross debtors balance (net of safekeeping)					
Provision for doubtful debts					
Provision as a % of gaming debtors					
Net debtors balance					

CROWN PERTH	30 Jun 19 \$m	31 Dec 19 \$m	30 Jun 20 \$m	31 Dec 20 \$m	28 Feb.21 \$m
Gross debtors balance (net of safekeeping)					
Provision for doubtful debts					
Provision as a % of gaming debtors					
Net debtors balance					

4.2

The appetite for credit risk has materially decreased across the Australian Businesses, and measures have been taken to reduce high exposure areas. Challenges with regards to processing of overseas transactions remain an issue, and therefore the balance at 31 December 2020 has almost mostly provisioned for.

Crown Aspinalls – Bad Debt Position

The debt positions over the past 4 years for Crown Aspinalls are tabled below:

	31 Dec 17 £m	30 Jun 18 £m	31 Dec 18 £m	30 Jun 19 £m	31 Dec 19 £m	30 Jun 20 £m	31 Dec 20 £m	28 Feb 21 £m
CROWN LONDON ASPINALLS - Debtors								
Gross debtors balance (net of safekeeping) ^								
Provision for doubtful debts *								
Provision as a % of gaming debtors								
Net debtors balance								

^(after discounts & recoveries) / *(includes provision & bad debt w/off)

Following a reduced level of debtor collection activity due to COVID-19, management are currently reaching out to patrons and legal advisors to focus on debtor collections and continue legal action against those who have either not engaged in discussions or not met agreed timelines for repayments, as the business continues to proactively try to collect outstanding debts.

7. Material Breaches of Gaming and Other Relevant Legislation/ Regulations

The rating reflects the fact that Crown's business operations involve a material amount of manual processes, which therefore has an inherent weakness related to human error. Extensive training and supervision are in place to address this inherent weakness, however a residual risk remains through, for example, errors in processes or interpretation of requirements.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Crown and its affiliate businesses operate in a highly regulated industry. There is a risk of systemic and/or serious breaches of regulatory requirements including:</p> <ul style="list-style-type: none"> • gaming, • liquor, • promotion of gaming and liquor, • taxation or other regulatory/mandatory reporting requirements) <p>This risk specifically excludes AML/CTF breaches which are identified in risk #24</p>	<p>Preventative and detective controls:</p> <ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable). • Obtaining expert local and foreign legal advice in appropriate circumstances as required. • Employee / contractor / supplier probity checks and performance monitoring. • Extensive compliance training to relevant staff groups. • VIP operating model protocols in place for foreign jurisdictions. • Maintaining appropriate relationships with governments and regulators. • Legal, governance and compliance frameworks in place in each business. • Layers of operational auditing and compliance checks in place across critical areas (particularly gaming). • Periodic internal audit reviews of the effectiveness of controls and processes in place to manage Crown's compliance frameworks and the overall internal control framework. • Whistle-blower Policy and hotline. <p>Response strategies:</p> <ul style="list-style-type: none"> • Escalation of material matters to the Board for oversight and guidance. • Business continuity management and planning. • Corporate crisis planning. • Analysis of major events with root cause report to the Risk Management Committee

4.2

MATERIAL DEVELOPMENTS

A number of matters are reported in detail in the Compliance Report at agenda item 06.

8. Data Misuse

This risk was introduced as a separate risk in the May 2019 review of the Corporate risk profile. The rating is mostly a result of the progress of the enhancements to the data risk management program led by IT, which includes the Data Loss Prevention (DLP) project, as well as the PCIDSS project. There have been no major data privacy breaches, but the control framework will afford better protection to Crown once those key projects are implemented.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Sensitive information may be leaked or sold to external parties including customer information.</p> <p>Loss of confidential customer or commercially sensitive data is a growing risk as the online businesses expand and the use of 3rd parties and data volume increases.</p>	<p>Preventative and Detective controls:</p> <ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of IT policy and security, with dedicated in-house IT data governance focus. • Cyber security program in place with 24/7 monitoring performed by third party and staff training on cyber security awareness. • Periodic penetration testing of IT systems, website and apps. • External review regarding integrity of security systems such as source code scanning. • Employee/contractor/supplier probity checks and performance monitoring. • Employee confidentiality agreements and restrictive covenants. • Intellectual Property Register. • User access management processes in place to key applications, data and reports. • Data loss prevention tools. • Privacy program and strict confidentiality protocols in place and staff training on privacy awareness. • Whistleblower Policy and hotline. • CDW and TM1 reporting systems. <p>Response strategies:</p> <ul style="list-style-type: none"> • Investigation and rectification of incident • Reporting to Privacy Commissioner as appropriate

4.2

MATERIAL DEVELOPMENTS

ALLENS Incident

On 17 January 2021, one of our legal firms' (Allens) file transfer services was subject to a cyber attack and a large number of files were accessed. Regarding Crown, 26 files were impacted. The files are .zip files that contain a large volume of information provided to AUSTRAC following a summons request. Those files were both encrypted and password protected, therefore the risk of their content being accessed is very low, but the content of the files is highly confidential, including legally

privileged content. A privacy breach assessment was conducted, and there was no indication of meeting the criteria of a breach.

ATO Incident

On 16 February 2021, Crown became aware that a malicious actor has added themselves as a principal authority on the ATO account of various Crown Resorts entities. Some of Crown's existing representatives received notification of newly linked associates, which allowed Crown to promptly investigate the matter and escalate it. The malicious actor(s) used fake credential (including fake email address) that identified them as directors of the companies to gain access to certain Crown ATO accounts, adjust BAS tax declarations and redirect the refunds to bank account that they changed to details of. The purpose of the attack appears to have been to divert Crown's refunds to the individual's account.

The ATO stopped the process and advised Crown that attacks of a similar nature had happened in recent months.

Crown IT are monitoring Crown Resorts ABNs and tracking notification emails from the ATO to detect any further changes. The matter was externally escalated to both the ATO and the Australian Cyber Security Council, and the Board was briefed.

9. Breakdown in relationships with key government, legislative or regulatory bodies

This risk was introduced in the May 2019 review of the Corporate risk profile to reflect the increased enquiries and requests that Crown is receiving from its regulators, as well as reflect how important it is for the business to maintain professional and constructive relationships with all of its regulators. Reference to legislative bodies refers to Crown's ability to provide comments to draft legislation as allowable under the legislative process.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives.

Key events and other internal and external factors during this reporting period suggest the rating should **remain unchanged**.

RISK DEFINITION

Definition	Key Controls
Crown operates in many jurisdictions and has to engage with a large number of government, legislative and regulatory bodies. A breakdown in these relationships could lead to targeted reviews, investigations, or actions by these bodies.	<p>Preventative and detective controls:</p> <ul style="list-style-type: none"> • Dedicated senior management and Directors engaging with relevant government stakeholders • Continuous reporting to the Board. • Strong compliance culture reinforced by the legal, governance and compliance frameworks. • Employee due diligence procedures and regulator licensing for relevant staff. • Training and awareness. • Brand Strategy, including engagement of external advisers. <p>Response strategies:</p> <ul style="list-style-type: none"> • Escalate engagement to CEO / Chair levels as appropriate

MATERIAL DEVELOPMENTS

Please refer to sections 7 and 11 for details on the following elements which may lead to impact on the relationship with the relevant regulatory bodies:

- Crown Melbourne – Royal Commissions
- Crown Perth – Royal Commission
- Crown Melbourne – Section 26 Notices and Notice to Show Cause
- Australian Resorts – AUSTRAC Enforcement Team Investigation
- Fair Work Ombudsman – Self-reported matter
- ILGA Inquiry and ATO – Southbank / Riverbank

NSW Supervisory Levy

On 31 August 2020, ILGA sent Crown an email setting out the Government's intention to impose a supervisory levy on Crown Sydney Gaming.

The matter has been addressed by ILGA as part of the suitability requirements for our Sydney Licence and will be settled within that process.

10. External Disruptors Outside Our Control

The rating of this risk was increased at the June 2020 meeting as a result of COVID-19 outbreak being declared a pandemic by the World Health Organisation (WHO), Australia closing its borders and Crown being instructed to close its properties. This risk is currently the highest rated risk in the Crown Resort's Corporate Risk profile, due to its severe impact on operations.

Overall, the risk is rated as 'Critical', meaning that it is overseen by the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**. The main concern at this stage, outside of the uncertainty regarding the re-opening of the Melbourne property (both timing and conditions), is the uncertainty that current conditions present for our workforce, and our ability to keep both the required volume of staff for operational effectiveness as well as key personnel.

RISK DEFINITION

Definition	Key Controls
<p>Unfavourable changes in Australian and international economic conditions, including change in government; global geopolitical event and hostilities, act of terrorism (outside Crown), natural disaster, pandemic, etc.</p> <p>Loss of international commission business to competitors in South East Asia and Las Vegas. Increase in local competition (both gaming and non-gaming).</p> <p>Key exposures include, but are not limited to:</p> <ul style="list-style-type: none"> • Granting of additional gaming licenses • Oversupply of non-gaming facilities (e.g. hotel rooms, Airbnb, restaurants and conference centre facilities) • Expansion of online gaming • Changes in consumer behaviours 	<p>Preventative and detective controls:</p> <ul style="list-style-type: none"> • Dedicated senior management and Directors engaging with relevant government stakeholders • Annual strategic planning and business planning processes. • Appropriate and targeted marketing campaigns. • Management monitoring of: <ul style="list-style-type: none"> ○ international competitors; ○ the VIP program and relationships; ○ local and domestic competitors in all jurisdictions in which Crown operates; and ○ financial performance and trends. • Appropriate capital structure. • Capital investment in VIP facilities. • Targeted initiatives in product development, marketing, technology and people management to consistently demonstrate capability to differentiate gaming brands in a crowded market. • Revised operating plans. • Engagement with medical experts <p>Response Strategies:</p> <ul style="list-style-type: none"> • Effective escalation framework ensures matters are provided with adequate level of management oversight and response effort. • Contingency planning, including business continuity plans and disaster recovery plans. • Activation of Crisis Management Response Team as appropriate.

4.2

MATERIAL DEVELOPMENTS

Australian Resorts (Melbourne and Perth)

On 11 March 2020, the WHO declared COVID-19 a worldwide pandemic.

Crown Melbourne and Crown Perth closed their doors on 23 March 2020 by Government mandate. Over 95% of all of Crown's staff were stood down, and only minimal activity remained, which was primarily in Hotel operations, with assistance being provided by Crown for travelers being quarantined after their return from overseas.

Crown Perth was able to resume partial operations from 27 June 2020 under increased social distancing and hygiene protocols.

Crown Melbourne was able to resume partial operations from late October 2020, with Gaming resuming in a very limited capacity on 12 November 2020.

Following the easing of border restrictions once the Victorian outbreak was under control, smaller outbreaks in other states have resulted in a continuous change of state border restrictions and a conservative approach by the state governments in allowing for large gatherings and the resumption of activity in larger venues.

It is anticipated that this level of constant fluctuation in operating conditions will continue in the foreseeable future.

The 5-day lockdown imposed in WA on 31 January 2021 is an example of such responses.

Similarly, a 5-day lockdown was imposed in Victoria on 12 February 2021. Crown Perth and Crown Melbourne paid wages to rostered and salaried staff during that 5 days period. This cost Crown approximately \$10m. The cost for the Victorian statewide 5-day lockdown was estimated at \$1b.

Due to this level of uncertainty, there is a very strong requirement from the business to be flexible and continuously adapt to varying operational conditions. This presents both staff and process challenges, but the management and Executive teams are well aware of the risks and are managing them accordingly.

In such a pandemic event, the main concerns with regards to re-opening the properties are the ongoing health and safety of individuals, including employees, patrons and other stakeholders.

The main challenges encountered during the re-opening in Melbourne have mirrored some of the experiences in WA, particularly with regards to employee absenteeism and the ability to staff the F&B and housekeeping functions.

Betfair

While the cancellation/suspension of a number of national and international sporting events did have an impact on Betfair's business and market offerings, many of Betfair's customers moved their betting activity to Australian racing events, and the pandemic did not have a material negative effect on Betfair's business.

Crown Aspinalls

Aspinalls temporarily reopened to its members on 15 August 2020, with modified trading hours, and was closed again on 4 November 2020 as England entered its second wave of restrictions. The property remains closed at this stage.

A COVID-19 secure management plan was created and delivered during the initial closure of the Club. Crown London consulted with a Crisis Consultant around its risk assessment, processes and procedures. Employees underwent training and completed induction prior to returning to work. The review and implementation of the Management Plan is ongoing.

Due to the impact on the business, a number of staff reduction strategies have been implemented, including redundancies. These have led to some employee grievances being raised.

11. AML Breaches

In October 2020, a stand-alone risk for AML breaches was created which combined elements of risk #7 – *Material Breaches of Gaming and Other Relevant Legislation/Regulations* (the risk of Crown failing in its regulatory obligations) and risk #12 – *Major criminal activity* (which reflects the risk of a patron laundering money at Crown, amongst other criminal activities).

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives. The rating reflects the fact that Crown's business operations involve a material amount of manual processes, which therefore has an inherent weakness related to human error. Extensive training and supervision are in place to address this inherent weakness; however, a residual risk remains through errors in processes or individual judgement. The additional measures taken by Crown in 2020 and 2021 (cessation of Junket activity and stopping cash deposits in bank accounts) and have also materially reduced the risk of money laundering occurring at Crown.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Crown and its affiliate businesses operate in a highly regulated industry, with a large number of cash being transacted. There is a risk that individuals could misuse Crown's services for money laundering and terrorism financing.</p>	<p><i>Generally</i></p> <ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable). • Obtaining expert local and foreign legal advice in appropriate circumstances as required. • Code of conduct and corporate values enforced through performance processes. • Patron probity checks and performance monitoring. • Compliance training to relevant staff groups. • Legal, governance and compliance frameworks in place in each business. • Layers of operational auditing and compliance checks in place across critical areas (particularly gaming). <p><i>Specifically:</i></p> <ul style="list-style-type: none"> • AML/CTF joint program. • Periodic internal audit reviews of the effectiveness of controls and processes in place to manage Crown's compliance frameworks and the overall internal control framework. • Engagement of external experts to test effectiveness of the joint program. • Whistle-blower Policy and hotline.

MATERIAL DEVELOPMENTS

Crown Melbourne – AUSTRAC Enforcement Team Investigation

As previously reported to the Committee, AUSTRAC has initiated a formal enforcement investigation into the compliance of Crown Melbourne. REDACTED - PRIVILEGE REDACTED

REDACTED - PRIVILEGE

4.2

ILGA Inquiry – Riverbank / Southbank

The ILGA Inquiry has focused on elements of Crown's historical AML/CTF practices, particularly related to transactions on the Riverbank and Southbank accounts. Crown is engaged with AUSTRAC on this issue. Crown is continuing to review these accounts with the assistance of third parties.

Please find further updates on AML in agenda item 7.



Crown Resorts Limited

MEMORANDUM

To: Risk Management Committee

From: Anne Siegers

Date: 15 March 2021

Subject: **Crown Resorts Limited – Risk and Compliance Culture Framework**

Dear Committee members,

At its June meeting, the Risk Management Committee approved an update to the Risk Management Strategy document that highlighted the requirements of Crown, under its risk framework, to articulate and monitor its risk culture, and provide timely and relevant recommendations to the board on actions required to address any material failings.

To support this objective, a Risk and Compliance Culture Framework is being developed that articulates requirements behind the concepts of a risk and compliance culture, and what a monitoring model should consist of.

BACKGROUND

The expectation from the Crown Resorts Board, is that Crown has a risk aware and compliant culture.

The Risk Culture allows the organisation to understand and take well informed risks within the Risk Appetite articulated in the risk management strategy, and within the limits set in the Board's Delegation Policy. The Compliance Culture establishes Crown's commitment to ethical compliance with the law; infrastructure to prevent and detect wrongdoing articulated through the Compliance Framework and an embedded commitment to exceed minimum requirements of governing standards. The culture expected is one that champions compliance not only with the written law, but the spirit of it.

PURPOSE

The purpose of the Risk and Compliance Culture Framework will be to establish the context and the principles within which the Risk and Compliance Culture is defined, its link to organisational culture and behavioural traits, how Risk and Compliance Culture integrates within the organisation and the process used to assess alignment to expectations.

It will set out the mechanisms that give both the Leadership team and the Board a view of, and the ability to respond to, the actual culture of Crown as well as the means for the organisation to continuously improve.

The framework will be established to ensure that Crown's excellence in customer service is combined with a strong focus on risk and compliance, and that the organisation is able to measure that risk and compliance element, and to act where appropriate.

This Framework will be a subset of the Risk Management Strategy approved by the Board.

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Supporting the implementation of Crown's Risk Appetite

Crown's risk and compliance culture is an enabler to the implementation of the board's Risk Appetite.

While thresholds are set in the Risk appetite, it is the behaviours that underpin staff actions that will ensure the implementation of that appetite through everyday actions across the organisation. Understanding and measuring our risk and compliance culture is therefore essential to ensuring the Risk Appetite is understood and consistently followed.

Crown's values and the risk and compliance culture

Risk and Compliance Culture is a lens on Organisational Culture. It impacts the way risk management is practised and, as a result, how well the risk management strategy is executed and the Company's strategic objectives are achieved. A culture of compliance is pervasive throughout planning, execution, measurement and feedback of all activities.

Culture is the all-encompassing way Crown's employees behave and establishes the tone for how each individual employee regards his or her role in directly supporting Crown's purpose statement: "Together we create memorable experiences".

Although there is a broader Culture reform project currently underway, irrespective of how Crown's values are articulated, the risk and compliance culture is fully aligned with those corporate values, but the fundamental expectations with regards to risk and compliance related behaviours remain constants.

RECOMMENDATION:

That the Risk Management Committee **RESOLVE** to recommend to the Crown Resorts Board that the Risk and Compliance Culture Measurement Framework be approved.

Regards,

Anne Siegers
Chief Risk Officer



Crown Resorts Risk and Compliance Culture Framework

Crown Resorts Limited ACN 125 709 953
A public company limited by shares

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Commercial in Confidence

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Document History:

Document Changes	Author(s)	Date	Approval Authority
Document created	Anne Siegers - Chief Risk Officer Michelle Fielding – GEGM R&C	March 2021	RMC

1. Introduction

1.1 Background

The expectation from the Crown Resorts Board, is that Crown has a risk aware and compliant culture.

The Risk Culture allows the organisation to understand and take well informed risks within the Risk Appetite articulated in the risk management strategy, and within the limits set in the Board's Delegation Policy. The Compliance Culture establishes Crown's commitment to ethical compliance with the law; infrastructure to prevent and detect wrongdoing articulated through the Compliance Framework and an embedded commitment to exceed minimum requirements of governing standards. The culture expected is one that champions compliance not only with the written law, but the spirit of it.

1.2 Purpose

The purpose of the Risk and Compliance Culture Framework is to establish the context and the principles within which the Risk and Compliance Culture is defined, its link to organisational culture and behavioural traits, how Risk and Compliance Culture integrates within the organisation and the process used to assess alignment to expectations.

It sets out the mechanisms that give both the Leadership team and the Board a view of, and the ability to respond to, the actual culture of Crown as well as the means for the organisation to continuously improve.

This framework is established to ensure that Crown's excellence in customer service is combined with a strong focus on risk and compliance, and that the organisation is able to measure that risk and compliance element, and to act where appropriate.

This Framework is a subset of the Risk Management Strategy approved by the Board.

1.3 Supporting the implementation of Crown's Risk Appetite

Crown's risk and compliance culture is an enabler to the implementation of the board's Risk Appetite.

While thresholds are set in the Risk appetite, it is the behaviours that underpin staff actions that will ensure the implementation of that appetite through everyday actions across the organisation.

Understanding and measuring our risk and compliance culture is therefore essential to ensuring the Risk Appetite is understood and consistently followed.

2. Risk and Compliance Culture and Expected Behaviours

2.1 Definitions

Risk and Compliance Culture and Organisational Culture are interdependent concepts, as the Risk and Compliance Culture is a lens of the broader Organisational Culture.

Organisational Culture is a system of shared values and norms that define the **attitudes and behaviours** of an organisation through its Board members, leadership team, employees and contractors. This system of values and norms is shaped by the organisation's purpose and values, and how it approaches its people, patrons and the greater community.

Risk and Compliance Culture is the system of values, beliefs and behaviours present in an organisation that shapes the **decisions and actions** of employees in relation to compliance and risk taking. It determines the collective ability of all employees to:

- Understand their compliance requirements and how to give effect to them, both ethically and technically;
- Identify, understand, openly discuss and act on both current and future risks to the organisation; and

- Operate consistently within the risk appetite.

2.2 Crown's Values and Risk and Compliance Culture

As per the definition above, Risk and Compliance Culture is a lens on Organisational Culture. It impacts the way risk management is practiced and, as a result, how well the risk management strategy is executed and the Company's strategic objectives are achieved. A culture of compliance is pervasive throughout planning, execution, measurement and feedback of all activities.

Culture is the all-encompassing way Crown's employees behave and establishes the tone for how each individual employee regards his or her role in directly supporting Crown's purpose statement: "Together we create memorable experiences"

Underpinning Crown's culture are Crown's values:

- We act Respectfully,
- We are Passionate,
- We work Together, and
- We do the Right Thing.

2.3 Expected Behavioural Traits

As a key component of principled compliance and risk management, the Risk and Compliance Culture defines what is important, how to behave and what actions need to be taken to be compliant and effectively manage risk.

Below are key behaviours which will be operationalised through the following expectations, against which the risk and compliance culture will be measured. Those behaviours include:

Leadership:

- Embracing risk management and compliance as business enablers, not a hindrance;
- Acknowledging the ability to fail and accept accountability for failures;
- Engaging and being approachable;
- Welcoming and seeking to be challenged by others; and
- Look to find solutions, not blame.

Speaking up:

- Creating an environment where bad news is as welcomed as good news (the concept that we can't address what we don't know about);
- Calling out, escalating, recording, reporting, mitigating and managing as soon as a problem or issue arises; and
- Being willing to stand up and claim ownership.

Diversity:

- Supporting a diverse and inclusive workplace, enabling diversity of thinking and risk and compliance identification and management;
- Being respectful, collaborative, constructive and balanced;
- Sharing information and the decision-making process; and
- Being concerned about the impact of risk and compliance management decisions on others - appreciating consequences for others when something goes wrong.

Integrity:

- Discussing risk and compliance as part of every decision;
- Being honest and non-judgmental;
- Being proactive toward identification and management of risk and compliance issues; and
- Complying with and consistently applying processes and policies, even when it makes the task more challenging.

3. Governance mechanisms

3.1 Management Oversight

To provide direction and oversight over the organisation's Risk and Compliance culture, the following mechanisms are to be implemented:

- The Chief Risk Officer (**CRO**) and Group Executive General Manager – Compliance (**GEGM-C**) will be responsible for the maintenance of this framework, which will be reviewed at least annually and approved by the Crown Resorts Risk Management Committee (**RMC**).
- The CRO and GEGM-C will independently report to the RMC, and relevant forums, on any relevant matters relating to risk and compliance culture, including quarterly reporting to the RMC against to the measurement mechanisms described in section 5 of this document.
- The Enterprise Culture Steering Committee (**ECSC**), led by the CEO, will also receive those reports and lead management's review and analysis to the trends and indicators provided, and will formulate the proposed response to elements that require change in the broader context of Crown's organisational culture and culture reform.

3.2 Reporting and Communication to the Board

The Crown Resorts Board will receive Risk and Compliance Culture reports as part of its Risk Management Committee meeting quarterly or as requested.

4. Integrated Approach to Risk and Compliance Culture

Centered on Crown's purpose statement and values, Risk and Compliance Culture is shaped by Crown's governance mechanisms, strategic and operational decisions, as well as behaviours in the delivery. The efficiency of a Risk and Compliance Culture is correlated with its degree of integration within the organisation. This is driven by the following aspects:

- The tone from the top: from the Board and Executives through to all employees;
- The operational elements: people, processes, and technology; and
- The degree of integration in the organisation of risk and compliance management and the Risk and Compliance Culture Framework.

4.1 Setting the tone from the top

The concept of 'Tone from the Top' refers to the behaviours of the organisation's board and management towards controls and ethics, and how those behaviours act as examples for the whole organisation to follow and emulate.

The Board:

The Board sets the overarching tone and demonstrates the commitment of the organisation to the values and behaviours it describes in its policies and strategy documents.

The Executives and Management team:

The Executives and Management team continuously convey their individual and collective values and behaviours throughout their area of influence.

All Employees:

Risks are fundamentally and inherently present in all activities that Crown undertakes, therefore not only does the Board and Management need to demonstrate good risk behaviours, but all employees are essential to a culture that will have good risk and compliance management practices in place.

Although many processes and behaviours will not be specifically called out as being risk or compliance practices, it is incumbent upon every single employee and contractor of Crown to embrace a Risk and Compliance Culture by embedding values and risk behaviours in all business operations and activities.

4.2 Operational Elements

While the Board provides the governance mechanism and sets the strategy, the appetite and the corporate value and purpose statement of Crown, the Executives, BOT, line managers and supervisors, frame and run the operations.

The three pillars that enable the conduct of business and underpin all processes are:

- Our People;
- Our Processes; and
- Our Technology.

The way those three pillars are organised, developed, and managed influences widely the decision-making processes and behaviours, and therefore the alignment with Crown's expected Risk and Compliance Culture.

People: leadership and talent management

Risk and Compliance Culture calls to specific behavioural traits shaping decisions and actions of people. Leadership and Talent Management are the principal influencers to guide people into the desirable Risk and Compliance Culture.

Leadership is about displaying the right values and behaviours and fostering a constructive and effective environment for all to operate in. It requires that senior employees 'walk the talk', as well as motivate their teams to do the same.

Performance and talent management is about identifying and reinforcing desirable behaviours, as well as manage undesirable behaviours across the organisation. It includes balancing operational performance with behaviour, and promoting individuals based on a balanced approach, enhancing the focus on integrity and ethics across all layers.

Process: organisational structure and capacity

Organisational structure is about the governance and accountability mechanisms and composition in place to ensure the delivery of Crown's strategy within the risk appetite. Crown cannot address compliance breaches and mitigate risks it is not aware of.

Organisational capacity is about the policies, procedures, systems and practices, as well as the ability to change, challenge and be challenged, and collaborate to achieve the best outcomes.

Technology: systems and business intelligence

Systems refer to the tools and automation available to support both the operations and the decision-making processes across the organisation.

Business intelligence is about the ability of the organisation to objectively and fully assess its performance in a timely and meaningful manner, and the data available to support decision-making.

5. Risk and Compliance Culture Measurement

Risk and Compliance Culture is a subjective and intangible concept. As such, it should not be measured by a single number or data point, but rather be considered from a number of perspectives that assist in forming a collective view of the organisation's capacity to manage risk and compliance effectively and the drivers of decision making processes that ultimately affect risk, compliance and strategic outcomes.

The measurement of the Risk and Compliance Culture is an iterative and continuous process, which allows the Board and Executives a view of the Risk and Compliance Culture across the organisation to reassess and readjust key elements of the organisation's culture as needed.

This Framework considers three elements for measurement which when combined, will provide a balanced view of Crown's Risk and Compliance Culture. These three elements are:

- Measuring how well the risk and compliance frameworks are embedded;
- A quantitative assessment; and
- A qualitative assessment.

5.1 Embed the Risk and Compliance Frameworks

Without effective compliance and risk management frameworks in place, desirable risk and compliance management cannot be expected to take place in a consistent and systematic manner, and within the Board's risk appetite.

The effectiveness of the Risk and Compliance Frameworks' elements need to be measured, including whether adequate tools are developed and if they are well embedded in the business. This ensures that the Board's risk appetite and compliance and risk management expectations are adequately understood and implemented across the organisation.

5.2 Quantitative Assessment

Quantitative data points are available across the organisation that gives an indication of the outcomes that the Risk and Compliance Culture drives. They provide key indicators, trends and 'red flags' that need to be assessed on an ongoing basis. Because they focus on outcomes, these measures are mostly lagging, but they provide an effective means of identifying and focusing effort on areas that require change;

5.3 Qualitative Assessment

Qualitative assessments are conducted to help identify how and why the outcomes are achieved, and what drives them. They provide deeper assessments of the values and behaviours that underpin employee actions and decisions and provide greater depth to the understanding of motivational and influential factors across the organisation.

This is a critical component of the Framework as it provides a leading view of risk and compliance culture and can help prevent failures before they happen by identifying values, behaviours and underlying mindsets that will lead to poor decision making and inadequate role modelling.

Mechanisms such as external assessment, ongoing employee surveys, exit surveys and other direct data points that capture employee mindset or feelings towards key elements of the organisation.

Further, information from debriefs, patterns and trends in the types of whistle blower reports and employee complaints and other employee feedback and communication mechanisms may also aid in a greater understanding of the Risk and Compliance Culture and Framework.

6. Amendment and Review

This framework is a Crown Resorts Board level document. Any material changes will be communicated to the Board via the Risk Management Committee.

This framework will be reviewed on at least an annual basis to ensure its currency and relevance to Crown and its operations.

Crown Resorts Limited
March 2021



Crown Resorts Limited

EXAMPLE - Risk and Compliance Culture Report

March 2021

1. Objective

The purpose of this report is to present a view of what the Risk and Compliance culture of Crown looks like in practice, and to support the assessment of areas that require enhancement or consideration. The report is structured on the principles articulated in the Risk and Compliance Culture framework.

At the heart of the framework are Crown's values. Each of the values is assessed against three dimensions as follows:

1. **Effectiveness of the risk and compliance framework** including whether adequate tools are developed and if they are well embedded in the business. This ensures that the Board's risk appetite and compliance and risk management expectations are adequately understood and implemented across the organisation.
2. **Quantitative assessments** focus on the outcomes of the decisions and actions of employees. They provide key risk indicators, trends and 'red flags' that need to be assessed on an ongoing basis. Because they focus on outcomes, they often provide a lagging assessment of compliance and risk culture.
3. **Qualitative assessments** focus on how and why the quantitative outcomes are achieved. They provide better assessments of the values and behaviours that underpin employee actions and decisions and provide greater depth to the understanding of motivational and influential factors across the organisation.

This initial report will be used as a baseline to compare with future outcomes and trends.

2. Executive summary

Crown has been working on articulating the fundamentals of its culture through the development of its CX/EX (Customer Experience / Employee Experience) project, which was first initiated in Perth in 2017.

This led to the development of Crown's purpose statement and corporate values, which were approved by the Board in 2019.

In parallel, Crown formalised its risk appetite and its risk management strategy and enhanced its compliance framework.

Crown is now in a position to start measuring how well its culture and its risk and compliance framework align.

From a measurement perspective, we are able to provide some insight into the embeddedness of the risk and compliance frameworks, as well as an initial quantitative assessment. Qualitative measures are still being worked on.

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3. Embedded risk management and compliance framework

Measuring how well embedded the risk management and compliance frameworks are is essential to assessing how the organisation responds to them, and this covers two main aspects:

1. The articulation of the organisation's risk and compliance requirements: how it signals what, why and how risk and compliance will be managed and what the expectations are.
2. The capacity to manage risk and compliance in keeping with its intentions: including tools and the capability to use them as part of decision making and ability to continuously adapt and improve.

It is the articulation of those two elements that allow a risk management and compliance framework to be embedded in an organisation. The table below summarises the assessment of key factors of an embedded risk management:

Criteria	Status / Usage at March 2021	Area of enhancement
1 - ARTICULATION OF REQUIREMENTS		
Risk Management Policy	In place	Annual review and continuous improvement
Risk Management Strategy	In place	Annual review and continuous improvement
Risk Appetite	In place	Annual review and continuous improvement
Risk Matrix	In place	Annual review and continuous improvement
Delegation Policy	In place	Annual review and continuous improvement
Compliance Policy	In place	Annual review and continuous improvement
Compliance Framework	In place	Annual review and continuous improvement
Property based registers of compliance obligations	In place	Annual review and continuous improvement
The setting up of CURA surveys across all key business functions	In place	Annual review and continuous improvement
Whistle-blower's Policy (Group)	In place	Annual review and continuous improvement
Code of Conduct (Staff and Suppliers) and other corporate policies	In place	Annual review and continuous improvement
Risk and Compliance Culture Measurement Framework	In Draft – for discussion and approval at RMC. 1st submission in November 2020, 2nd in March 2021	Finalise and approve
2 - CAPACITY FOR IMPLEMENTATION		
Risk profiles coverage at Crown Resort level	100%	Achieved, and reviewed at least annually
Crown Resort Head Office	36% (4 completed /11 identified)	Progressing

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Risk profiles coverage at executive Level <i>(Australian Resort)</i>	37% (7) completed / 21% (4) in progress for 19 identified in total	Progressing
Risk profiles coverage at BOT level <i>(Australian Resort incl. Sydney)</i>	51% (31) completed/ 31% (19) in progress for 61 identified in total	Progressing
Key Risk Indicator (KRI) Dashboard	In place	Developed and Included in RMC report in Q4 2020 – requires ongoing maturity
Key Risk Culture Indicator (KRCI) Dashboard	In draft form (this report)	Implement and provide continuous improvement
Key compliance indicators	Starting to develop	Requires further development and maturity
Escalation governance mechanisms (from gaming floor to Board)	In place: escalation from Monthly Compliance meetings via the ERCC meetings to the Board committees/Board meetings	Continuous enhancement of reporting
Escalation of unacceptable behaviours	In place: POI, Fraud and Whistle-blower's committees in place for all properties	Continuous enhancement
Reporting of Compliance events	In place across all properties through CURA surveys	Enhancement of reporting and analysis required
ICM/ICS and SOPs in place	100% in place - All casino activities are regulated by the documents, approved by the regulator since inception of the casinos	Continuous compliance monitoring - updated on a continuous basis
Processes and procedures / system controls	In place	Continuous enhancement and maturity
Analysis of Risk events	No specific risk event reporting (using compliance reporting) and analysis program in place	Requires development and implementation. Using Compliance reporting as a basis.
Number of events triggering board reporting against risk appetite	Reported formally each quarter against the risk appetite since Q1 2019 Demonstrates a constant engagement with the board with Crown's risk appetite, linked to trends in material risk and review of risk profile.	In place since Q1 2019 – continuous improvement program in place
Performance measurement	In place: behaviour dimension to all PEPs, and mandatory KPOs for risk and compliance in place for all staff	Continuous enhancement – New process to be rolled out 1/7/2021
STI for leadership team	In place: updates to STI formulation with enhanced compliance and risk focus – review by Nom and Rem Committee	Continuous enhancement
Execs w/ risk and compliance in their regular team meetings	High use – in place through all Executive forums and EGM teams	Present at high level, need to be enhance at middle management
Monthly Exec briefings	Compliance, Risks, RG and AML meetings with each property and CR CEO	-
Risk and Compliance in Executive teams	In place - CRO and CCFCO members of each executive team, GEGM-R&C in CR, M and S	Consider adding GEGM-R&G in Perth Exec team as well
Execs w/ compliance in their regular team meetings	High use – in place through all Executive forums	Present at high level, needs to be enhance at middle management

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Network of Compliance Officer across the business	In place	Continuous training and engagement
Day to day use of risk tools	Low use due to small number of developed tools in place at this stage	Low number of risk tools in use. Targeted approach to develop tools where needed.
Day to day use of compliance tools	High use (checklists, Gaming Initiative forms, policies and procedures)	Continuous enhancement program
6-monthly 'Roadshows' to gaming departments	In place - Compliance, RG and AML presentations – In place – adding Risk going forward (March 2021) EGMs of departments facilitating	Continuous enhancement program
Formal training for specific compliance topics	In place - Face to face training in place for hotels, surveillance operators, induction training, online CAT (Casino Awareness Training) – covering Compliance, RG and AML	Consider adding risk elements where appropriate
Formal training for specific risk topics	In place - Extensive training modules in place for specific risk elements (i.e. WHS, emergency response, cyber security, AML, etc.)	Mapping to key risk elements in progress to ensure adequate cover
Dedicated Risk Management training program	Low - Not formalised, ad hoc training	In development

At this stage the risk management and compliance requirements are well articulated and commensurate with the size and complexity of Crown Resorts.

It is important to note that the recent change of the management structure of the organisation is impacting the landscape of risk profiles. This will be reflected in FY2021.

On the other hand, there is still some work required to enhance the capacity of implementing the risk requirements in keeping with the articulated objectives.

The focus to increase the capacity should be on:

- Finalising the risk profiles across the organisation;
- Developing and maturing the KRI, Compliance and KRCI Dashboards;
- Developing a risk event program identification and reporting;
- Developing risk tools to support the business; decision-making processes, i.e.: Procurement tool, BCP tool; and
- Enhancing overall risk management capability through targeted training.

4. Quantitative assessment

The quantitative assessment focuses on the outcomes of the decisions and actions of employees. They provide key risk culture indicators (KRCI), trends and 'red flags' that need to be assessed on an ongoing basis. Because they focus on outcomes, they often provide a lagging assessment of risk culture.

The KRCI are grouped into 4 groups:

- **Diversity:** Gender, experience within the organisation, stability in management
- **Behaviour:** how employee embrace the culture in their conduct
- **External:** how Crown's customers and third parties perceive our actions and provide feedback through their actions or comments

- **Operational:** how Crown's complies with internal requirements and how it responds to certain governance functions (like Audit and Compliance)

Please note:

- The current dataset is limited and there is a lack of historical data against certain parameters. As we articulate what measurements we aim to capture, the business will ensure the quality of the information presented.
- COVID-19 has impacted all the indicators and comparative data and trends is therefore difficult at this stage.

Diversity measures:

		Crown Resort/Group				Trends
		FY 2019	FY 2020	FY 2021 Quarter 1	FY 2021 Quarter 2	
Diversity	Headcount (incl. contractors)	18,657	18,715	18,185	19,806	↑
	Tenure Average / Median (incl. contractors)	5 yrs/ 2 yrs	5 yrs/2 yrs	6 yrs/3 yrs	5 yrs/2yrs	↔
	Headcount (excl. contractors)	12,078	12,271	12,250	13,144	↑
	Tenure Average / Median (excl. contractors)	7 yrs/ 4 yrs	7 yrs/5 yrs	7 yrs/5 yrs	7 yrs/4yrs	↔
	Annual Turnover all Staff (incl. Casual & Contractors) Rolling 12 months	28.00%	24.8%	12.2%	11.50%	
	Annual Turnover all Staff (excl. Casual & Contractors) Rolling 12 Months	14.10%	11.0%	10.0%	10.10%	
	Annual Turnover Executive level	To be developed				
	Stability Measure (Nb Yrs in the same role)	Not available yet				
	Nb of Promotion	483	447	47	77	
	Gender gap - % female - All Staff	42.90%	43.13%	42.96%	42.85%	
	Gender gap -% female - Executive level			27%	27%	
	Gender Gap board Level	27%	27%	27%	27%	
	ATSI (Nb / %)	177 / 1%	181 / 1%	194 / 1.58%	211/1.6%	↔
	Employee with Disability (Nb /%)	285 / 2%	296 / 2%	294 / 2.39%	315/2.4%	↔

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As per the table above the key outputs are:

- Stable workforce with a gender unbalance at the top management layer. The target of being above 40% of women in the total workforce is achieved in Melbourne and Perth, but not in Sydney.

- The increase in headcount is directly linked with the Crown Sydney opening.
- Consistency in ATSI and Disability programs but need to be challenged with external benchmark.
- Other measures are difficult to assess due to COVID impact for most of 2020 or are not yet gathered in the business. That will need to be refined and matured within 2021.

Behavioural measures:

		Crown Resort/Group				Trends
		FY 2019	FY 2020	FY 2021 Quarter 1	FY 2021 Quarter 2	
Behavioural	Unplanned leave balance	41.78%	41.22%	38.53%	37.40%	
	Nb of Termination (incl. Casual Employee)	2,299	1,734	324	576	
	Nb of Voluntary Resignation (incl. Casual Employee) (Nb / % of Tot. termination)	1,891 82.25%	1,437 82.82%	298 91.98%	524 90.97%	↑
	Involuntary Termination (Nb / % of Tot. Termination / Termination rate)	267	203	12	32	
		11.61% 2.2%	11.71% 2.6%	3.7% 0.1%	5.56% 0.3%	↓
	Mutual agreement termination (Nb / % of tot. termination / termination rate)	143	119	21	16	
		6.22% 1.2%	6.86% 1%	6.48% 0.2%	2.77% 0.1%	↓
	Termination for misconduct and serious misconduct (incl. Casual employee)	80	44	2	3	
	Breach of Code of Conduct Total case			24	24	↔
	Breach of Code of Conduct 1st and Second Warning			13	6	↓
	Breach of Code of Conduct Final Warning			5	12	↑
	Bullying & Harassment complaints	Qualitative information that we are currently unable to quantify. Ongoing project for 2021.				
	Whistle-blowers Notifications					
	Nb of Employee assist case	340	393	88	61	
	Nb of Manager assist case	8	8	0	0	
	Nb of Trauma assist case	4	4	0	0	
Work impact in %	13.01%	17.59%		17.39%		
Number of employee theft cases	13	9	4	2		

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Number of employees involved in Theft	19	9	4	7	
Employee theft Financial Losses	\$ 5,505	\$ 2,780		\$ 50	
Number of Internal fraud case	10	13		3	
Number of employees involved in Fraud	27	19		18	
Internal fraud losses ('000\$)	\$ 80,550	\$ 20,050			
Mandatory training completion rate	90.36%	89.77%	86.30%	87.77%	
% of participation to Employee survey	The use of Medallia on workplace is to be developed in 2021				

As per the table above the key outputs are:

- Using termination rolling month data, there is an increase of number of terminations across property mostly driven by an increase of voluntary resignation. This may be triggered by the context of Covid-19 where employees get work opportunities in different sectors of activity or diminution of Job keeper. At this stage, it can't be linked to a change of perception of Crown as a workplace of choice.
- The number of involuntary and mutual agreement termination is stable across FY2019 and FY2020. The drop in FY2021 is mainly due to the operations being put on hold.
- Additional data is needed to confirm that in overall, the unwanted behaviour is contained within a stable range across property. It should be noted that Breach of conduct data begun to be collected only since Q1 FY2021. It can be noticed that those breaches are principally coming from Crown Perth. This can be supported by the fact that Crown Perth has been back into operation earlier than Crown Melbourne.
- An increase in the use of the Employee Assist Program can be observed in FY2020 Compared with FY2019 and tends to be lower in the first quarters of FY2021.

External measures:

		Crown Resort/Group				Trends
		FY 2019	FY 2020	FY 2021 Quarter 1	FY 2021 Quarter 2	
External	A. # Unsolicited feedback via 'Feedback Forms' with rating of 1 (poor)	pre-Medallia platform No comparable data	1,190	190	373	
	% of A. where staff follow-up with customer was attempted		73%	44%	59%	
	% of A. with resolution in favour of customer via offer of goodwill		24%	8%	12%	
	Complaints escalated to Legal or Compliance	New Data point to be collected in Q3 FY 2021				
	B. # Solicited feedback via Gaming and Hotels CX Surveys	58,126	50,451	6,252	10,895	
	% of B. with Overall Experience rating of Good, Very Good or Excellent	91%	89%	85%	83%	↓

4.3

As per the table above the key outputs are:

- These measures are difficult to assess due to COVID impact for most of 2020.
- Comparable data in Medallia can be provided only since 2020. We could still notice a decrease in percentage of rated good, very good or excellent overall experience on solicited feedback. This decrease is consistent across properties.

Operational measures:

		Crown Resort/Group				Trends
		FY 2019	FY 2020	FY 2021 Quarter 1	FY 2021 Quarter 2	
Operational	High rated internal audit findings	3	0	n/a	n/a	
	Outstanding high or critical findings		Q1:1 Q2:3 Q3:3	n/a	n/a	
	Outstanding audit findings under 1 Year		Q1:32 Q2:39 Q3:39	n/a	n/a	
	Outstanding audit findings above 1 Year		Q1:0 Q2:0 Q3:0	n/a	n/a	
	Number of Compliance Breaches Reported with a potential Regulatory Risk		201	11	8	
	Number of Incidents resulting in Penalties to Crown		13	1	0	
	% Compliance breaches associated with penalty		6.47%	9.09%	0.00%	
	New alleged material compliance, notices, investigations, breaches - Existing /New <small>*(Privacy, RSA, RSG, Casino Agreement, Casino Control Act 1991 (VIC), Occupational Health & Safety Act 2004, WorkSafe)</small>			Q1: 33/34 Q2 38/24 Q3: 20/1		
	Major system outages (caused by Crown system failure)		31	2	3	
	Emergency IT changes vs planed IT changes	502 /1271	425 / 1069	53/111	49/87	↑
Labour cost as % of revenue	37%	38%	665%	292%	↑	

4.3

As per the table above the key outputs are:

- While the number of high and critical Internal Audit findings is low, trends show that the closure of low and moderate rated findings tend to lag above one year. Due to Covid-19 and its impact on operations, Internal Audit did not undertake its normal follow-up procedures for outstanding audit findings. The target is to restart follow-up procedures in Q3/Q4 FY21.

- The increase of the ratio of emergency IT change is related with the number of relocations of gaming machine to address the changes required by the COVID response.

5. Qualitative assessment

While quantitative assessments provide insight with a lag in time, qualitative measure provides a forward-looking view of the current operating environment.

At this stage, the qualitative assessment plan is still being build. An external party will be engaged to assist with an initial qualitative assessment on culture including risk and compliance elements.

Crown is looking to use Crown Workplace and Medallia platforms to conduct targeted campaigns to employees on an anonymous basis (with BU characteristics). Those pulse surveys will provide insight of what the current sentiment on certain topics is for employees.

One of the first focus areas will be on the safe haven program. Safe Haven is Crown's commitment to a safe environment for all employees, our stance of zero tolerance to inappropriate behaviour and the security to raise concerns confidentially and without fear of victimisation.

Workplace is our current employee communication application (a social platform) which is linked to the Crown network and can only be accessed by Crown employees. It is a two-way, engaging communication tool that has news feed, groups and chat capability as well as a survey BOT tool. This also provides a source of information about Crown that is relevant to employees.

Medallia is an email-based survey tool that will run the pulse surveys. It was rolled out in Perth early Feb 2021 followed by Melbourne and Sydney.



AGENDA ITEM 5:
Compliance Report



Crown Resorts Limited

Compliance Report: 25 March 2021

Subject to Legal Professional Privilege & Commercial in Confidence

MATERIAL CHANGES IN COMPLIANCE OBLIGATIONS

ICS Review

The VCGLR has implemented a review of 10 of Crown Melbourne's Internal Control Statements (ICSs), to propose amendments to strengthen their overall operation and minimise potential risks. Crown submitted its drafts of the Junket and Premium Player Programs and the Introductory Chapter ICSs, which were approved by the Commission in January. The remaining eight ICSs to be reviewed are: Cheque Cashing and Credit Facilities; Revenue Audit and Reporting; Cage Operations; Count Room and Drop Box, Drop Bucket and Note Stacker Collection; Surveillance; Security Operations; Table Games Operations and Gaming Machine Operations. On 15 March 2021, the VCGLR sent Crown their requirements for the Cheque Cashing & Credit Facilities ICS; Revenue Audit & Reporting ICS; and Cage Operations ICS to commence drafting.

Update to Gaming Machine and Table Games Rules

On 11 November 2020, the VCGLR wrote to Crown Melbourne to commence consultation on proposed amendments to the Gaming Machine and Table Games Rules.

Crown accepted the proposed amendments, with the exception of item (e) of the Gaming Machine Rules, which purported to prohibit players from playing more than one EGM at a time. The VCGLR accepted a proposal by Crown, that it would direct players on the main gaming floor (where it became aware) to cease playing more than one machine. Additionally, players in VIP gaming areas would be permitted to play up to two machines at a time. Crown additionally accepted the proposed amendments to the Table Games Rules and Crown has been submitting updated sets of the Table Games Rules to the VCGLR for regulatory approval.

MATERIAL REGULATORY AND COMPLIANCE MATTERS

Betfair

- **Show Cause Notice** – On 4 December 2020, Liquor and Gaming New South Wales (**L&GNSW**) served a Show Cause Notice on Betfair alleging certain advertisements constituted a 'prohibited inducement' (an inducement to open a betting account or an offer of a bonus or special odds) under the *Betting and Racing Act 1998* (NSW). The relevant advertisements were conducted by Sportsbet (an unrelated company) and Betfair asserts that they were promotions rather than inducements, which Betfair linked to its sites promoting matched betting. Betfair removed the advertisements to be respectful of L&GNSW's views. Betfair replied by the required date on 18 December 2020. On 1 March 2021, Betfair contacted L&GNSW seeking a status update – L&GNSW has not yet responded.
- **Notice to Produce** – On 4 December 2020, Betfair was also served by L&GNSW with a Notice to Produce. Betfair complied by the requisite date of 18 December 2020, providing: a copy of the Affiliate Terms and Conditions; a screenshot of Betfair's affiliate database, which shows that Bonus Money is an affiliate of Betfair and details the affiliate revenue that Betfair pays to Bonus Money; a copy of an email exchange between Betfair and Bonus Money, relating to Sportsbet's promotion; and

a copy of a draft article prepared by Bonus Money, and sent to Betfair on 29 October 2020. As at 16 March 2020, no further correspondence has been received on this matter.

Crown Melbourne

- **Status of Melbourne Regulatory Matters** - Crown Melbourne sent a letter to the VCGLR on 21 October 2020, seeking formal closure of outstanding Regulatory matters, so that Crown can incorporate necessary adjustments to its control framework as a result of any VCGLR findings or feedback that will direct our focus on improvement opportunities. On 14 January 2021, the VCGLR replied closing the outstanding matters listed in Crown's letter, with some listed as being under a Notice of Non-Compliance and others considered closed with no enforcement action required. No further action is necessary for these matters (remedial matters were addressed at the time they were notified) and all are considered closed. A detailed list of the matters closed, is provided below.
- **Notice to Show Cause** – In November 2020, the VCGLR served Crown with a Notice to Show Cause as to why Disciplinary Action should not be taken, on the basis that Crown failed to comply with clause 2.5.1 of the Junket ICS on three (then amended to four) occasions. Crown submitted its response to the VCGLR when due on 30 October 2020. On 23 December 2020, the VCGLR wrote to Crown providing a Notice of a Disciplinary Action Hearing, which was held on 21 January 2021 at their Richmond offices. The hearing focussed on whether the decisions Crown made were reflective of having robust processes in place to consider probity. No outcome has yet been received.
- **Alcohol Served to Minor** - On 7 April 2020, a VCGLR Inspector made enquiries into allegations that a minor was able to procure alcohol during government sanctioned quarantine (COVID-19) in a Crown hotel on 1 April 2020.

On 14 January 2021, the VCGLR wrote to Crown to advise that the matter was finalised and not subject to any enforcement action.

- **Mercury Wheel** - There has been no further update on this matter since the previous report.
- **Poker Tax** - There has been no further updates/progress since the last report.
- **Sixth s 25 Review** - the date for completion of Recommendation 9 was extended by 15 months as a result of the COVID-19 closure. Part b. of Recommendation 8 remains to be resolved and Recommendation 20 is now considered closed.
- **Seventh s 25 Review and Royal Commission** – On 17 December 2020, Crown Resorts issued an ASX Media Release advising that the VCGLR will bring forward its seventh review of the Casino Operator and Licence. Crown has since received a letter from Catherine Myers (VCGLR CEO), noting that the Seventh Review will no longer be proceeding at this time (as it has been subsumed into the Royal Commission).

On 22 February 2020, Crown Resorts issued an ASX Media Release advising that the Victorian Government has established a Royal Commission into Crown Melbourne Limited's suitability to hold its Victorian casino licence, as well as the suitability of its associates, including Crown Resorts. Crown was also informed that Raymond Finkelstein QC has been appointed as Commissioner and Chairperson of the Royal Commission and will hand down his recommendations by 1 August 2021.

Crown Sydney

- **ILGA Inquiry** - The NSW Inquiry's Report was made public on 9 February 2021, the Report found Crown unsuitable to hold the Restricted Gaming Facility Licence and Crown is currently working with ILGA towards suitability. As anticipated, the report generated substantial media attention.
- **Associate Approvals** – On 19 March 2021, L&GNSW provided Close Associate Approvals for Msrs Steven Blackburn; Andre Ong, Sean Knights and Nic Emery.

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Crown Perth

- **Smoking Exemption** – In March 2021, Crown Perth representatives met with the Department of Health (Assistant Director General Health – Dr Denise Sullivan) and Worksafe Commissioner (Mr Darren Kavanagh) in respect of the recent Crown Resorts announcement that Crown will discontinue reliance on the smoking exemption across all of its properties. The following information was provided to the Department of Health and Worksafe:
 - removal of the smoking exemption to officially occur over a period of casino closure with Christmas Day 2021 preferred or alternatively Good Friday April 2022 subject to construction and approval processes;
 - the scale of the project was outlined, including the development of the Pearl Room smoking terraces, the refurbishment of the Room and removal of smoking infrastructure;
 - the project was estimated to take 12 months to complete in full;
 - more detailed advice on the work schedule would be provided following completion of design and architectural drawings by Bates Smart;
 - Sky Salon (Crown Metropol) and Crown Towers Perth salons are not expected to be used until the smoking exemption is effectively removed with a possibility of staged exemption removal being discussed with the Health Department; and
 - key element of project was to include the refurbishment of the room, due to likely infusion of smoke in the curtains, carpets and soft furnishings (both Health and Worksafe indicated this expectation).

The Department of Health and Worksafe were positive and made no comments or recommendations around alternative solutions (including filters and use of external air for the Pearl Room) and Crown Perth representatives undertook to provide a further update through April 2021 on completion of the design and architectural drawings.

- **Electronic Gaming Machines – Speed of Play** – In October 2020, the Commission raised a concern with respect to Crown Perth demonstrating compliance with the Western Australian Appendix to the Australian/New Zealand “Gaming Machine National Standard 2019” (Standard) in particular clause WA4.2 (Item 2) relating to the speed of play.

Although an Accredited Testing Facility certification is obtained for each electronic game confirming theoretical compliance with the Standard, the Commission is seeking further explanation from Crown Perth demonstrating actual (in play) compliance with the Standard and to ultimately justify to the Commission the basis for Crown Perth retaining the current speed of play.

Through October and November 2020, Crown Perth engaged with the Regulator in respect of this matter and submitted its proposed approach to the Commission validating speed of play post-installation. This included an independent report being obtained from an Accredited Testing Facilities.

Although preliminary feedback has been provided by the Regulator supporting Crown Perth’s proposed approach, the Commission has not formally responded to date.

- **COVID-19** – Following a direction issued by the Western Australian Government in relation to a 5-day lockdown of the Perth metropolitan area, Crown Perth ceased all gaming, food and beverage, banqueting and conferencing operations between 31 January 2021 and 5 February 2021. On 5 February 2021, Crown Perth reopened non-gaming operations and subsequently reopened the casino gaming floor on 14 February 2021. On 15 March 2021, non-gaming restaurants and bars increased capacity up to 75 per cent with no change to the casino operating conditions.

- **WA Royal Commission** – On 5 March 2021, Crown Perth was informed that the WA Inquiry would be held as a royal commission (**WA Royal Commission**). On 12 March, Terms of Reference of the WA Royal Commission were gazetted.

Neville Owen AO, Lindy Jenkins and Colin Murphy have been appointed as Commissioners in the WA Royal Commission. The WA Royal Commission is expected to deliver an interim report in relation to

the regulatory framework by 30 June 2021 and a final report with findings and recommendations by 14 November 2021.

- **Regulator Review** – A review of Racing, Gaming and Liquor Regulatory Functions has recently commenced from within the Regulator. An initial meeting was held between Crown Perth and Government representatives in December 2020 in order to provide a view of regulation as it applies to the casino and some of the examples of ways Crown Perth and the Regulator could work together to reduce duplication of approvals that do not jeopardise safety. More recently, Crown Perth, on request from the Regulator has formally submit its views on how Crown Perth currently works with the Department, any improvements worth exploring, and any case examples that support Crown Perth's views.
- **Cashless – Use of EFTPOS (Debit)** – The implementation of the next phase of EFTPOS terminals is now complete and there are currently 95 EFTPOS terminal on tables. The three month report into the operation of EFTPOS (which was a condition of the original approval given by the Gaming & Wagering Commission) has been prepared and submitted to the Commission. The three month report was due to be put to the March 2021 Commission meeting, however Crown Perth has recently been informed that the report will now be put to the April 2021 Commission meeting.
- **COVID-19** – A guest at Crown Metropol was identified to be in breach of WA Quarantine Directions. The hotel reported that the guest had left his designated quarantine hotel early and checked into Crown Metropol without identifying himself as an interstate traveller. On checking in the patron, Crown Metropol identified the guest was an interstate traveller. WA Police attended and the matter was resolved.

OTHER REGULATORY AND COMPLIANCE RELATED MATTERS

ASIC Notices

Crown commenced receiving Notices to Provide Information from ASIC on 1 May 2020, the Notices required information regarding the ILGA Inquiry; Controlling Shareholder Protocols; information regarding Directors; information regarding the NSW Casino Licence and Agreements and Crown's Boards and Board Committees (along with the Perth ERCC). To date at least 17 Notices have been received, the most recent being 18 March 2021.

Smoke Free Indoor Environments

On 5 March 2021, Crown Resorts reported that it will phase out indoor smoking at its Australian resorts by the end of December 2022.

ASX Media Release – AML Shareholder Class Action (AML Shareholder Class Action)

On 14 December 2020, Crown Resorts reported that it has 'become aware that Maurice Blackburn has filed a class action in the Supreme Court of Victoria. Maurice Blackburn has disclosed that the claim alleges that, in the period from 11 December 2014 to 18 October 2020, Crown had inadequate systems and processes for ensuring compliance with its obligations under anti-money laundering laws and that Crown engaged in misleading and deceptive conduct, breached its continuous disclosure obligations and conducted its affairs contrary to the interests of members as a whole in the period. Maurice Blackburn's disclosure says that the class action aims to recover compensation from Crown, seeks the potential buy-back of investors' shares at a fair value, and seeks that Crown implement a proper anti-money laundering training program.'

The first case management conference in the AML Shareholder Class Action was held before Justice Nichols in the Supreme Court of Victoria on 4 March 2021. At the hearing, orders were made providing a timetable for the next procedural steps in the matter, as follows:

- by 11 March 2021 (by consent extended to 18 March 2021), Crown must produce to the plaintiff copies of all summonses to produce documents issued to it by the Commissioner in the ILGA Inquiry;

- by 11 March 2021, Crown must write to the plaintiff regarding any pleading issues it wishes to raise in respect of the statement of claim;
- by 18 March 2021, the plaintiff must respond to the correspondence referred to above;
- if as a result of the correspondence referred to above the plaintiff does not agree to file and serve an amended statement of claim, by 25 March 2021 Crown must make any application with respect to deficiencies in the statement of claim; and
- the matter is listed on 30 April 2021 for another case management conference, or for directions in respect of any application made by Crown regarding pleading deficiencies.

No order was made setting a time by which Crown must file and serve its defence and it is now expected that order will not be made before the hearing on 30 April 2021.

Jenny Jiang

REDACTED - PRIVILEGE

China Matter

As previously reported, the VCGLR has reopened its investigation as a result of the allegations aired by Nine/Fairfax and requested contact details from Crown of its former China staff, together with the details of the confidentiality arrangements Crown has with the former China staff, which Crown provided. Crown also waived privilege on a number of documents and duly provided those documents to the VCGLR.

Crown has received a letter from the VCGLR seeking agreement to a number of propositions regarding the China Matter and a response was provided by Crown as required on Friday 22 January 2021. To date Crown has not received a response from the VCGLR.

Junkets

On 17 November 2020, Crown resorts released an ASX update in reference 'to its announcement of 25 September 2020 regarding the suspension by Crown of all activity with junket operators until 30 June 2021 while a comprehensive review of its processes related to junket operators is undertaken.

The Board has 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. Crown will only recommence dealing with a junket operator if that junket operator is licensed or otherwise approved or sanctioned by all gaming regulators in the States in which Crown operates.

The consultation process with Crown's gaming regulators in Victoria, Western Australia and New South Wales has commenced.'

Instrument and Payroll Compliance Review (Subject to Legal Professional Privilege)

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

REGULATORY REPORTING AND CONTACT**Crown Melbourne**

VCGLR Requests for Information:

A.	On 18 March 2021, the VCGLR wrote to Crown Melbourne requesting information as to whether Crown's Significant Player Review has had regard to the Grant Thornton and Initialism Reports, and in particular, considered the suitability of the patrons identified in those reports to continue to be customers of Crown. Crown's response is due by 25 March 2021.
B.	On 9 February 2021, the VCGLR issued Crown with a s 26 Notice requesting confirmation or an explanation as to why Crown had not notified the Commission of eight (8) new non-resident junket operators. On 11 February 2021, Crown responded to the Notice, providing all eight (8) Junket Operator notifications, previously sent to the VCGLR.
C.	On 4 February 2021, the VCGLR wrote to Crown requesting information regarding two overseas bank accounts held by Southbank Investments Pty Ltd in Singapore and Hong Kong, which came to their notice through evidence given in the ILGA Inquiry. A response is required by 12 February 2021.
D.	On 2 February 2021, the VCGLR wrote to Crown requesting information relating to four Security Officer - Licensed Casino Employees referred to in the decision of the Victorian Court of Appeal in <i>DPP v Hou [2020] VSCA 190</i> (30 July 2020). The Court of Appeal decision considered the conduct of the casino employees in detaining and interviewing Michael Hou and Yixuan Cui, late on 1 May 2017. The Court of Appeal was concerned about aspects of their conduct and "...just how unfairly and improperly the respondents were treated during those casino interviews". Crown is required to respond by 23 February 2021.
E.	On 13 January 2021, the VCGLR issued Crown with a section 26 Notice. The Notice requested copies of information as submitted to the NSW ILGA Inquiry. Information pertained to: <ul style="list-style-type: none"> • The final Grant Thornton report on Southbank Investments; and • Further statements or documents filed with the NSW Casino Inquiry by Crown since 24 November 2020. On 15 January 2021, Crown responded to the Notice, providing all requested documents, reports and statements required under the Notice.
F.	On 7 January 2021, Scott May (VCGLR General Counsel) requested a copy of an exhibit from the ILGA Inquiry, being a report 'Relating to the Regulatory Regime in Australia'. The Report was provided as requested.
G.	On 16 December 2020, Crown Melbourne received a s 26 Notice from the VCGLR, advising that it had become aware that a Crown Senior Executive has been accused of bullying and harassing current and former Crown staff. The Notice sought copies of complaints and reports regarding the matter. <p>On 15 January 2021, Crown responded to the Notice, providing the requested documents, reports and statements required under the Notice.</p>
H.	On 26 November 2020, the VCGLR served Crown with a s 26 Notice requesting copies of Crown's Closing Submissions to the ILGA Inquiry as well as employee statements in submission to the Inquiry. The Submissions were provided as requested.
I.	On 18 November 2020, the VCGLR served Crown with a s 26 Notice requesting copies of the Initialism Report and the Grant Thornton Report, submitted to the ILGA Inquiry. Crown provided the Initialism Report and a DRAFT of the Grant Thornton Report, which had not yet been finalised.

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J.	<p>On 17 November 2020, the VCGLR wrote to Crown noting its on-going monitoring of an Approved Associate. The VCGLR further put Crown on notice that it will contact Crown should it require further information in their consideration of the Associate's on-going suitability.</p>
K.	<p>On 13 November 2020, Crown Melbourne received a s 26 Notice from the VCGLR, seeking information in relation to evidence provided to the ILGA Inquiry, specifically an explanation of the "incidents" referred to that occurred on 5 January 2018 and 9 February 2018 in the Melbourne Casino Sun City room involving "large amounts of cash at the Sun City desk". The request also concerned an explanation regarding the current status of a disciplinary investigation concerning a staff member.</p> <p>On 23 November 2020, Crown responded to the Notice providing the information requested. Additionally, Crown noted that the relevant staff member remains fully stood down with no active duties and Crown does not intend to reinstate until such time as they have submitted to an interview, and any consequent disciplinary proceeding (if any) has run their course.</p>
L.	<p>REDACTED - SECRET INFORMATION</p> <p>See further, item O. and Notice to Show Cause section.</p>
M.	<p>On 14 November 2019, the VCGLR wrote to Crown requesting an explanation as to what consideration the Casino Operator gave to the 'adverse media reports' (allegation of criminal activity) and a Patron Risk Rating report as 'significant' when deciding to engage with Zezhai SONG as a Junket Operator.</p> <p>On 18 December 2019, Crown responded to the letter, setting out the consideration it had given and its on-going due diligence processes. Further queries were received and were responded to.</p> <p>See further, item O. and Notice to Show Cause section.</p>
N.	<p>REDACTED - SECRET INFORMATION</p> <p>See further, item O. and Notice to Show Cause section.</p>
O.	<p>REDACTED - SECRET INFORMATION</p>

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REDACTED - SECRET INFORMATION

A full suite of changes to Crown's junket processes have been (or are being) implemented, including:

- a. Mr Nick Kaldas, the former Deputy Commissioner of the New South Wales Police, will assist Crown in developing relationships and information protocols with law enforcement agencies,
- b. A review of key business procedures, including the junket approvals process.
- c. Crown initiated a proposal to establish the Australian Casino Industry Group. Crown's objective is to facilitate the sharing of intelligence in relation to specific individuals to ensure that integrity, money laundering, and terrorism financing risks are appropriately addressed.
- d. Crown engaged Deloitte to conduct a review of Crown's decision-making processes as to junket operators and the operation of the POI Committee.
- e. The Board resolved to suspend all junket relationships.
- f. An organisational restructure that would result in the creation of a specific Financial Crime Department within Crown (incorporating AML and Compliance) separated from the operational structure. This department would be provided with ultimate power to approve new junket operator relationships and terminate existing relationships with junket operators (and, for that matter, junket agents and premium players).
- g. On or about 11 August 2020, Berkeley Research Group (Hong Kong) Ltd was engaged to undertake an investigation of certain persons connected with existing junkets.
- h. On 18 August 2020, a draft of the Deloitte Review was presented to the Crown Resorts Board. The Crown Resorts Board resolved to adopt and implement each of its 20 recommendations.
- i. All dealings with junkets are suspended until July 2021. Prior to any further dealings with any junket, they will be subjected to fresh review through the newly established process.

- P. On 27 September 2018, the VCGLR issued Crown with a s 26(1) Notice pursuant to the *Casino Control Act 1991* (Vic), requesting information pertaining to EGM C8303 operating in continuous play mode (alleged as 'unrestricted mode' in the Notice), when a Your Play card was not inserted. On 20 December 2018, the VCGLR (on-site Inspectorate) wrote to Crown requesting a clarification on several matters relating to this incident and an explanation as to why Crown breached s 62AB(2) of the *Casino Control Act 1991* (Vic). A full audit of all machines was carried out. An enhancement to the audit and checking procedures (EGM Commission Checklist) has been implemented. A specific test is now required for all IGT AU1 cabinets upon

<p>installation, the result must be recorded (and pass) before the machine is placed into game play.</p> <p>On 14 January 2021, the VCGLR issued Crown with a Notice of Non-Compliance. No further action will be taken by the VCGLR.</p> <p><i>This matter is now closed and will be removed from future reports.</i></p>

Status of Outstanding Regulatory Matters

On 21 October 2020, Crown wrote to the VCGLR seeking a status update on a number of outstanding regulatory matters sitting with the VCGLR. The VCGLR responded on 14 January 2021, providing as follows:

The VCGLR provided a Notice of Non-Compliance for the following matters, closing them out with no further action:

Ref.	Date of Issue	Description	Offence
1	September 2018	EGM C8303 operating in continuous play mode when a YourPlay card was not inserted on 21 September 2018.	Casino Control Act 1991 s.62AB(2) Allow a game to be played on a gaming machine on which spin cannot be initiated by a distinct & separate activation
2	December 2018	Breach of Poker Rule 14.2.5 on PK16 on 20 October 2018. The dealer did not place the 'boxed card' in the 'muck'.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
3	January 2019	Breach of Caribbean Stud Poker Rules 7.5.3 - including failing to increment the Jackpot amount, 7.6.2 and 7.5.1 (a) were not followed by the dealer on CS0718 on 16 October 2018.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
4	January 2019	Breach of 10.2.1 of the Pai Gow Rules (patrons talking to each other about their hands) occurred on PG891 O on 21 August 2018.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
5	January 2019	Breach of Poker Rule 17.4.1 & 17.6.1 on PK10 on 9 January 2019. The dealer did not activate the jackpot button at the commencement of play, nor notify the Area Manager to make the appropriate adjustment.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
6	January 2019	Breach of Poker Rule 17.4.1 was on PK16 on 8 January 2019. The dealer activated the jackpot button multiple times during a single hand, thus manipulating the jackpot system.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
7	January 2019	Breach of Poker Rule 7.7. On 1 December 2018, the dealer on PK17 allowed additional commission to be collected.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
8	March 2019	Breach of Poker Rule 17.4.1 and 17.6.1 at PK17 on 10 March 2019. The dealer failed to activate the jackpot button on multiple occasions and did not alert the TG AM (or	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules

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		above) to remedy the situation.	
9	October 2019	Breach of Roulette Rule 5.3 on 5 July 2019. The dealer on AR3112 did not signal or announce 'no more bets' whilst the ball was still rotating around the wheel.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules
10	November 2019	Breach of Baccarat Rule 11.8.2. On 25 October 2019, at Baccarat 9901 the patron was permitted by table games staff to move a wager from Banker to Player after the player cards had been exposed; and during the same coup, the patron was permitted to remove his losing wager.	Casino Control Act 1991 s.60(2)(c) Fail to conduct the game in accordance with approved rules

The following matters are considered finalised and are not subject to any enforcement action:

1	October 2018	Enquiries regarding the operation of the YourPlay Pre-commitment Scheme at the Casino. The queries concerned multiple cards; active YourPlay members; number of Casual Cards etc. and largely sought data, training and directions provided to staff and operational information.
2	February 2020	On 13 February 2020, the VCGLR wrote to Crown seeking an explanation on two anomalies found during a Premium Player audit for [REDACTED] (i) The Premium Player Settlement Sheet for program #331151 recorded a turnover of \$1,217,867 whereas turnover as calculated from the Player Rating Transaction Report for the program period was \$1,302,677 - a difference of \$84,810. (ii) The Premium Player Settlement Sheet for program #331151 recorded "over comps" of \$2,000 whereas expenses recorded for Ruzi's stay at Crown Towers was \$2,259.45.
3	April 2020	Supply liquor to a minor at Crown Promenade. A minor was able to procure alcohol during government sanctioned quarantine (COVID-19) on 1 April 2020.

Crown Perth

- **EFTPOS Terminal (missing)** – An unauthorised refund of \$3,000 was processed on an EFTPOS terminal, which had been missing for approximately one month. The terminal has been cancelled and Security is continuing an investigation into the incident, including having reported the matter to the Police. An investigation has been sought as to the processes relating to the use of terminals and changing of password.
- **Gaming Machine Jackpot** – An issue with the Players Paradise jackpot controller has caused machines to show an incorrect jackpot value (for 10c linked jackpot) following a RAM clear. The Gaming Technical Team is currently investigating the issue.

Crown Aspinalls

Employee Racism Claim

There has been no further update on this matter since the previous report.

Hodge Malek Report

In accordance with Crown London's Compliance and Regulatory Framework, Hodge Malek QC was commissioned to provide an independent review all of Crown London's compliance and regulatory policies and procedures along with its AML compliance and general business practices. Mr Malek has completed reviewing

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all documents, processes and interviewing key people within the business and we expect the finalised report either late March or early April. REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

Bergin Report

REDACTED - PRIVILEGE

COVID

The business has been negatively affected by the forced closure due to the U.K. Government restrictions in the hospitality industry over the past 12 months. Crown London initially closed on 21 March 2020 and then reopened under reduced operating hours from 15 August 2020 until 31 October 2020. The Club has remained closed since 1 November 2020 and the Government has proposed a date of 17 May 2021 for Casinos to reopen, under health and safety operating restrictions.

Aspers

LEGALLY PRIVILEGED and CONFIDENTIAL - ASPERS (UK) KYC and Social Responsibility Requirements

REDACTED - PRIVILEGE

Safer Gambling and AML Related Customer Issue

A Stratford customer complained of Aspers' alleged failure to meet its responsibilities in respect of the UK Gambling Commission's Licence Conditions and Codes of Practice (LCCP) – Safer Gambling and AML related obligations. Aspers have investigated the matter and are satisfied that it complied with Aspers' policies in force over the period of the customer's gambling activity. The time period of the patron's gambling activity is similar to that of the Stratford licence review, which has been leveraged with respect to the patron's claim – circa £80k. The patron has now exhausted Aspers' complaints procedure and Aspers have confirmed to him that it will not be making any settlement in respect of the claim.

The patron has also referred the complaint to the Gambling Commission, who informed the patron that they do not deal with customer complaints and advised the patron to take legal advice. Although they do not deal with complaints, the Commission has made a formal information request to Aspers in respect of this customer's gambling history and how he was managed in respect of LCCP requirements. Aspers provided the Gambling Commission with the requested details on 2 February 2021 and, no feedback has yet been received.

Aspers has not been contacted by a legal representative of the customer to pursue the claim, it has however been contacted by the representative of a gambling group (Gamvisory) acting on the customer's behalf and

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requesting a settlement (threatening legal action in the alternative). The deadline provided to respond was 3 March 2021 – Aspers did not respond.

Crown Resorts Limited Licence Suitability Issues - Potential Impact on Aspers Group

The Gambling Commission made initial inquiries with Aspers and requested further information on 9 February 2021 - asking (i) what Aspers' view of the current situation was (ii) any changes made to Aspers AML risk assessment as a result of the situation, and (iii) any current Crown funding of the Aspers business and the due diligence carried out regarding the source of those funds. This information was provided on 12 February 2021. The Gambling Commission then responded with a request to meet on 17 March 2021 as *'the Commission would like additional information and assurances to ensure that it fully understands and is confident in the account provided re Crown's involvement with Aspers'*.

Aspers Management met with the Gambling Commission as requested. The Gambling Commission was seeking information regarding how comfortable Aspers were with its relationship with Crown and details of any reputational fall out etc. They wanted to understand:

- Crown's involvement in the day to day running of Aspers – Aspers provided the comfort that its operational and regulatory Governance is all UK based;
- Whether a new representative from Crown had been appointed to the AUKH board – Aspers noted that Crown are still working through who will replace Mr Barton. The Gambling Commission reminded Aspers to inform them of any new board member/s, and stated that the Commission would be undertaking due diligence on any appointees;
- Whether the board can still operate without a Crown board member, i.e. do the current circumstances prevent Aspers making decisions – Aspers reiterated that the day-to-day running of the business is not impacted, and that any decisions requiring board approval would be worked through between the shareholders; and
- Whether Aspers carry out any due diligence on monies received from Crown, either now or historically – Aspers explained that its last funding from Crown was in 2011 and this was fully repaid and replaced with the current banking facility in 2016.

The Gambling Commission raised concerns around possible funding from Crown in the future. They confirmed that Aspers would need to undertake its own due diligence on any funds, submit a key event, and then the Gambling Commission's "forensic accounting team" would review that work.

Overall the Commission appeared supportive, and finished by stating that they "wanted confidence that [Aspers] had confidence" that Crown's current issues wouldn't directly impact Aspers.

WHISTLEBLOWER DISCLOSURES

The following eight (1 x Sydney, 3 x Melbourne and 4 x Perth) disclosures have been received this calendar year.

Property	Date Received	Description
Crown Perth	16 March 2021	[REDACTED]
Crown Perth	16 March 2021	[REDACTED]
Crown Perth	11 March 2021	[REDACTED]

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			s
Crown Melbourne	11 March 2021		
Crown Melbourne	2 March 2021		
Crown Sydney	28 January 2021		s r
Crown Melbourne	4 January 2021		
Crown Perth	6 January 2021		r

As an update on an existing matter before the Perth Committee, the trial of an unlicensed F&B Employee charged with serious offences has been deferred until December 2021 – he remains stood down with pay.

OUTCOME OF POI COMMITTEE MEETINGS

The table below presents the outcomes of th Group Person of Interest (POI) Meeting Outcomes from 28 January 2021 to 16 March 2021

Abbreviations used:

CCOP = Chief Commissioner of Police
DoD = Drug of Dependence
KYC = Know Your Customer
LEA = Law Enforcement Agency
PEP = Politically Exposed Person

Ban = NRL in Perth and WOL in Melbourne and Sydney
NRL = Notice Revoking Licence
NFA = No Further Action
SoW = Source of Wealth
WOL = Withdrawal of Licence

Meeting Date	Name	Member number	Matter	Outcome
22 February 2021	[REDACTED]	[REDACTED]	[REDACTED] [REDACTED] both appeared before Melbourne’s County Court on [REDACTED] [REDACTED] pleaded guilty to one fraud charge. She was given a 15-month suspended sentence and ordered to pay nearly AUD\$30,000 [REDACTED] [REDACTED]	Ban
22 February 2021	[REDACTED]	[REDACTED]	Charged by the Taipei District Prosecutor’s Office on 15 September 2017, with making malicious accusations and fraud to the value of more than TWD 50m. No outcome of charges located	Ban

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22 February 2021	[REDACTED]		Assistant accountant [REDACTED] was charged on 16 Feb 2010 with trying to claim \$630 from Resorts World Sentosa's by using a "cash out ticket" — left in a machine by another player. [REDACTED] was let off with a \$1,500 fine.	No action required
22 February 2021	[REDACTED]		[REDACTED] was sentenced to two years in prison by a court in Singapore for his involvement in a group that dealt with 17 stolen cars worth more than SGD 860,000, as reported on 7 March 2011. [REDACTED] and [REDACTED] purchased cars stolen in Malaysia and fitted them with fake number plates. The cars were then driven to Singapore before being exported to Brunei. No further information found	Ban
22 February 2021	[REDACTED]		[REDACTED] was charged with 296 counts of money laundering involving MYR 54m by the Kuala Lumpur Sessions Court on 25 June 2008. Bail was set at MYR 1m. [REDACTED] had already been charged with 94 counts of money laundering involving MYR 23.3m by Ipoh Sessions Court on June 23, 2008. Bail was set at MYR 1m. [REDACTED] pled not guilty. No outcome located.	Ban

<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] was sentenced to one year in prison by a corruption court on 12 October 2009, after he was found guilty of asking for IDR 5bn from a partnering company in exchange for speeding up the permit to clear an area of a protected forest for commercial purposes. On 20 April 2010 [REDACTED] had his prison sentence extended to two years by the Supreme Court after the KPK filed an appeal to review his verdict. He was also ordered to pay IDR 100m in fines or serve an additional four months in prison.</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] was indicted by the Office of the Attorney General on charges of malfeasance on 30 August 2009. The indictment came two years after [REDACTED] and 19 other former senior members of the judiciary, election officials and ombudsmen were found [REDACTED] [REDACTED] were alleged to have signed a directive in September 2004 raising their salaries by THB 20,000, although they later claimed that the ceiling for such a rise was in fact THB 40,000. [REDACTED] was handed a two-year suspended jail term by Bangkok's Criminal Court on 29 December 2010</p> <p>The Criminal Court (Thai) on 20 April 2016 issued a warrant for the arrest of former [REDACTED] [REDACTED] for failing to appear to hear the Supreme Court's ruling on an election case.</p> <p>No outcome located.</p>	<p>Ban</p>

<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>Former chief operating officer [REDACTED] was convicted in 2011 on charges of violating the Securities and Futures Act. Their misleading statement on 25 November 2005 was seen as an effort to allay investors' fears and shore up [REDACTED]. [REDACTED] was also convicted on three other charges of insider trading for selling more than two million [REDACTED] shares between 26-28 September 2005 through his mother's bank account.</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] was sentenced to two years in prison by a court in Singapore for his involvement in a group that dealt with 17 stolen cars worth more than SGD 860,000, as reported on 7 March 2011. According to media reports, [REDACTED] and purchased cars stolen in Malaysia and fitted them with fake licence plates. The cars were reportedly then driven to Singapore before being exported to Brunei.</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] was [REDACTED] [REDACTED] who appeared before the New South Wales Supreme Court on 13 November 2012, and were ordered to pay almost AUD 1.5m between them in compensation for defrauding customers. False and misleading representations were made to a number of clients with expectations that they would be introduced to single women. They preyed on the vulnerable, including a man with a mild intellectual disability.</p>	<p>Ban</p>

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<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] of Coburg, Victoria, was one of four people who appeared before Melbourne Magistrates' Court on 22 April 2005, in connection with the seizure of an estimated AUD 18m worth of Ecstasy pills. All four defendants, who were arrested that morning at a warehouse in Tullamarine while trying to retrieve the drugs from a shipping container, were charged with attempting to obtain a commercial quantity of Ecstasy. The arrests followed a police surveillance operation launched just under two weeks before, when the drugs were discovered by customs agents in Sydney as part of a shipment from Rotterdam. The drugs were hidden inside eight metal barbecues.</p> <p>[REDACTED] was acquitted following a successful no case submission. The other accused were all found guilty.</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] an Australian citizen, [REDACTED] [REDACTED] was one of two individuals charged via complaint with conspiracy to commit wire fraud in connection with an alleged USD 21m insurance financing fraud case. They sold insurance policies, diverted the funds to themselves, however, there was no policy behind the documents.</p> <p>No further information found</p>	<p>Ban</p>

<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] appeared before the Newcastle Local Court, New South Wales (NSW), on 7 August 2019, [REDACTED] from [REDACTED] [REDACTED] Media sources reported he would plead not guilty to the charges. According to police, [REDACTED] [REDACTED]</p> <p>Acquitted 2019.</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] [REDACTED] [REDACTED] was released on bail by the Enforcement Directorate (ED) on 27 January 2020, on suspicion of laundering INR [REDACTED] by issuing bogus loans to shell companies.</p> <p>No further information found</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] of the Gold Coast was committed to stand trial by Southport Court on 20 February 2003, on charges of fraud, forgery and uttering, plus two charges of threatening to kill or harm two of his creditors.</p> <p>No further information found</p>	<p>Ban</p>

<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] of Spearwood, Western Australia, was sentenced by an Australian district court to 128 months in prison for drug trafficking on 16 December 2005. [REDACTED] was earlier convicted by a jury on charges of possessing methylamphetamine and Ecstasy with intent to sell or supply.</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>Went on trial in New South Wales District Court on 4 September 2006, [REDACTED] [REDACTED] [REDACTED] [REDACTED] was convicted in 2007 and sentenced to a maximum of 5 years jail (with a 3 year minimum).</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] [REDACTED] [REDACTED] between 1 January 2008, and 28 February 2009, by inducing them to invest in a fraudulent scheme known as the [REDACTED]. He was also charged with inviting members of the public to invest a total of MYR 15m in the same scheme over a five-year period. [REDACTED] as further accused of offering the company's shares for sale to the public even though it was not authorised to buy and sell shares.</p> <p>No further information found.</p>	<p>Ban</p>

<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] was arrested by Australian authorities in late [REDACTED]. [REDACTED] was charged with four counts of paying corrupt commissions and one count of money laundering.</p> <p>Corruption charges against [REDACTED] were dropped on September 2019. There would be no further proceedings on all counts against [REDACTED] of corruptly offering a payment and obtaining a financial advantage.</p> <p>Charges dropped 2019.</p>	<p>No action required</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED] of South Caulfield was one of five people who appeared before Melbourne Magistrates' Court on [REDACTED] on the suggestion that AUD 7.5m was available for the [REDACTED] sponsorship and advertising even though nowhere near that amount had been provided by anyone.</p> <p>[REDACTED] was jailed for tax fraud for his part in sending money overseas in an elaborate \$9 million scam. [REDACTED]</p>	<p>Ban</p>
<p>22 February 2021</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>Charged, as an agent entrusted by the [REDACTED] [REDACTED] with committing breach of trust by dishonestly selling the car without the consent and knowledge of the owner and failing to hand over the proceeds from the sale to the company. The court allowed bail of RM15,000 in one surety with an</p>	<p>Ban</p>

			<p>additional condition that he has to report to the nearest police station each month.</p> <p>No further information found.</p>	
22 February 2021			<p>Arrested in Bali, accused of allegedly stealing a pair of \$550 earrings from an upmarket store in the suburb of Seminyak.</p> <p>The matter did not proceed to hearing, as an agreement was reached with the shop owner.</p>	No action required
22 February 2021			<p>██████████ was charged with five counts of fraud and one count of possessing tainted property on 27 July 2016. ██████████ was one of several individuals arrested over a fraud syndicate which offered customers investment opportunities in predictive sports-betting software. According to police, the syndicate netted more than AUD 59m.</p> <p>No further info found.</p>	Ban
22 February 2021			<p>██████████ a technician, was granted bail by the Melbourne Magistrates' Court, on 19 September 2019, on charges related to the theft of more than AUD 400,000 worth of goods.</p> <p>No further information found.</p>	Ban
22 February 2021	Stefan NIKOLLAJ	13010376	<p>Nikollaj was arrested on 27 October 2016, after he was found in possession of a sum of money, which police believed to be the proceeds of criminal activities.</p>	Ban

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			<p>deception, making false statements to obtain money and fraudulently omitting to account for money and related to the theft of 180 privately-owned luxury vehicles, worth AUD 15m, from [REDACTED] dealership, [REDACTED]. It was alleged that a number of people asked [REDACTED] to sell their cars on consignment only to find later that their cars were gone. The offences were said to have taken place between March 2004 and April 2009.</p> <p>[REDACTED] was sentenced to a minimum of 2 1/2 years in jail.</p>	
22 February 2021	[REDACTED]		<p>[REDACTED] was indicted on 31 January 2006, by a federal jury in Las Vegas on charges of racketeering, money laundering, international transportation of stolen property and passport and visa fraud.</p>	Ban
22 February 2021	[REDACTED]		<p>[REDACTED] f Maroubra was one of three men who were arrested on 20 September 2012, in connection with a drug ring that smuggled AUD 42m worth of methamphetamine into Australia by stuffing it into five sofas. He was charged with importing drugs and appeared at Central Local Court on 21 September 2012.</p> <p>No further info found.</p>	Ban
22 February 2021	[REDACTED]		<p>[REDACTED] was sentenced to three years in prison and ordered to pay NZD 50,000 in reparation, on top of the NZD 100,000 he had already paid, by the Nelson District Court on 5 November 2012, in</p>	Ban

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			connection with the theft of NZD 450,000 from the company to fund a gambling habit and to pay for trips around Australia and New Zealand. He admitted to the thefts.	
22 February 2021			[REDACTED] was one of four individuals who were refused bail when they appeared via video-link before the Wagga Local Court, New South Wales (NSW), on 22 May2020, on charges of supplying a commercial quantity of a prohibited drug, enhance indoor cultivation of a plant for commercial purposes, possessing a prohibited drug, participating in a criminal group, and being found on drug premises.	Ban
[REDACTED - PRIVILEGE]				
[REDACTED - SECRET INFORMATION]				
[REDACTED - SECRET INFORMATION]				

REDACTED- SECRET INFORMATION			
REDACTED- SECRET INFORMATION			Ban
REDACTED- SECRET INFORMATION			Ban
REDACTED- SECRET INFORMATION			Ban
22 February 2021	REDACTED	REDACTED	Requesting to have Ban revoked. In 2017 charged with 78 counts of dishonestly obtaining a financial advantage by deception.
			Ban to remain

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			Banned by POI Committee. Found not guilty.	
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AGENDA ITEM 6:
AML/CTF Update



Crown Resorts Limited

Financial Crime and AML/CTF Update: 22 March 2021

1. Regulatory

(a) AUSTRAC Enforcement Notice (received 2 October 2020)

On 16 October 2020, Crown received a further s 167 Notice from the AUSTRAC Enforcement Unit. The notice requires Crown to provide information and documents in relation to:

- AML/CTF Programs;
- ML/TF Risk Assessments;
- Customer Risk Ratings; and
- Enhanced Customer Due Diligence.

Following consultation with AUSTRAC, Crown has provided its responses to the s 167 Notice in tranches with the final tranche sent to AUSTRAC on 27 January 2021.

(b) Section 167 Notices – Risk Assessment of Junkets (published 11 December 2020)

The Risk Assessment is available on the AUSTRAC website [here](#) or by accessing the following link: <https://www.austrac.gov.au/business/how-comply-guidance-and-resources/guidance-resources/junket-tour-operations-australia-risk-assessment-2020>

(c) Section 167 Notices – Australia Wide Industry Risk Assessment of Casinos

The Financial Crime team met with AUSTRACs Risk Assessment Unit to answer follow up questions on in respect of the Risk Assessment. The substance of the follow up interviews were:

- preliminary data and findings;
- consultation points including:
 - ML risk management and processes; and
 - customer due diligence, VIP and rebate play, jurisdictions;
- suspicious activity and observations including:
 - ML vulnerabilities overall in a casino environment and game specific; and
 - transaction types e.g. chips cash deposit accounts.

AUSTRACs Risk Assessment Unit are visiting Crown Melbourne on 29 March 2021 for a tour of the property.

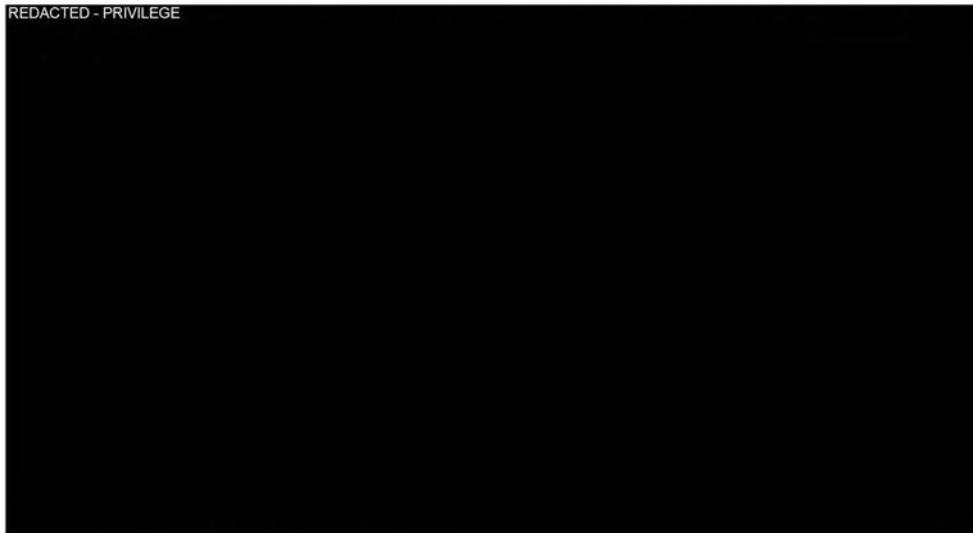
(d) AUSTRAC Compliance Assessment - Perth

As previously noted, AUSTRAC advised that the Perth Compliance Assessment (thematic

assessment focusing on AML/CTF training) was postponed from 2019 until 2020. Crown has yet to receive any further information as to the timing of this Assessment.

(e) Riverbank and Southbank Bank Accounts (ILGA Inquiry Look Backs)

REDACTED - PRIVILEGE



(f) Perth SMRs (AUSTRAC letter)

On 24 November 2020, Crown Perth received a letter from AUSTRAC querying the decline in SMR volume in 2020 compared to 2018-19 and requested confirmation that Crown Perth's transaction monitoring program is operating as intended.

Crown responded to AUSTRAC's letter on 1 December 2020 noting the decline was due to several factors, including without limitation:

- Crown Perth has implemented implementation of an enhanced SMR reporting process that involves a three-step escalation and investigation process in relation to unusual activity reports (UAR) completed by Crown Perth staff (which had previously been communicated to AUSTRAC). Crown also noted that it is intended that the SMR Process will result in higher quality SMRs being filed with AUSTRAC.
- the additional time and effort taken to investigate UARs under the SMR Process has led to a historical backlog of UARs requiring assessment by the Crown Perth Financial Crime team at Crown Perth to determine whether an SMR should be filed.
- Since reopening in June 2020, Crown Perth has also implemented the following risk-based policies that may have an impact on the number of SMRs that Crown Perth is reporting to AUSTRAC.
 - Crown Perth no longer:
 - accepts payments from third parties (including money remitters) into its accounts for the benefit of a Crown customer; or
 - makes payments to third parties (including money remitters) on behalf of a Crown customer, unless prior written approval for the relevant transfer has been obtained from the Chief Operating Officer and the AML/CTF Compliance Officer in accordance with a

prescribed procedure (which includes an assessment of the money laundering risks associated with the proposed transfer).

- Crown Perth has communicated with local patrons and international gaming machine players who have deposited cash over the past 18 months into Crown's bank accounts and advised them that they are no longer to deposit cash into Crown's bank accounts.
- Crown Perth has ceased dealing with all junket operators.
- Finally:
 - as a result of the current travel restrictions in place in Western Australia, the customer profile of customers that have visited Crown Perth since its reopening has been different to past years; and
 - numbers of patrons visiting Crown Perth and hours spent gaming by those patrons are down approximately 15% since re-opening (compared to the same period last year).

(g) NSW Casino Inquiry / Bergin Report / ILGA

Financial Crime provided input to Crown's 15 March 2021 response to the ILGA consultation notice dated 15 February 2021.

(h) Victorian Royal Commission

Financial Crime is currently assisting the response team on responding to the letters dated 10 and 11 March 2021 and Notices to Produce from the Victorian Royal Commission.

(i) Western Australian Royal Commission

Financial Crime will assist the response team upon receipt on notices from the Western Australian Royal Commission.

(j) Countries

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

- Department of Foreign Affairs (DFAT) – Australia's Implementation of UN Security Council sanctions (<https://dfat.gov.au/international-relations/security/sanctions/pages/sanctions.aspx>);
- DFAT - Autonomous Sanctions; or
- FATF - High-Risk Jurisdictions subject to a Call for Action (<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/>). On 2 August 2020, FATF decided to pause the review process for the list of High-Risk Jurisdictions subject to a Call for Action. On 18 December 2020 FATF de-listed the Bahamas from the list of jurisdictions under increased monitoring. On 21 February 2021 FATF added the following countries to the "grey list" of jurisdictions subject to increased monitoring:
 - Burkina Faso;
 - the Cayman Islands;
 - Morocco; and
 - Senegal.

(k) Legislative Changes and other relevant information

Relevant Updates to the AML/CTF Act and Rules

In December 2020, the Anti-Money Laundering and Counter-Terrorism Financing and Other Legislation Amendment Bill 2020 (**Amendment**) was passed, with the majority of changes expected to come into effect in June 2021. The Amendment introduces changes to (among other things) customer identification procedures, tipping-off offences, access to information, and the cross-border movements of money.

Customer Identification Procedures

The new provisions will allow reporting entities to rely on third parties to perform due diligence, in certain circumstances. If requirements are met, the reporting entity will be absolved of liability for isolated failures by the third party to meet customer identification procedures.

Tipping-off Offences

The Amendment will allow for the disclosure of a suspicious matter report to external auditors, legal advisers and members of designated business group or corporate groups outside of Australia, for the purpose of disclosing risks involved in dealing with particular customers.

Access to Information

The Amendment will allow AUSTRAC to authorise officials of the Commonwealth, State or Territory agencies to access a broader range of AUSTRAC information, under section 125 of the AML/CTF Act.

Cross-border Movements of Money

The Amendment will require all receipts of monetary instruments over \$10,000 from overseas to be reported, as per section 53 of the AML/CTF Act. The Amendment will also require travelers to report all cross-border movement of monetary instruments over \$10,000, as per section 54 of the AML/CTF Act.

2. AUSTRAC Reporting and Program Matters

(a) Joint Program and AML/CTF Framework

At the AML CTF committee meeting in November 2020 the following documents were tabled:

- the Board approved 'Part A Joint AML/CTF Program' and the supplemental 'AML/CTF Policy and Procedures';

- ‘Escalation of Critical Risk Customers Policy’; and
- minor amendments to acceptable ID under Part B of the Joint AML/CTF Program.

At the AML CTF Committee meeting held on 28 January 2021, the AML/CTF Compliance Officer tabled the ‘Third Party Transfers and Money Remitters Corporate Policy Statement’ and the ‘AML/CTF Manual Rule - Bank Account Monitoring’.

On 10 March 2021 Allens provided their comments on Part B of Crown’s Joint AML/CTF Program. Financial Crime is reviewing these comments.

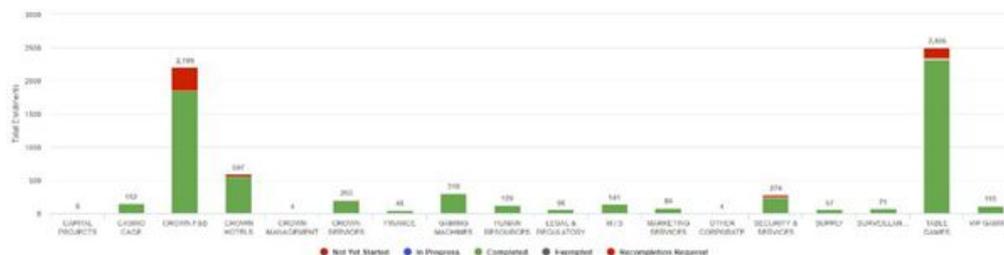
(b) ML/TF Risk Assessment

The Financial Crime team is currently working with Initialism on an updated Risk Assessment.

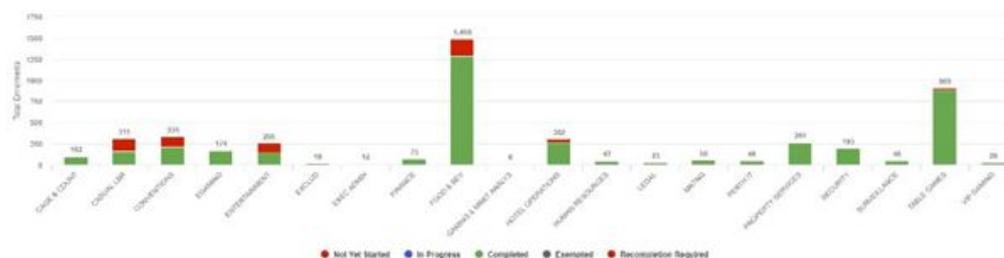
(c) Training

As at 19 March 2021, 11,565 Crown employees (89%) have completed the AML/CTF Awareness Training (Crown Melbourne 6,277, 90%, Crown Perth 3,953, 84% and Crown Sydney 1,282, 95%).

Crown Melbourne – Online AML/CTF Risk Awareness Training

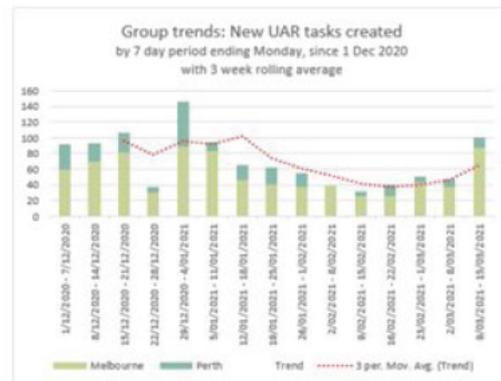
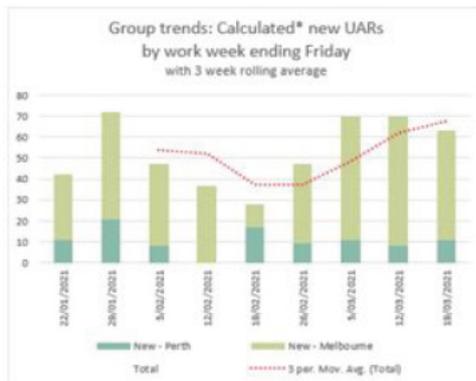
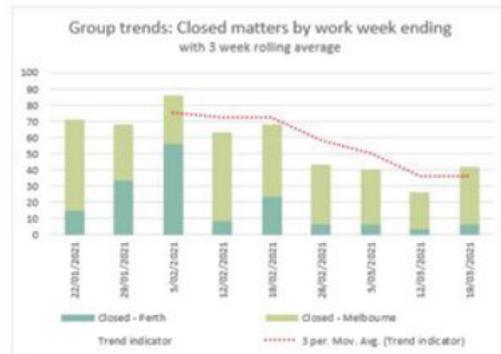
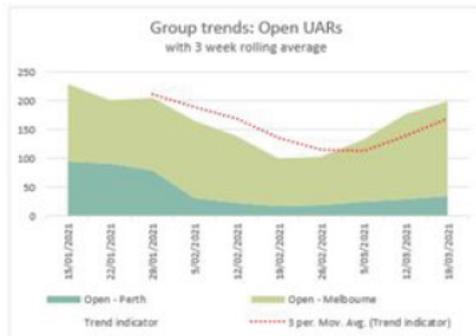
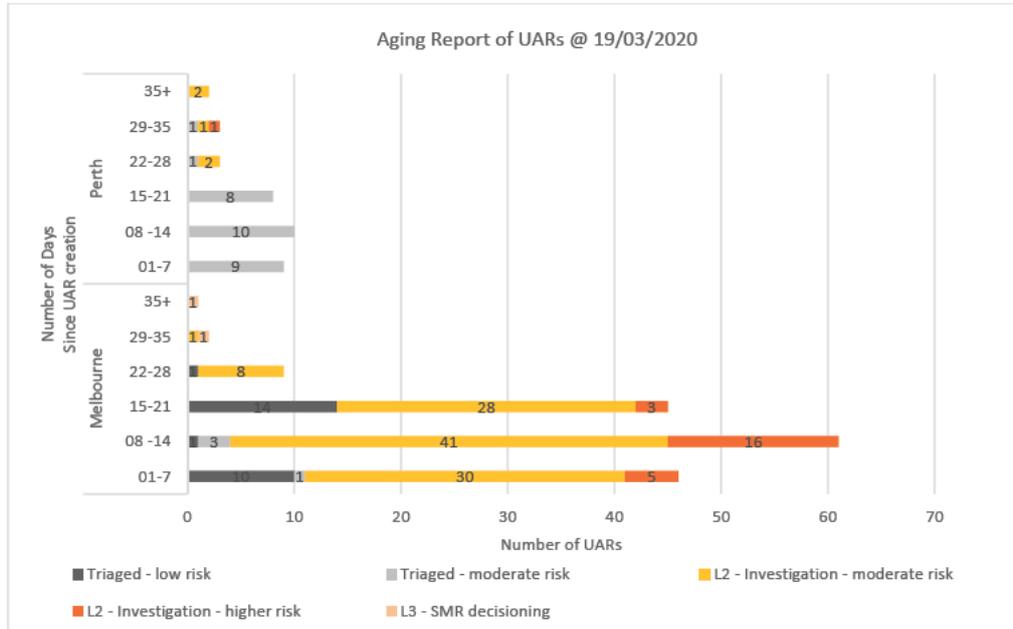


Crown Perth – Online AML/CTF Risk Awareness Training



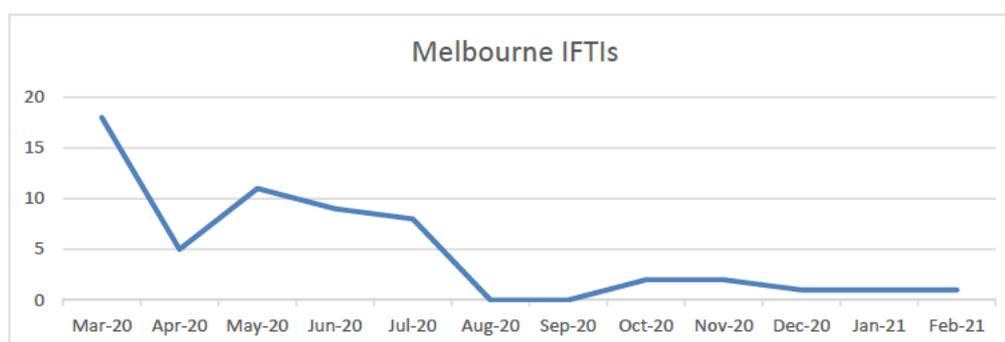
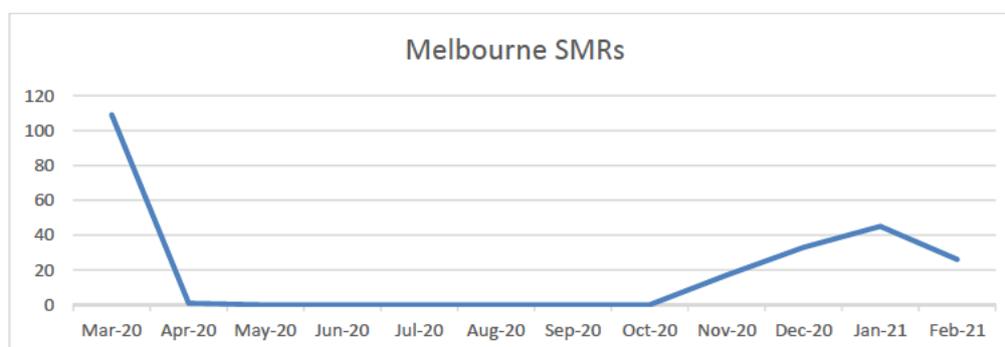
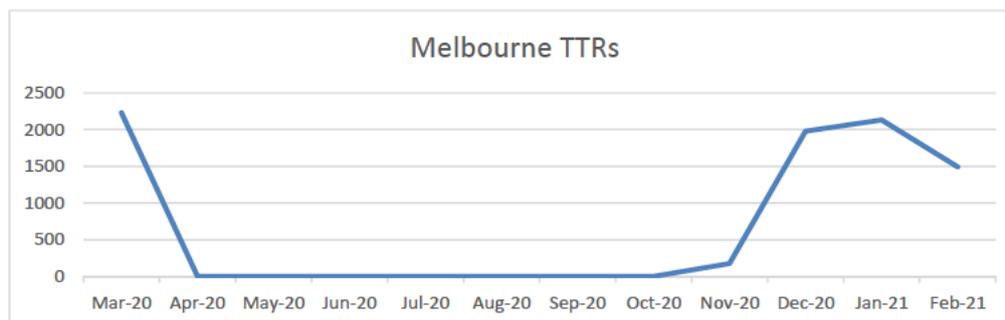
To date, 2,695 Crown Melbourne Contractors have also completed the training.

Targeted training (face to face) modules for Table Games (incl. VIP International), Gaming Machines, Cage, Security & Surveillance, Hotels and Food & Beverage have been developed and is progressing at each of the three properties. Relevant employees to receive the training are typically supervisors and above. Targeted training has been delivered to 903 employees (92%) at Crown Perth, 1,256 (78%) at Crown Melbourne and 207 employees at Crown Sydney. The majority Business Operations Teams (senior management) at all

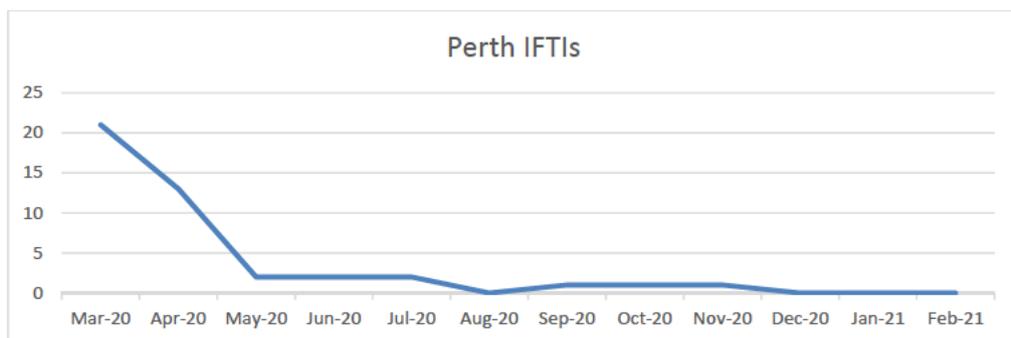
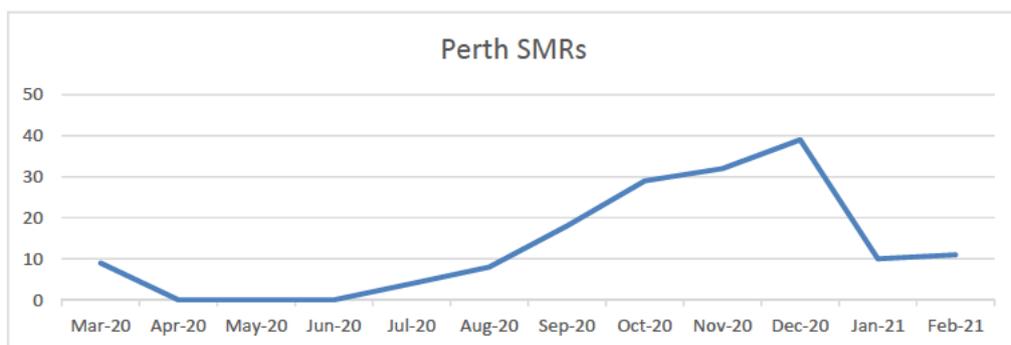
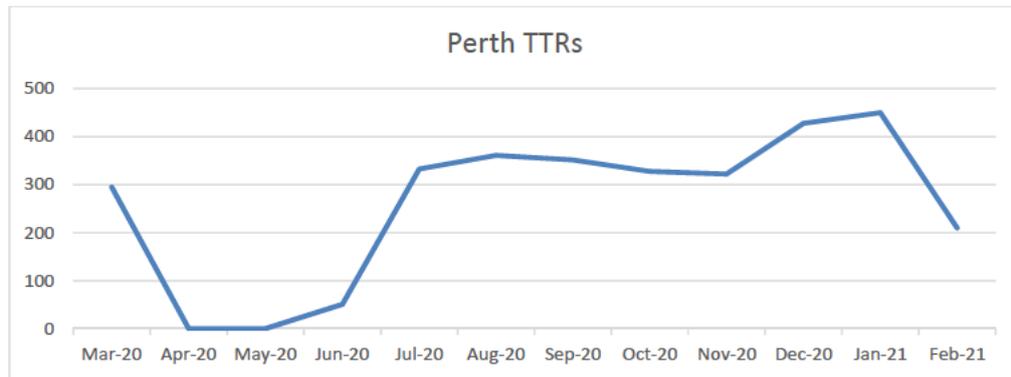


(e) Reporting statistics (1 March 2020 – 28 February 2021)

The below tables detail the number of Threshold Transaction Reports (**TTRs**), Suspicious Matter Reports (**SMRs**) and International Funds Transfer Instructions (**IFTIs**) reported to AUSTRAC by Crown Melbourne for the last 12 months (reported by transaction date):



The below tables detail the number of Threshold Transaction Reports (**TTRs**), Suspicious Matter Reports (**SMRs**) and International Funds Transfer Instructions (**IFTIs**) reported to AUSTRAC by Crown Perth for the last 12 months (reported by transaction date):



(f) Customer Due Diligence

Dow Jones Risk and Compliance Screening

Financial Crime continues to provide feedback to Dow Jones on their products to address the high levels of 'false positive' hits.

Financial Crime is working with IT to review potential internal solutions to reduce the false positive rate including investigating taking the Dow Jones data feed in-house and running our own filters across the data.

Financial Crime is in discussion with another Financial Crime specialist technology provider, Exiger, to explore their product DDIQ.

- Exiger’s technology platform has connections to scour hundreds of structured sources including premium sources, government watchlists, news and media as well as the open web.
- Exiger’s technology platform identifies information about specific individuals and unique identifiers that are the subject of its search. This enables the system to discount others with the same or similar names and prevent false hits.
- Exiger monitors subject entities for changes in watchlists and corporate records or new adverse media mentions, immediately sending an alert if a new red flag is raised.

(g) New Designated Services (or new methods of delivery of existing) – Risk Assessment

There have been a number of Gaming Initiative Forms received since the last meeting, with no specific AML or financial crime concerns noted.

(h) Employee Due Diligence

All roles across Crown Resorts have been allocated an AML risk category for the purposes of conducting Employee Due Diligence screening. An initial screen on over 6,100 employees (largely Casino Licensed employees) was undertaken on 20 October 2020.

During December 2020 all ‘Moderate’ and ‘High- Risk’ employees were uploaded into Dow Jones for screening.

As of 26 January 2021, all ‘Moderate’ and ‘High Risk’ employees have been screened through Dow Jones.

The IT team has developed an automated process to upload all new ‘Moderate’ and ‘High’ risk employees, or employees who move into ‘Moderate’ or ‘High’ risk roles, for screening in Dow Jones on a daily basis. As of 18 March 2021, 6,793 ‘Moderate’ and ‘High’ risk employees are being screening daily.

(i) Compliance Breaches

AML/CTF Joint Program compliance breaches are reported:

- on the monthly Compliance Certificates to each property Compliance Officer Committee by the Financial Crime and by each individual Business Unit (as applicable); and
- directly to the Head of Financial Crime and Group MLRO.

There was one (1) compliance breach reported during the period 1 March 2020 – to 18 March 2021 at Crown Melbourne.

Type of Breach	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Employee sent UAR to personal email address	-	-	-	-	-	-	-	-	-	-	-	-	1**	1
Expired ID obtained from Customer at time of Threshold Transaction	-	-	-	-	-	-	-	-	-	-	1*	-	-	1

*Customer did not have current acceptable ID on file when a TTR was conducted. This is not a breach of the AML/CTF Act or Rules as his ID was current when his identity was originally verified and recorded in the system. Updated passport has since been obtained.

**Employee has been counselled, received a written warning and has been re-enrolled in AML/CTF Risk Awareness Training.

There was one (1) compliance breach reported during the reporting period 1 March 2020 – to 28 February 2021 at Crown Perth.

Type of Error	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	YTD
A ¹ TTR processed with inappropriate identification	-	-	-	-	-	-	-	-	-	-	-	-	-
TTR entered by Cage staff	-	-	-	-	-	-	-	-	-	1*	-	-	1

*Cage staff member failed to enter TT into SYCO. Picked up by AML team when reviewing SYCO Alert Report and Customer comments. TTR was entered into the system and reported to AUSTRAC within required timeframes. Staff involved have been counselled by line management. The AML team has also spoken to the Cage staff and is conducting further training. First additional training session held 19 January 2021.

3. AML Projects

(a) Case Management

Financial Crime, in conjunction with the IT Team is working on a case management solution with Unifii. The first phase of this project is the digitisation of the UAR workflow. Financial Crime has been conducted a pilot of the system and it will be released to frontline employees on 12 April 2021.

The next phase of the project will involve integrating the Unifii platform with other Crown systems to create efficiencies for both frontline employees raising UARs and the Financial Crime team in the investigation and decisioning of UARs.

(b) AML Sentinel Project

On 3 February 2021 the Financial Crime team commenced monitoring and dispositioning of 15 Sentinel alerts primarily covering two key risk areas, being cash transactions and high-risk alerts.

The alerts are automated through the Sentinel tool, but the dispositioning and triage process is manual. Financial Crime is working with the IT team and Unifii to digitise the dispositioning and triage process.

Financial Crime and the IT Sentinel Team are currently working on a Risk Based Alerting (RBA) model for the Sentinel alerts. The RBA model is designed to reduce the number of false positives generated by Sentinel and will enable the Financial Crime team to focus resources on investigating higher risk activities and customers. The IT Sentinel Team is

scheduled to complete the build of RBA on Thursday 25 March 2021 and Financial Crime can commence UAT from Friday 26 March 2021.

(c) Joint Program Implementation and Assurance

Financial Crime is currently working through an implementation review of the Joint Program to identify any gaps and put in place measures to address any issues.

(d) AML Recruitment

The following appointments have recently been made in the Financial Crime Team:

- Gary Chan - Group Financial Crime Manager – Data Analytics
- Christian Robinson – Financial Crime Compliance Manager – Sydney
- Danielle Slattery – Financial Crime Compliance Manager – Perth
- Akshay Jain - Group Financial Crime Analyst
- Peter Le – Group Financial Crime Analyst
- Radek Stopka – Group Senior Manager Financial Crime – Customer Intelligence and Due Diligence
- Elizabeth Hanna - Financial Crime Officer Crown Sydney

The following roles are currently being recruited for:

- Perth Financial Crime Analyst – candidate has accepted the offer.
- Group Senior Manager - AML CTF Assurance and Testing – advertised on 2 February.

4. AML and Financial Crime Reviews

(a) IFTI Review by Initialism

Initialism has conducted a review of a sample of IFTIs submitted by Crown Melbourne and Perth. Crown received the report on 2 February 2021 and is working to address the areas for improvement Initialism has identified in Crown Melbourne and Crown Perth's IFTI reporting.

(b) Transaction Monitoring source review

Initialism has been engaged to conduct a transaction monitoring source information review. This is a review of Crown's transaction monitoring program focusing on source data inputs. Initialism are due to provide their findings by 31 March 2021. Crown will address Initialism's recommendations for improvements to Crown's TMP process.

(c) Deloitte Forensic Review

The Financial Crime team is working with Allens and the Finance team on a formal response to Phase 1 of Deloitte's engagement.

Phase 1 of Deloitte's engagement is assessing the design and operating effectiveness of the current controls in place over Crown's patron bank accounts, including those that are designed to prevent and detect the activity identified during the NSW Casino Inquiry.

Phase 2 of Deloitte's engagement, Forensic Review will involve:

- conducting a review of all legal entities associated with Crown's Australian casino operations to establish the nature and purpose of each legal entity. The objective of this review will be to identify whether additional legal entities may hold bank accounts that are or were capable of being used by patrons to deposit or withdraw funds during the three year period to the date of this engagement letter (Relevant Period)
- establish the nature and purpose of each account, the purpose of which will be to identify those the bank accounts held by the Relevant Crown Entities that are or were capable of being used by patrons to deposit or withdraw funds during the Relevant Period
- review of the accounts and other internal and external data sources for the purpose of identifying transactions, patterns, or behaviors in the accounts that are indicative of ML/TF typologies.

Phase 3 of Deloitte's engagement, Further Controls Assessment, will involve:

With regard to the observations of the Forensic Review in relation to specific ML/TF typologies and any transactions, patterns, or behaviors identified in the Patron Accounts as indicative of ML/TF, assess the design effectiveness and the operational effectiveness of a broader set of Crown's direct AML/CTF controls (Relevant Controls) in so far as they relate to the Patron Accounts.

(d) Promontory Vulnerability and Capability Assessment

To support the ML/TF Risk Assessment, Promontory Financial Group, an IBM company have also been engaged. Promontory provides advice on money laundering risks to a number of casinos operating in the Asia Pacific region and are currently conducting a ML/TF vulnerability and capability assessment.

Crown has provided Promontory with new and existing material relating to Crown's Joint AML/CTF Program. To inform the identification of where potential money laundering vulnerabilities may manifest themselves across our operations Promontory have also conducted a number of workshops with various Crown subject matter experts across each of the properties to demonstrate to Promontory operational aspects of the business and how they may impact the AML/CTF Joint Program.

Promontory's draft vulnerability assessment report is due to be received on 22 March, with the capability assessment to follow prior to Easter 2021.

5. Crown Property Updates

(a) Crown Sydney

Reporting Entity Registration

Crown Sydney Gaming Pty Ltd has been registered as a reporting entity with AUSTRAC.

Designated Business Group

Given that Crown Sydney Gaming Pty Ltd has now been registered as a reporting entity, the next step is for the entity to join the Crown Designated Business Group (**DBG**). Joining the DBG allows Crown Sydney Gaming Pty Ltd to share the administration of some or all of their AML/CTF obligations (such as a joint AML/CTF program).

Under s 2.3.2(d) of the Joint AML/CTF Program the Board of each Crown Entity (Melbourne and Perth) must approve Crown Sydney Gaming Pty Ltd's entry into the DBG.

Once approved Crown will notify AUSTRAC within 14 days of the change. This will be done by the AML/CTF Compliance Officer through AUSTRAC Online.

AUSTRAC Reporting

A test reporting account has been set up with AUSTRAC. Next steps will include sending test TTR and IFTI files through to AUSTRAC to ensure the bulk upload system is working correctly.

Unusual Cash Transactions at Hotels and Food and Beverage

Financial Crime met with Security and the Cage and agreed to a process whereby any unusual or large cash transactions that occur at the food and beverage outlets these will be reported to Security and Surveillance through iTrak for potential reporting to NSW Police.

If the Financial Crime Team receives a UAR that does not relate to a Designated Service, the matter will be forwarded to Security and Surveillance for potential reporting to NSW Police.

6. Industry Consultation:

(a) SkyCity Entertainment Group and The Star Entertainment Group – AML/Financial Crime catch ups

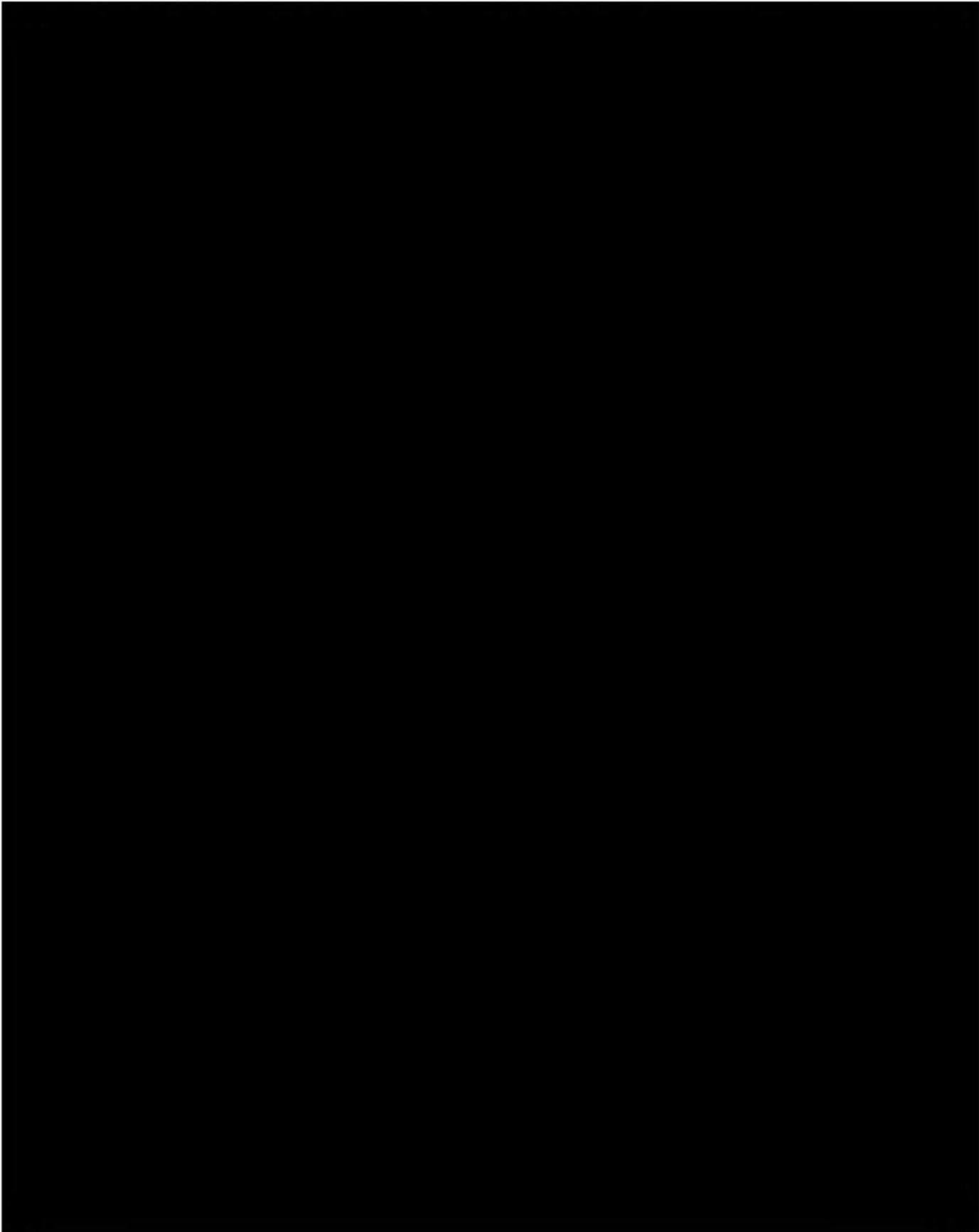
SkyCity advised in a recent catch up with Nick Stokes that AUSTRAC have recently conducted on an onsite visit as part of their thematic PEP and High-Risk Customer Compliance Assessment.

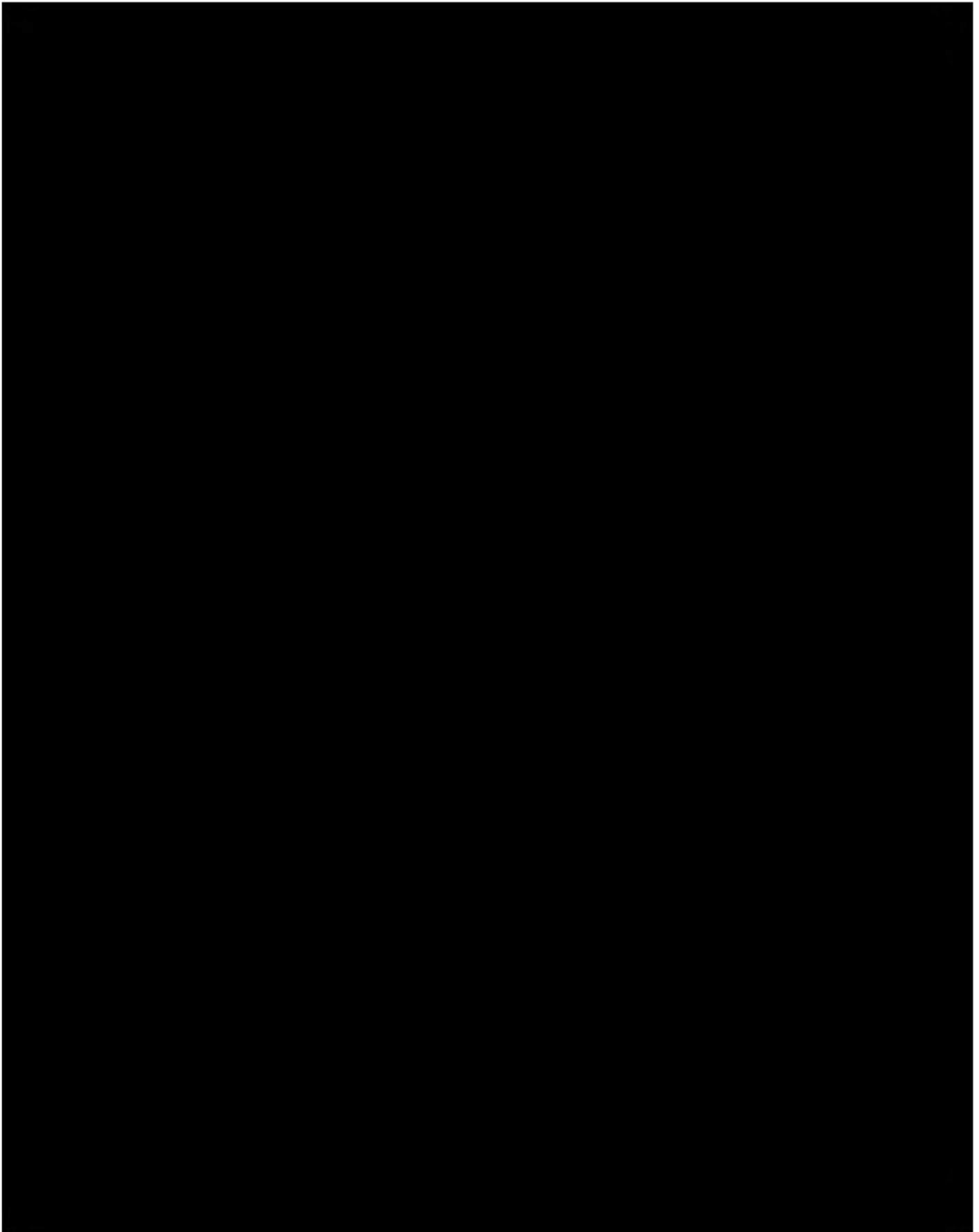


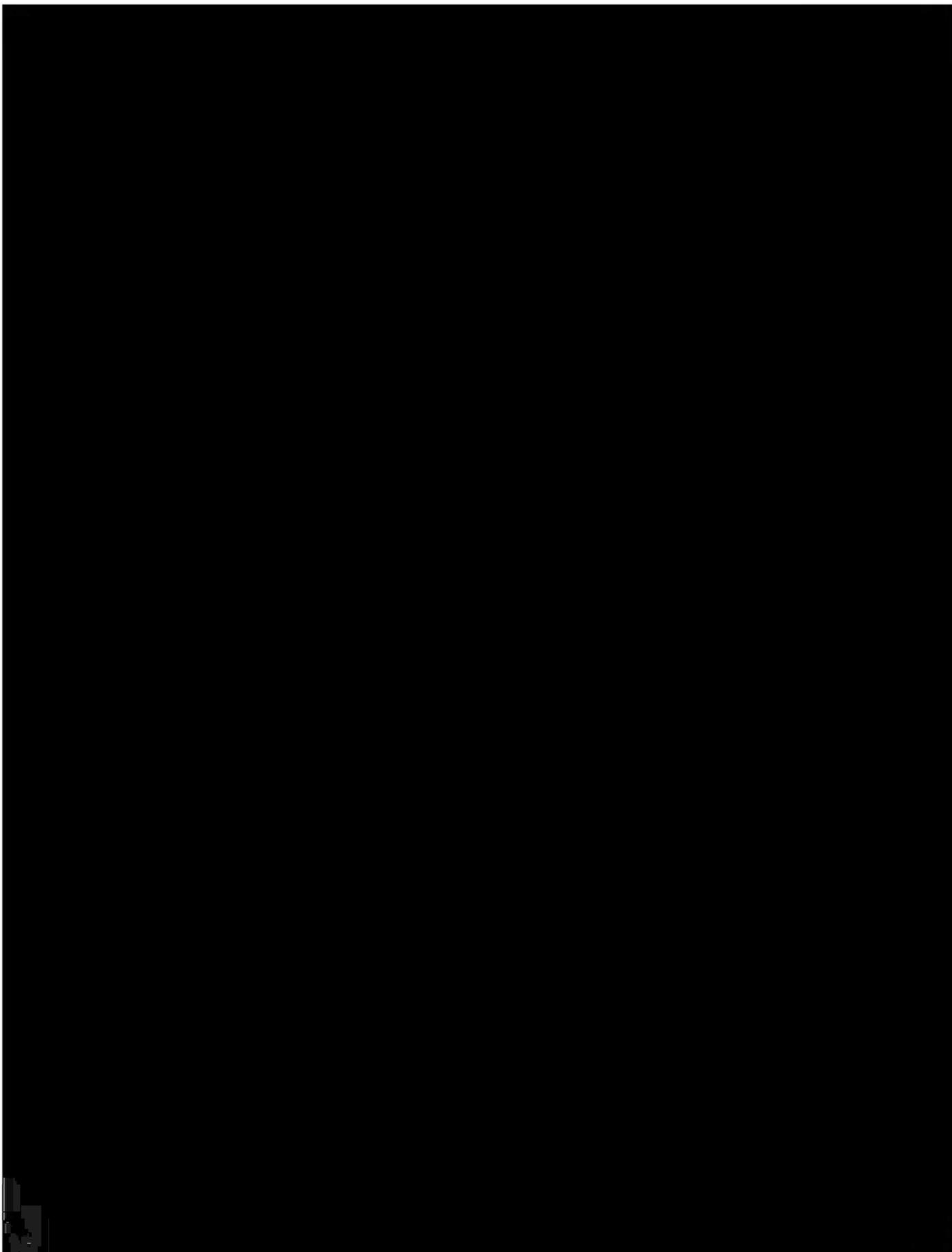
AGENDA ITEM 7:
Insurance Renewal

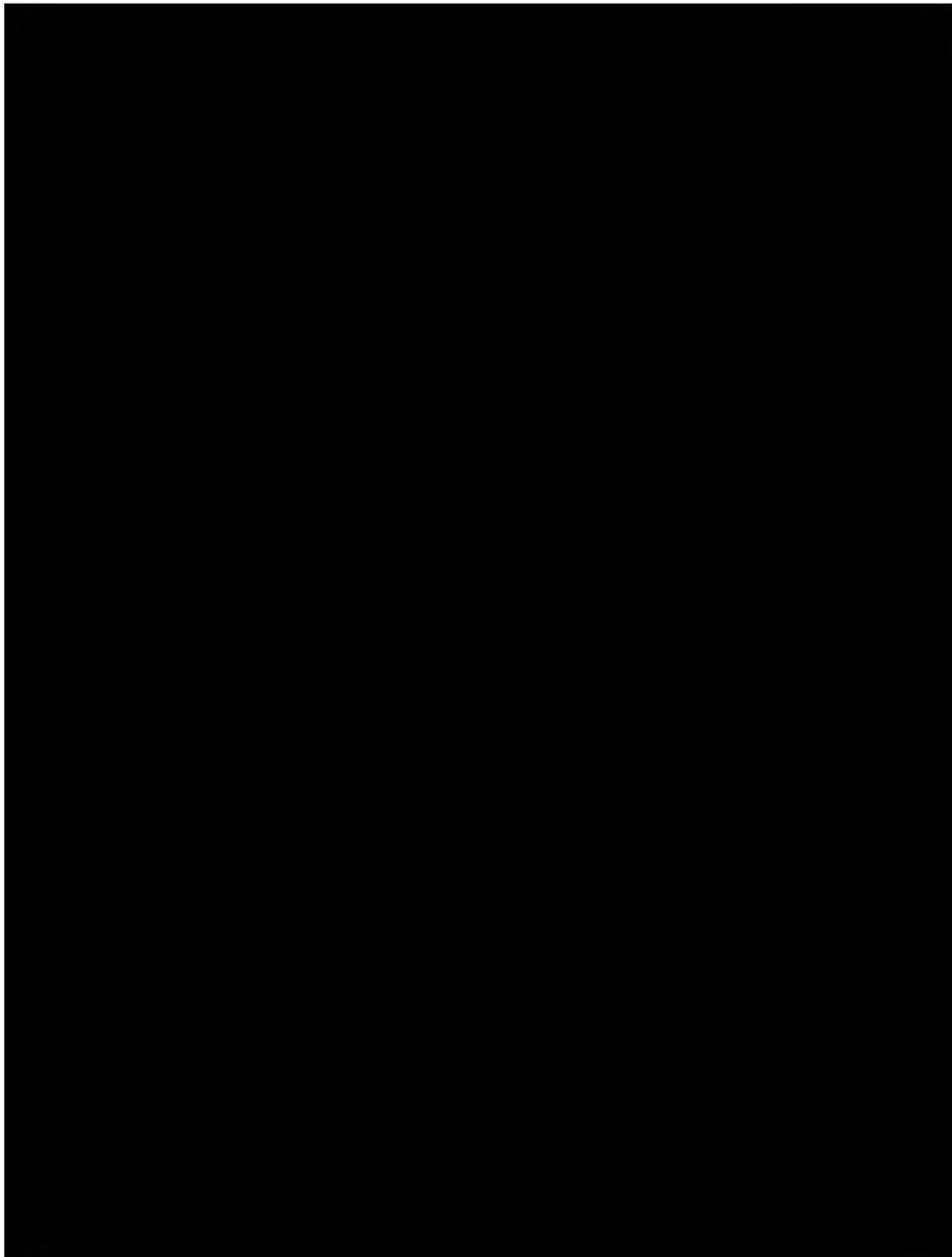
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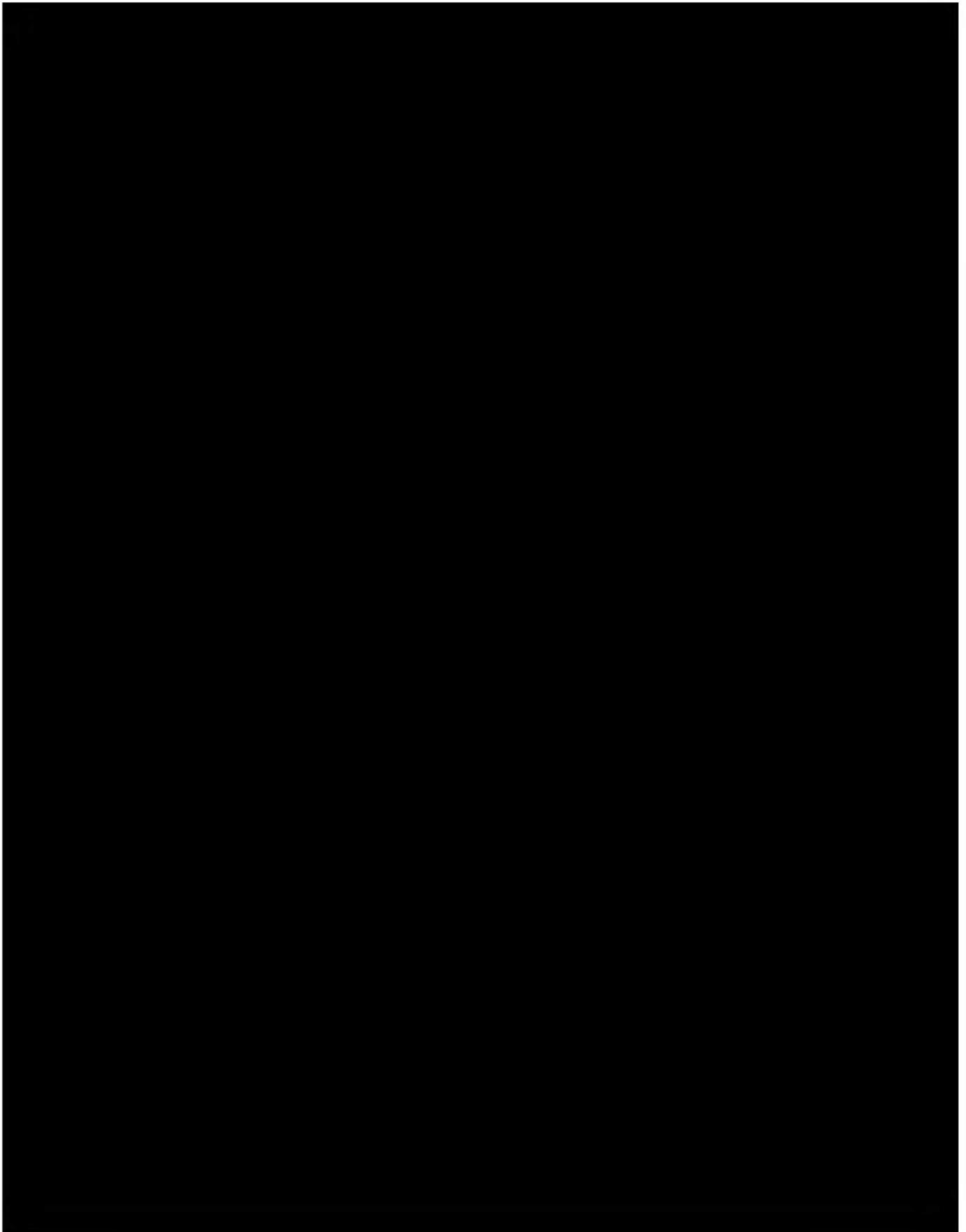
Insurance program: 30 November 2020 to 30 November 2021

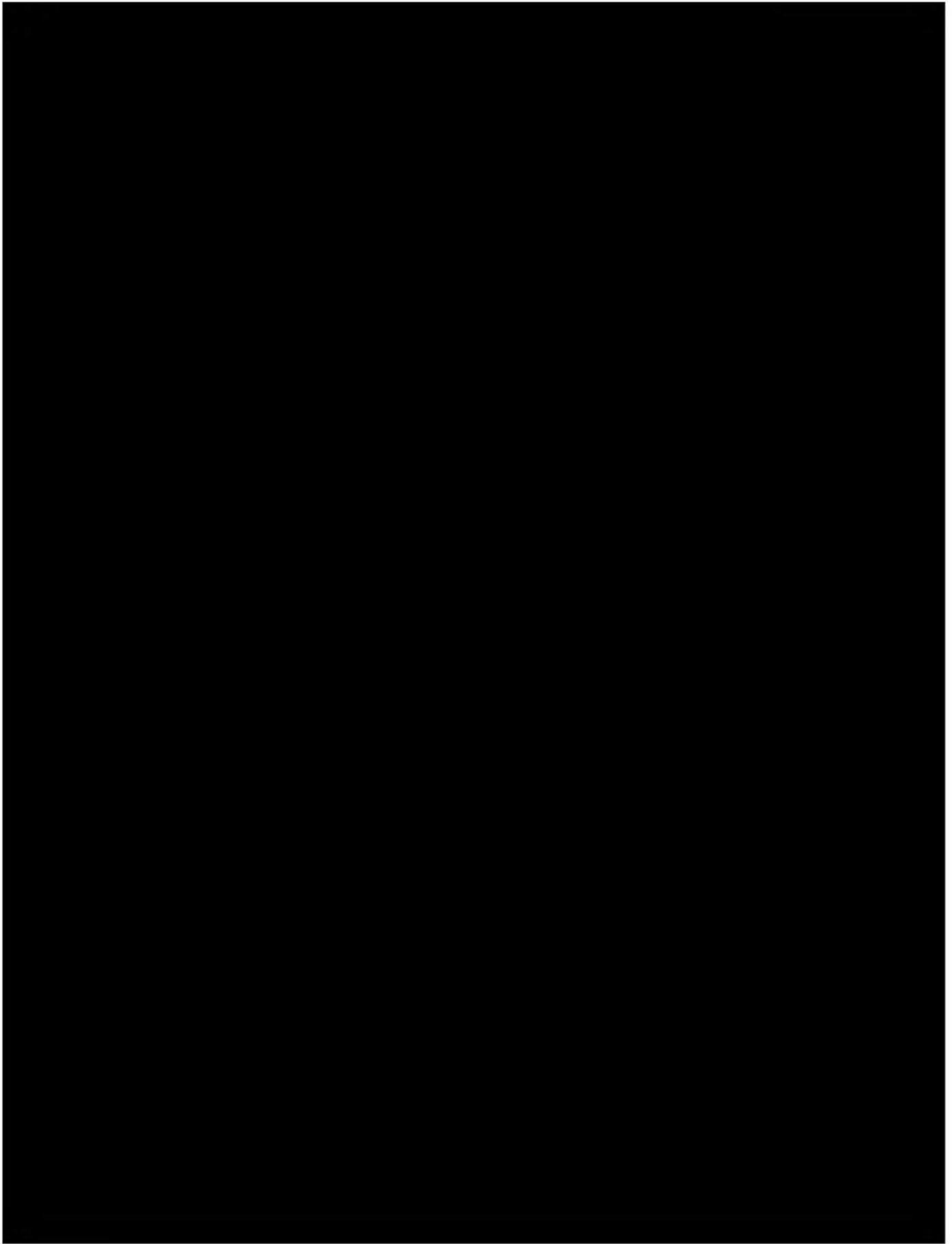


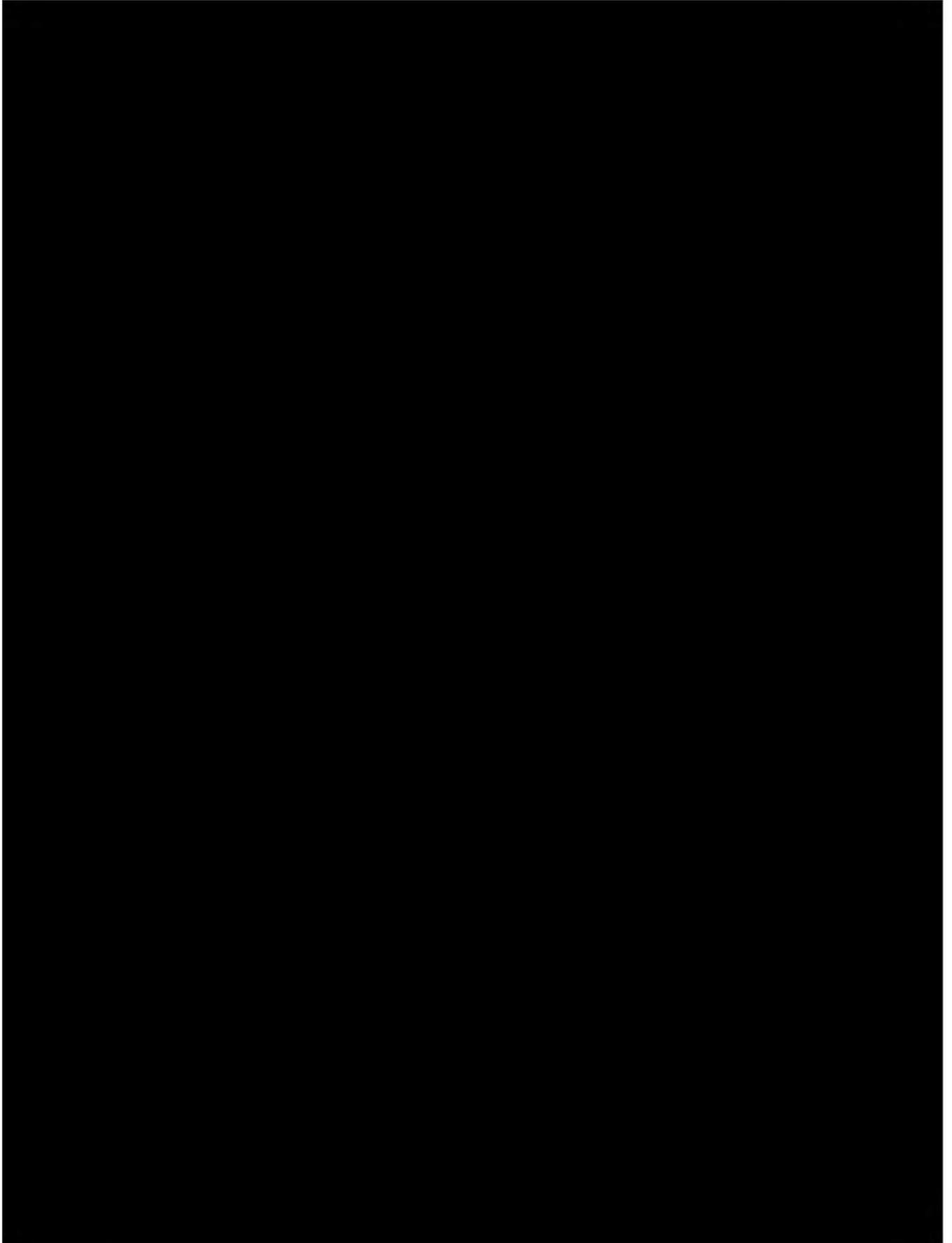


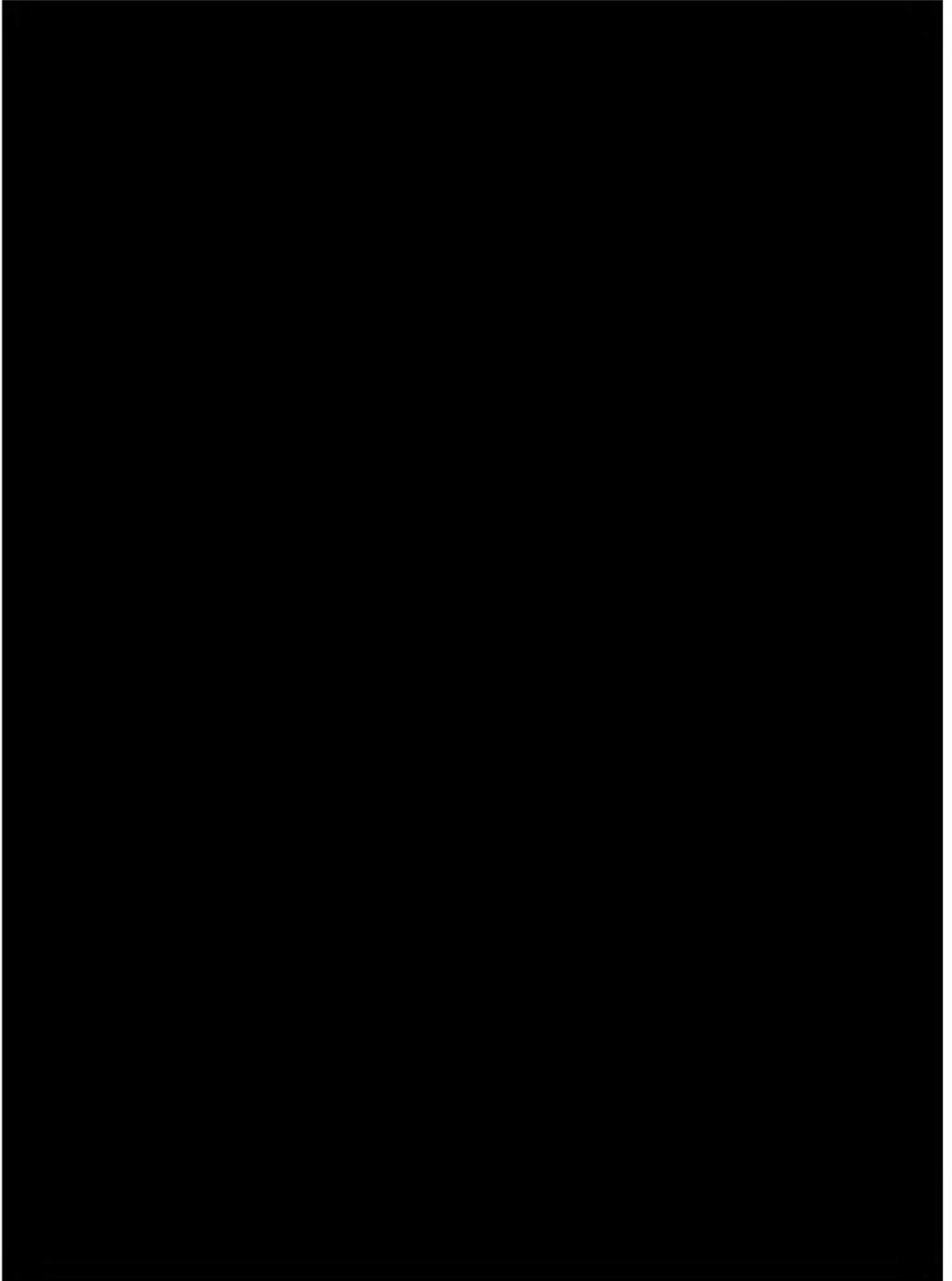


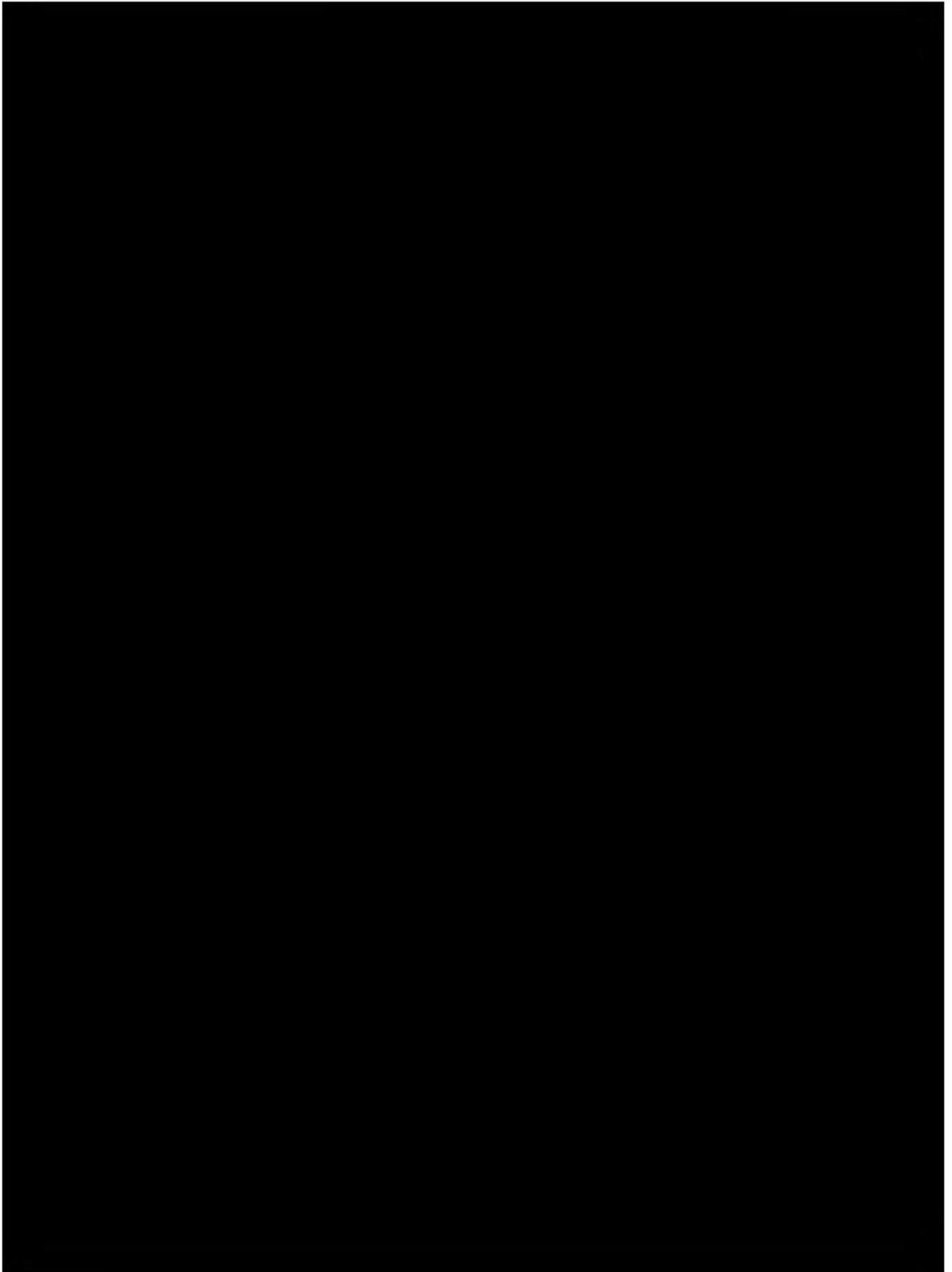


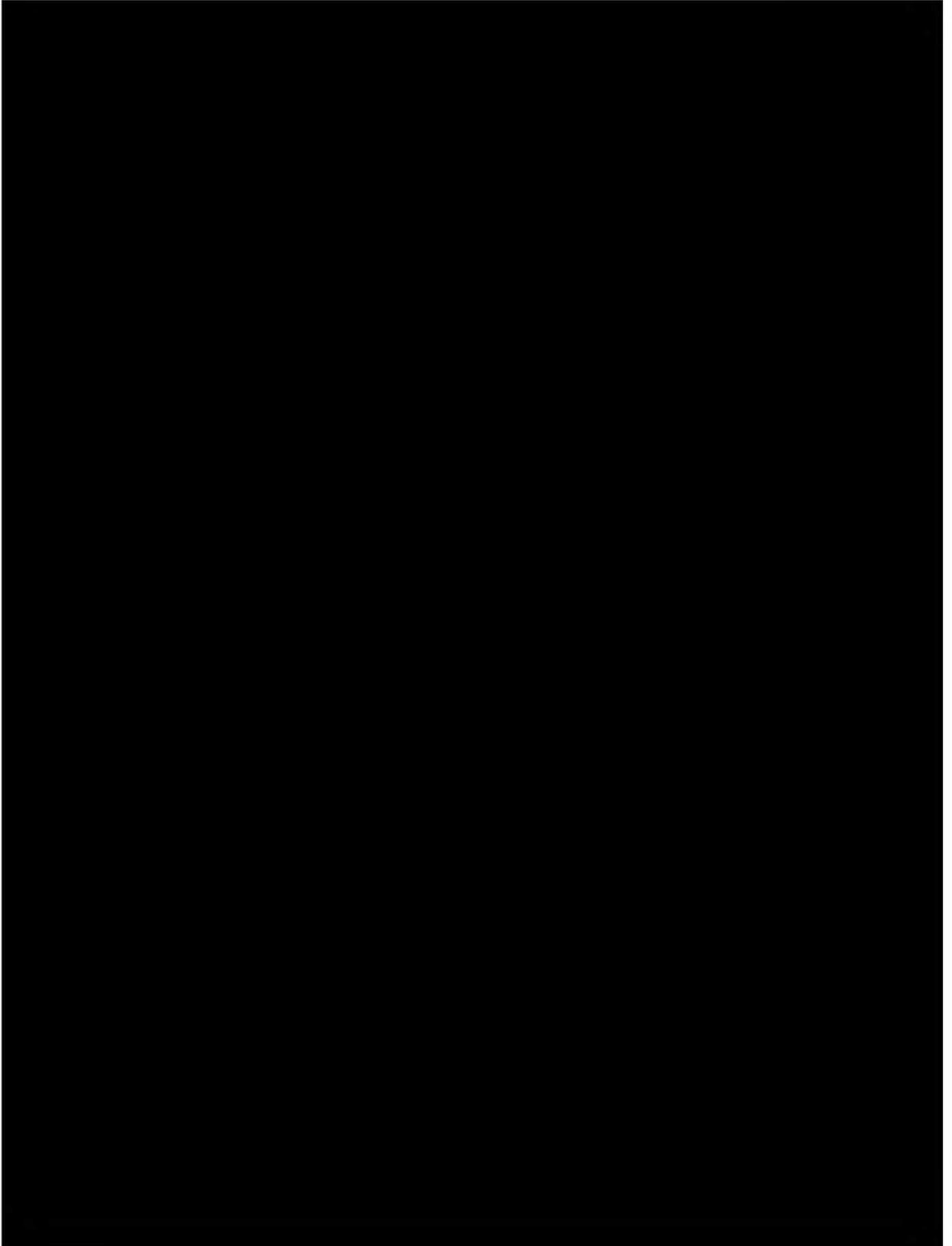


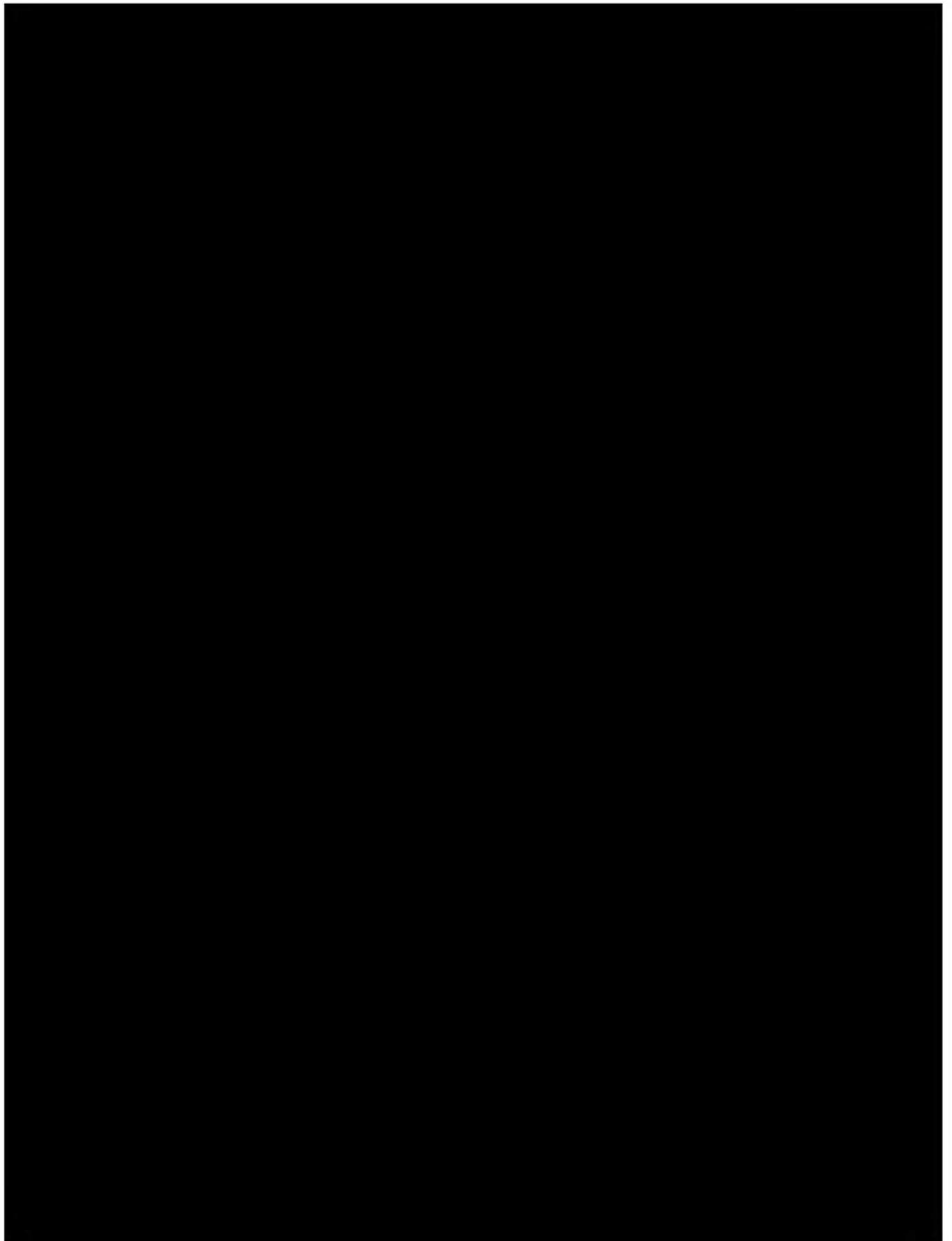














AGENDA ITEM 8:
Charters and Policies



Crown Resorts Limited

MEMORANDUM

To: Risk Management Committee

From: Anne Siegers

Date: 15 March 2021

Subject: **Crown Resorts Limited – Risk Management Strategy**

Dear Committee members,

The Risk Management Strategy (RMS) document is updated on at least an annual basis. It was last reviewed, updated and approved by the Board in June 2020.

An out-of-cycle update is proposed to reflect the following two main events:

- With the change in organisational structure approved by the Board in December 2020, which came into effect on 17 December 2020, and particularly the elevation of the Risk function in the structure and the separation of the Risk and Audit functions, the RMS required updates to the representation of the roles and responsibilities, including the articulation of the three lines of defence.
- The ILGA Inquiry has articulated a particular focus on the AML risks, and the Chair of the RMC discussed in her ILGA testimony the requirement to disaggregate some of our risk categories to further articulate the specific focus on some of our material risks. To that effect, both the 'Regulator/Legal' and 'People' risk categories have been expanded, as noted in section 7 of the RMS.

To further support the heightened AML focus, a specific AML risk tolerance has been documented in the Risk Appetite, which will lead to ongoing targeted monitoring and reporting against it in the Material Risk Reports. Until now, AML was fully incorporated in the Compliance appetite and tolerance levels.

A review of the document was also conducted to identify where excessive 'management speak' may have been utilised that would prevent the clear articulation and understanding of the board's expectations. With regards to this review, two main elements should be noted:

- This is a Board document, and therefore the expected tone for this document is 'management speak', and
- The RMS is not a document widely produced nor expected to be read to all staff. There are a number of mechanisms that translate the requirements expressed in the RMS, including the Risk Appetite, which are present in the Risk Matrix, the Delegation Policy and Operational Delegation Schedule, and all of the policies and procedures that exist across the organisation, including the AML, compliance and WHS programs, that help break down each process, associated risks and controls in steps that assist in identifying and mitigating risks in all our activities.

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RECOMMENDATION:

It is recommended that the Risk Management Committee review the updated Risk Management Strategy document and recommend its approval by the Crown Resorts Board.

Regards,

Anne Siegers
Chief Risk Officer



Crown Resorts Limited Risk Management Strategy

Crown Resorts Limited ACN 125 709 953
A public company limited by shares

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Document History:

Document Changes	Author(s)	Date	Approval Authority
Document created	Anne Siegers - GGM –R&A Joshua Preston - CLO	12 June 2019	Crown Resorts Board
Enhanced Risk Culture section and incorporation of references to Crown Sydney	Anne Siegers – GGM – R&A	10 June 2020	Crown Resorts Risk Management Committee (RMC)
Reflect organisational structure changes Add AML Risk Appetite threshold	Anne Siegers – Chief Risk Officer		RMC

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1. Executive Summary

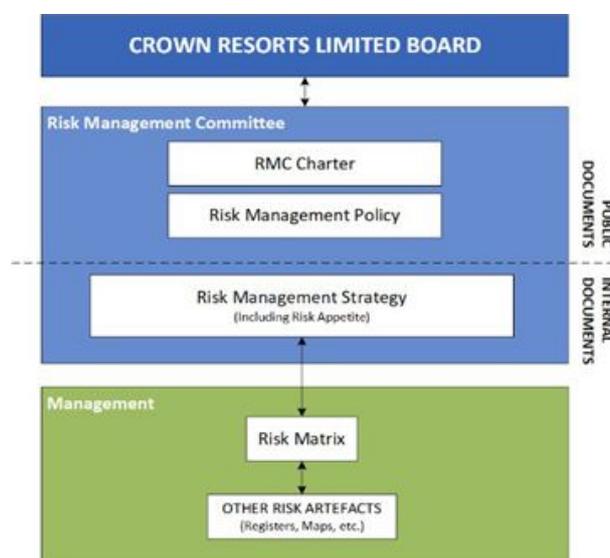
As an ASX listed company, Crown must consider the ASX Corporate Governance Principles. Principle 7 relates to how an organisation must recognise and manage risk: 'A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework'. Fundamentally, that principle articulates the following concepts:

- The Board of a listed entity is ultimately responsible for deciding the nature and extent of the risks it is prepared to take to meet its objectives.
- It is the role of the Board to set the risk appetite for the entity, to oversee its risk management framework, at least annually, and to satisfy itself the framework is sound.
- Ultimate responsibility for a listed entity's risk management framework rests with the full Board, although it can have in place a committee to oversee risk.
- The organisation should have an independent internal audit function and articulate its structure and role.

The Crown Resorts Limited (**Crown**) Risk Management Strategy (**RMS**) is an internal document, which sets out the fundamentals of what the Crown Resorts Limited Board (**Board**) expects from its risk management framework across all entities of the group. The RMS articulates the following:

- the risk management principles that underline Crown's management of risk;
- roles and responsibilities around risk across the organisation, starting with the Board;
- the risk management framework;
- the Risk Appetite of the Board; and
- the basic principles, aligning to *ISO31000:2018 Risk Management*, that support the identification and management of risk at Crown.

It aligns with other corporate risk documents as follows:



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2. Background

The Board, being ultimately responsible for the effective management of risk at Crown, has established and approved this RMS.

Risk is inherent in all Crown's products, activities, processes and systems used in day-to-day operations. The Board also acknowledges that in order to operate and fulfil its objectives, Crown needs to take risks.

The purpose of this RMS is to describe Crown's approach to ensuring that it maintains a risk management framework that supports the effective management of its material risks in a manner consistent with its Risk Appetite and strategic objectives.

2.1. Document Owner

The Board owns and approves this document.

2.2. Confidentiality

This document is intended for internal use only and should not be distributed outside Crown without the express permission of the General Counsel.

2.3. Definitions

The following key definitions apply to the RMS:

- 'Australian Resorts' means Crown Melbourne, Crown Perth and Crown Sydney.
- 'Board' means Crown Resorts Limited Board.
- 'BOT' refers to the Business Operations Teams for ~~each Crown Perth and Crown Melbourne~~ Australian Resorts property.
- 'CEO' refers to the Chief Executive Officer of Crown Resorts ~~or Executive Chairman and/or the Chief Executive Officer of Australian Resorts or equivalent of any relevant wholly owned subsidiary~~.
- 'Crown' means Crown Resorts Limited and its material wholly owned subsidiaries. This includes Crown Melbourne, Crown Perth, Crown Sydney, Crown Aspinalls and Betfair.
- 'Executives' refers to the Crown Resorts' Executive team as well as the Australian Resorts' ~~properties~~ Executive teams and any other senior executives of the wholly owned subsidiaries.
- 'Inherent risk' means the risk assessment prior to consideration of mitigating factors.
- 'Key management personnel' means Executives and General Managers for critical business functions.
- 'Residual risk' means the risk assessment after consideration of existing mitigating factors and/or controls.
- 'Risk' is defined as the effect of uncertainty on an objective. It is a ~~future~~ event or possible deviation from plan, characterised by reference to the likelihood of the potential event and the impact of that event occurring.

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- 'Risk Appetite' is the amount of risk that the organisation is willing to accept in pursuit of its strategic objectives and in the interest of protecting its stakeholders.
- 'Risk Culture' means the system of values and behaviour that shapes the decisions and actions of staff in relation to risk taking.
- 'Risk governance framework' refers to the formal structure that supports risk-based decision-making and oversight across all operations of Crown and to support the Board's desired Risk Culture.
- 'Risk tolerance' is the quantitative application of risk appetite, and represents the operational boundary for the relevant risk exposure.
- 'Risk management framework' is the totality of systems, structures, policies, processes and people that Crown uses to identify, measure, monitor, report and control all internal and external sources of material risk.
- 'Senior Management' refers to all members of the Business Operations Team ~~or other equivalent senior management team~~ (for Crown Melbourne, Crown Perth and Crown Sydney) and other key management personnel of Crown Resorts and the wholly owned subsidiaries.

3. Risk Management Principles

Crown's culture, and more specifically its Risk Culture which is further discussed in section 4 of this document, is built around a number of core pillars, including its service standards philosophy, integrity and compliance focus, and safety of staff and patrons. These elements underpin all other elements of the risk framework and are fundamentally embedded across the organisation.

Crown's strategy for managing risk is based on the following fundamental principles:

- the fundamental purpose of risk management is to provide a framework within which Crown and its employees can take well informed risks that support its strategic objectives and add value to the organisation;
- effective risk management requires a robust and effective risk governance framework that includes clearly defined risk management responsibilities, accountabilities and mechanisms for independent oversight, review, challenge and assurance;
- effective risk management requires a strong, robust and pervasive Risk Culture that is consistent with Crown's values and Risk Appetite; and recognises that risk management is the responsibility of all staff;
- effective risk management requires clear articulation and documentation of Risk Appetite by the Board and effective communication of that appetite to all relevant levels of the organisation; and
- effective risk management requires consistent risk identification, assessment, measurement, management, monitoring and reporting processes that are integrated into and support strategic and business processes.

To give effect to these fundamental principles, Crown has developed a comprehensive risk management framework.

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4. Risk Culture

Risk Culture is a perspective on organisational culture. For the purpose of the Risk Management Framework the following definitions apply:

Organisational culture is a system of shared values and norms that define the attitudes and behaviours of an organisation through its Board members, leadership team, employees and contractors. This system of values and norms is shaped by the organisation's purpose and values, and how it approaches its people, patrons and the greater community.

Risk Culture is the system of values and behaviours present in an organisation that shapes the decisions and actions of staff in relation to risk taking. It determines the collective ability of all staff to:

- Identify, understand, openly discuss and act on both current and future risks to the organisation; and
- Operate consistently within the Risk Appetite.

Underpinning Crown's Risk Culture are Crown's values:



The expectation from the Board, is that Crown will have a Risk Culture that will allow the organisation to understand and take well informed risks within the Risk Appetite articulated by the Board in this document, and within the limits set in the Board's Delegation Policy.

Management will need to monitor Risk Culture and provide timely and relevant recommendations to the Board on actions required to address any material failings.

5. Risk Management Framework

The risk management framework is the totality of systems, structures, policies, processes and people that Crown uses to identify, measure, monitor, report and control all internal and external sources of material risk.

The purpose of the risk management framework is to provide a structure for identifying and managing each material risk in a manner consistent with Crown's strategic objectives and Risk Appetite.

The key elements of the Risk Management Framework that give effect to the RMS include:

- the Crown Risk Governance Framework (Section 5);
- the Risk Appetite (Section 6);
- How the Risk Appetite is operationalised (Section 7); and
- Crown's risk management processes and methodology (Section 8).

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The Risk Management Framework is an overarching framework that sets the basic principles within which other, more specific risk management policies and procedures are developed, and which other corporate frameworks follows. Some of these other frameworks include:

- Compliance
- AML/CTF
- IT Change Management
- Work Health and Safety
- Responsible Service of Gaming (RSG)
- Procurement

6. Risk Governance Framework

The Risk Governance Framework refers to the formal structure to support risk-based decision-making and oversight across all operations of Crown and to support the Board's desired Risk Culture.

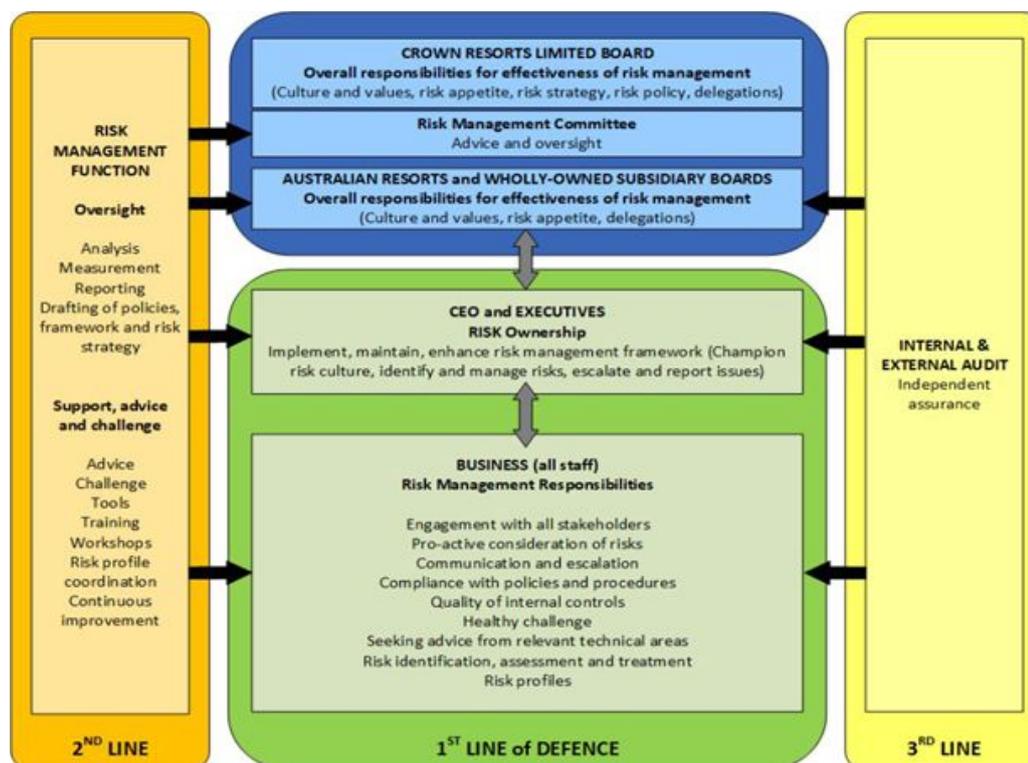
An effective Risk Governance Framework requires:

- risk ownership and risk management accountability to be clearly defined and assigned to those responsible to support the consideration of risk in all decision making. This supports the integration of risk identification and assessment into organisational decision-making processes;
- independent oversight, challenge, reporting and monitoring of the Risk Culture, risk profile, risk management framework and material business decisions that have the potential to impact the organisations risk profile; and
- independent assurance regarding the appropriateness, effectiveness and adequacy of, and compliance with, the risk management framework.

For this reason, the Board has endorsed a "three lines of defence" risk governance model. An overview of Crown's Risk Governance Framework is illustrated below:

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The following sections outline the roles and responsibilities of each of the key components of the Risk Governance Framework illustrated above.

6.1. The role of the Board

The Board is ultimately responsible for the establishment and implementation of a risk management framework that enables Crown to appropriately develop and implement strategies, policies, procedures and controls to identify and manage its material risk exposures.

To fulfil its obligations, the Board:

- clearly defines Crown's Risk Appetite;
- establishes and approves this RMS to clearly articulate Crown's Risk Culture and strategy for managing risk;
- ensures that senior management monitors, reports and manages all material risks consistent with the strategic objectives and Risk Appetite approved by the Board;
- ensures that Crown maintains an independent Risk Management and Internal Audit Function across its operational entities that have the appropriate reporting lines, resourcing, authority and access to the Board and organisation to fulfil their responsibilities outlined in Section 5.4 and 5.5 below;
- recognises uncertainties, limitations and assumptions attached to the measurement of material risk; and
- ensures that the Risk Management Framework is reviewed at least annually and approves any material changes to the RMS and the appetite.

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The Board has established a number of Board Committees having regard to the risk profile of Crown, the complexity of Crown's business operations as well as the experience and expertise of the directors.

While some duties of directors may be delegated to Board Committees, as appropriate, the Board retains ultimate responsibility for ensuring that those duties are performed.

The following diagram illustrates the Board sub-committees in place at Crown Resorts:



Each of these Board Committees forms part of, and plays an integral role in, the governance framework and supporting the Board to fulfil its responsibilities in respect of the Risk Management Framework. The primary Committee responsible for assisting the Board in overseeing the Risk Management Framework is the Risk Management Committee (**RMC**). Section 5.2 outlines the responsibilities and role of the RMC and its interaction with the Board.

6.2. The role of the Risk Management Committee

The RMC has been delegated responsibility for overseeing Crown's Risk Management Framework and assists the Board by providing objective oversight of the implementation and operation of Crown's Risk Management Framework.

The Chair of the RMC provides a report to the Board following each RMC meeting to ensure adequate communication between the Committee and the Board.

The role of the RMC is articulated in the RMC Charter. In particular, the RMC's responsibilities include:

- overseeing and advising the Board on Crown's overall Risk Appetite, Risk Culture and Risk Management Strategy;
- establishing a view of Crown's current and future risk position relative to its Risk Appetite;
- overseeing the establishment, review, ratification and implementation of a Risk Management Framework that identifies and addresses the material risks faced by the organisation and is consistent with the strategic objectives and the RMS;

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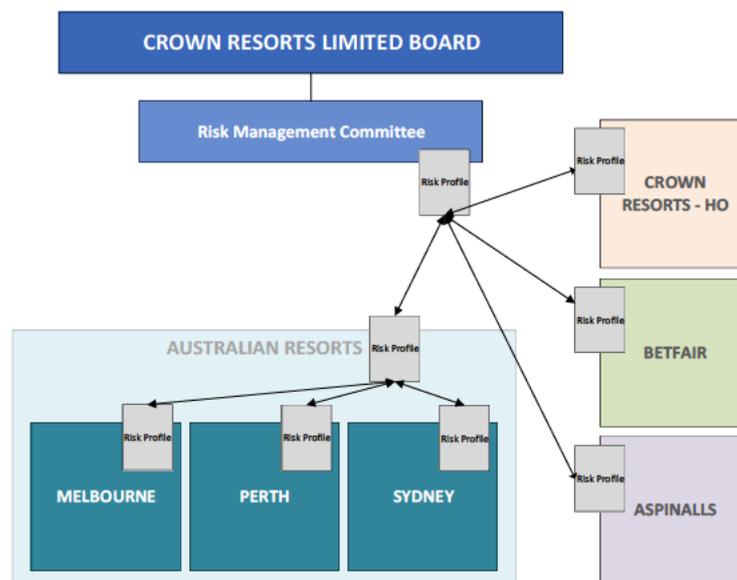
- overseeing the development of risk management policies, systems and processes to facilitate a consistent approach to the identification, assessment and management of risks;
- constructively challenging senior management's proposals and decisions on all aspects of risk management; and
- reviewing regular reports on Crown's risk profile and the adequacy and effectiveness of the Risk Management Framework and internal control systems.

6.3. The consolidation of entities within Crown

The Crown organisation is comprised of a number of wholly owned subsidiaries.

To ensure visibility and transparency across the organisation, the following steps are in place:

- each material entity is responsible for updating its own corporate risk profile, reflecting the material risks of its business, and operating in line with this RMS;
- On at least an annual basis, those profiles are analysed by the risk department as a key input into the annual update of the consolidated Crown Resorts risk profile, which is presented to the RMC.
- Consolidation of risk profiles will take place against the following path:



6.4. The first line of defence

Central to Crown's Risk Management Framework is the concept that risk is best understood, identified, assessed, managed and integrated into decision making processes by assigning risk ownership and risk management responsibility to those responsible for making material business decisions. This supports the integration of risk identification and assessment into organisational decision-making processes.

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The Board has delegated, subject to Board oversight and within the confines of the strategic objectives and this RMS, to the CEO the responsibility of management oversight of risk for Crown Resorts and its wholly owned subsidiaries. The CEO in turn has delegated to the CEOs or equivalent of each wholly owned subsidiary the day-to-day management of the Risk Framework for each respective business.

The CEOs, under authorised delegation from the Board, have sub-delegated business management responsibilities to Executives, Senior Management and to specific management committees.

The CEOs, Executives and Senior Management form the first line defence and assume ownership of, and accountability for the management of, the material risks faced and effective implementation of the Risk Management Framework.

All other Crown staff support the implementation of the Risk Management Framework under direction and delegation from the CEOs, Executives and Senior Management.

(a) CEOs, Executives and Senior Management responsibilities

The CEO, Executives and Senior Management assume ownership of the material risks faced by the organisation and are charged with the responsibility for the implementation of the Risk Management Framework. Specifically, this includes:

- establishing, maintaining and championing an effective Risk Culture throughout the organisation;
- ensuring that policies, processes, systems and internal controls are developed to effectively identify, assess, manage and monitor the risks faced by the organisation in a manner consistent with the Risk Management Framework;
- ensuring that these policies, processes, systems and internal controls are integrated into, and support, business decision making processes and the ongoing maintenance and enhancement of the risk management framework;
- managing Crown's risk profile within the Board's Risk Appetite and tolerances defined in the RMS;
- ensuring that appropriate reporting and monitoring processes are developed and implemented to escalate relevant information to CEO, Executives, Senior Management, the Risk Management Function and, if necessary, the Board; and
- developing and implementing timely remediation strategies to address material risk exposures that are outside of the Board's Risk Appetite.

(b) All other Crown staff

Although the CEOs, Executives and Senior Management are assigned risk ownership, all staff play an integral role in the effective implementation of the Risk Management Framework and in the management of risk. All Crown's staff are responsible for:

- performing their role in a manner consistent with the expected organisational culture and Code of Conduct;
- implementing and complying with all Crown's policies, processes, systems and internal controls that have been developed to effectively identify, assess, manage and monitor the risks faced by the organisation; and

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- managing, and being accountable for risks particular to their area of responsibility as delegated by the CEO, Executives and Senior Management.

6.5. The second line of defence

Crown maintains an independent Risk Management Function that is responsible for assisting the Board, RMC, CEOs, Executives and Senior Management to develop and maintain the Risk Management Framework.

The ~~Group General Manager—Risk and Audit~~ Chief Risk Officer (~~GGM—R&ACRO~~) is designated as being the person responsible for the risk management function for Crown. To ensure that the risk management function has the appropriate authority and operational independence to perform its role and responsibilities, the ~~GGM—R&ACRO~~ and Risk Management Function:

- reports directly to the CEO and ~~the Chief Legal Officer (CLO) for Australian Resorts~~, is a member of ~~the Crown resorts executive team and the executive teams of each property~~, and provides functional support to Crown wholly owned subsidiaries as required and appropriate. This ensures that the ~~GGM—R&ACRO~~ has appropriate authority and opportunity to challenge activities and decisions that may materially affect the risk profile of Crown;
- is an invited participant of the RMC meetings. This ensures that the ~~GGM—R&ACRO~~ and Risk Management Function has regular and unfettered access to the RMC; and
- has no operational business reporting line or revenue generating responsibilities (1st line).

The responsibilities of the Risk Management Function and ~~GGM—R&ACRO~~ include:

- assisting the Board, RMC, CEOs, Executives and Senior Management to develop and maintain a risk management framework that adequately addresses the material risks faced by Crown;
- providing independent and objective guidance, challenge and advice to the RMC and Board in respect of the development and regular review of the risk management framework including the Board approved Risk Appetite and RMS;
- developing risk management policies, systems and processes that facilitate a consistent approach to the identification, assessment and management of material risks across the organisation and that build risk management capabilities;
- providing independent and objective challenge to the CEOs, Executives and Senior Management's implementation of the risk management framework and to the effectiveness of risk management practices;
- participating in, and providing effective challenge to, decision making processes that could materially affect the risk profile of the organisation;
- oversight of the processes and methodologies used to identify, measure, monitor and report material risks;
- encouraging subject matter experts within, or external to, the business to be engaged when necessary;
- providing independent, objective and timely reporting of Crown's risk profile relative to the Board's Risk Appetite and escalation to the RMC, Board, CEO, Executives and/or Senior Management of actual or potentially material risk matters;

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- effectively supporting the communication of the Risk Management Framework, Risk Appetite, Risk Management Strategy and Board's desired Risk Culture throughout the organisation;
- providing guidance, advice and training to the relevant staff on risk related matters and the application of the Risk Management Framework.

The second line of defence also includes Compliance, AML/CTF and Legal functions which, together, assist in the management of each Crown entity's compliance, regulatory and legal risks.

6.6. The third line of defence

To provide independent assurance to the Board in respect of the Risk Management Framework, Crown has established an independent Internal Audit function for its operational entities.

To ensure the independence of the Internal Audit function from the first line of defence the person designated as being responsible for the Internal Audit function, ~~(the GGM – R&A Group General Manager – Internal Audit)~~, has:

- ~~a functional reporting line to the Crown Resorts Audit Committee;~~
- ~~a~~ An indirect reporting line to the CEO – Australian Crown Resorts;
- ~~a functional reporting line to the RMC;~~
- an operational reporting line to the CFO – ~~Crown~~ Australian Resorts, who in turn has a direct reporting line to the CEO - Australian Crown Resorts and the Boards of each Australian Resorts entity; and
- ~~no operational business reporting line or revenue generating responsibilities (1st line or 2nd line responsibilities).~~

In respect of the Risk Management Framework, the third line is responsible for:

- developing an Internal Audit Plan that provides assurance over the material operational risks of the organisation and is appropriate to test the effectiveness of the policies, controls and procedures implemented to manage those risks as documented in the Corporate Risk Profile; and
- at least every three years, facilitating an independent review of the appropriateness, effectiveness and adequacy of the Risk Management Framework.

7. Risk Appetite

Fundamental to the implementation of an effective Risk Management Framework is the articulation, by the Board, of its Risk Appetite. This process allows the Board to communicate to management its expectation with regards to the degree of losses that it is willing to absorb in the pursuit of its strategy.

The appetite definitions guide management risk taking activities and communicates the Board's expectations of Risk Culture by establishing:

- a ~~high-~~level statement of the Board's risk philosophy and the expected Risk Culture and behaviours of the organisation;

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- qualitative statements and quantitative metrics triggering RMC reporting for each material risk category; and
- the requirements for the monitoring and reporting of Crown's risk profile relative to quantitative parameters (risk tolerances) against these risk categories.

7.1. Risk Categories

In structuring its Risk Appetite, Crown has considered the range of consequences that any event could trigger, and it has organised its Risk Appetite against these seven (7) impact categories, which are:

- Financial
- Brand / Reputation
- Regulatory / legal
 - AML
 - Gaming
 - Other
- Infrastructure People
 - WHS
 - Culture
 - Other
- Strategy /Business Sustainability
- Customers / Patrons

7.2. Risk Appetite Statements and Reporting Tolerances

The following qualitative statements and quantitative metrics define the Board's appetite and its tolerance for individual risk events. Quantitative metrics trigger reporting requirements to the RMC. The trigger can be either a single event or a series of events cumulating to the below thresholds.

Category		Qualitative Statement	Quantitative Metrics – RMC Reporting Triggers	
Financial		Protect and deliver shareholder value	Outside normal trading EBITDA losses (per event)/ and or adverse to the current (normalised) forecast	>\$10M
			Large capital, equity or treasury transaction	>\$10M
Brand / Reputation		Maintain shareholder confidence	Internal event creating a sustained share price loss	>5%
		Retain public confidence in the Crown brand	Sustained negative national or international media coverage	Any event
Regulatory / legal	<u>AML</u>	Maintain systematic compliance with regulatory, legal, statutory and contractual obligations	<u>Breaches of the AML/CTF Program</u>	<u>Any Event</u>
	<u>Gaming/ Other</u>		Significant breaches that may have a financial or reputational impact	Any event
	<u>Legal</u>		Material legal action or class action	Any event

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Category		Qualitative Statement	Quantitative Metrics – RMC Reporting Triggers	
	<u>Engagement</u>	Build and maintain professional and collaborative relationship with regulators and relevant government bodies	Significant breach or event that has the potential to damage the relationship	Any event
	<u>RG</u>	Deliver gaming and alcohol services responsibly	Material responsible gaming issues including sustained adverse media	Any event
	<u>RSA</u>		Material service of alcohol issues impacting the liquor licences	Any loss of licence and/ or points
People	<u>WHS</u>	Maintain a safe and healthy workplace	Notifiable serious incidents with regulator involvement under workplace health and safety and other related legislation	Any event
	<u>Culture</u>	Maintain corporate culture and performance	Sustained staff turnover and/or unplanned absences above average	>5% point increase
			Loss or potential loss of key management personnel	Any event
	<u>Other</u>	Maintain healthy engagement with Unions	Imminent industrial action	Any event
Customers/ Patrons		Ensure our services are available to our target customers	Negative event affecting segment of patrons (ex VIP, F&B, Hotel)	Over 20% or 20,000 patrons of segment type, or \$100M in revenue
Infrastructure		Maintain appropriate security and surveillance across the properties	Security incident that threatens people or property	Any event
		Maintain high levels of critical IT Infrastructure availability and reliability	Loss of core IT infrastructure or multiple key systems	>24 hrs
		Protect information	External or internal security breaches resulting in unauthorised access to, or loss of, customer, employee and company data likely to result in serious harm	Any event

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Category	Qualitative Statement	Quantitative Metrics – RMC Reporting Triggers	
	Maintain high quality physical infrastructure to deliver our world class services	Loss of critical physical infrastructure	>24 hrs
	Maintain strong Business Continuity and Disaster Recovery capabilities and facilities	Unplanned loss of gaming floor in one property	>10% for up to 24 hrs
		Unplanned loss of non-gaming front of house facilities in one property	> 1 hotel or 50% F&B for over 24hrs
Strategy / Business Sustainability	Maintain 24/7 operations	Critical event requiring mobilisation of resources and CMT/EMT activation	Any event
	Ensure strategic projects are delivered to provide medium to long term business sustainability and competitiveness	Key strategic project delayed by 12 months or more	Any event
	Make strategic investment and divestment decision that enhance business value and sustainability	Change in ownership share of related or third-party entity	Any event

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7.3. Reporting Triggers – Board Reporting Mechanisms

At each meeting of the RMC, a report against this risk appetite table will be prepared by the GGM – R&A. It will highlight events against reporting triggers by exception.

In most circumstances, reporting trigger events at the regular RMC meeting will be sufficient, but at times, special meetings of the RMC or other Board forums may be required based on the magnitude of the event, as well as the requirement for a timely Board decision.

The requirement for a special meeting will be decided on a case-by-case basis by consultation between the CEO, CLO, General Counsel and the GGM – R&A, as well as any relevant key management personnel.

7.4. When a risk materialises: issues management

Risks identified in the risk profile are future focused, but a risk that is rated possible, for example, still means that it is expected to occur every 2 to 5 years. Therefore, on a regular basis, risks that are rated within the appetite of the Board will materialise and the impact will be incurred by Crown.

When one of them materialises, two key actions will take place:

1. the risk rating will be reviewed to ensure that it is still relevant and as accurate as possible, taking into account the recent materialisation of the risk and the potential

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change in risk context. In that review, consideration of the effectiveness of the relevant control framework will also take place; and

2. the specific event will be managed and operational procedures will be applied within the appetite of the Board: if the consequences are within the thresholds described in section 7.2, management will handle the event; otherwise, the RMC/Board will have oversight of the resolution.

7.5. Operationalisation of the Risk Appetite

Risk Appetite is a high-level and qualitative concept, and needs to be translated into quantifiable and measurable thresholds to allow the business to operate within that articulated level of risk. It also needs to be relevant and understandable for day-to-day activities across the whole organisation.

This translation is facilitated through the **Risk Matrix** which defines likelihood and impact thresholds. The combination of a likelihood rating with a consequence rating provides a risk rating. This rating can be either inherent (without consideration for existing controls) or residual (taking into account the controls already in place).

The Risk Matrix is the cornerstone of the risk identification and assessment processes detailed in Section 8 of this document and supports a consistent understanding of operational risk appetite, assessment and management across the business.

The Risk Matrix is updated by the Risk Management Function and is approved by the CEO for Crown Resorts and the CEOs or equivalent for the wholly owned subsidiaries.

The residual risk ratings guide the delegated responsibilities for the management and acceptance of risk within the boundaries of the delegation schedules.

They are expressed on the **Risk Map** by colour, which represent escalation levels as follows:

8.1

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

Legend:

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

Oversight by the RMC and/or Board means that:

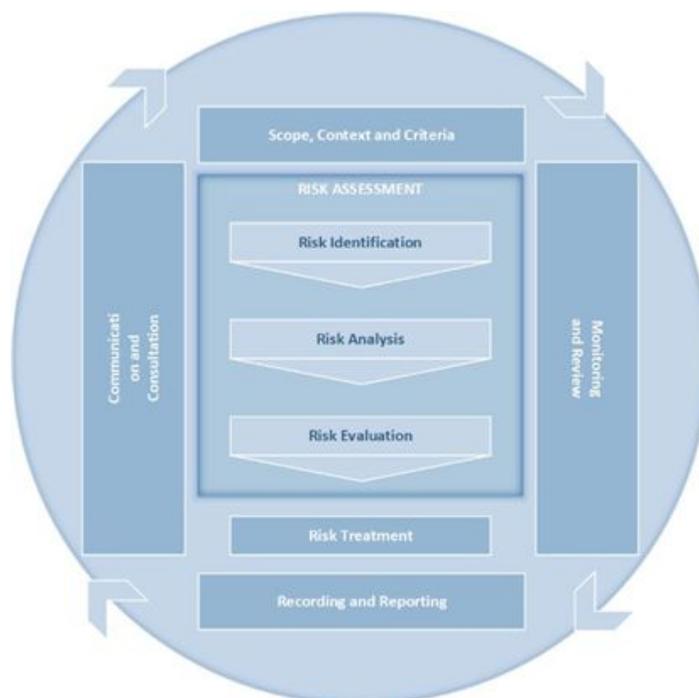
- the risk or issue is presented to the RMC and/or Board,
- remediation actions (including acceptance of the risk as appropriate) are discussed and
- approval is obtained where required.

8. Risk Management Process and Methodology

8.1. Risk Methodology

The risk management process is a systematic, recorded and regularly reviewed process. Crown follows the key principles and guidelines of *AS/NZS ISO 31000:2018 Risk Management – Principle and Guidelines* in identifying, assessing, evaluating, controlling and monitoring risk. This process is illustrated in the diagram below:

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Source: AS/NZS ISO 31000:2018

These steps are the basis for any risk management activity at Crown and are outlined below.

(a) Scope, Context and Criteria

By establishing the context, the organisation articulates its objectives, defines the external and internal parameters to be taken into account when managing risk, and sets the scope and risk criteria for the remaining process.

(b) Risk Identification

This step includes identifying sources of risk, areas of impacts, events (including changes in circumstances), causes and potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives.

(c) Risk Analysis

Risk analysis involves developing an understanding of the risk. Risk analysis provides an input into risk evaluation and to decisions on whether risks need to be treated, and on the most appropriate risk treatment strategies and methods. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Factors that affect consequences and likelihood are identified. Existing controls and their effectiveness and efficiency are also taken into account.

(d) Risk Evaluation

The purpose of risk evaluation is to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for treatment implementation.

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It involves comparing the level of risk found during the analysis process with risk criteria established when the context was considered. Based on this comparison, the need and prioritisation for treatment can be considered.

(e) Risk Treatment

Risk treatment involves selecting one or more options for modifying risks, and implementing those options. Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. The main treatment options are:

- Accept: deciding that the risk is acceptable in its current state of likelihood and impact.
- Avoid: deciding the risk is unacceptable for Crown and the actions or circumstances giving rise to the risk should be ceased.
- Monitor: the level of residual risk is currently appropriate, but monitoring is required to ensure the context or control effectiveness does not change.
- Optimise: taking actions to increase the likelihood and/or the consequence of an opportunity or improve the efficiency of the control framework in place for the risk.
- Reduce: taking action by changing the control environment to reduce the likelihood and/or the consequence of the risk materialising.
- Transfer: This involves transfer of risk at a cost to a third party. For Crown, this transfer occurs primarily through insurance policies.

(f) Communication and Consultation

Communication and consultation with external and internal stakeholders takes place during all stages of the risk management process. Effective external and internal communication and consultation ensures that those accountable for implementing the risk management process and stakeholders understand the basis on which decisions are made, and the reasons why particular actions are required.

(g) Monitoring and Review

Crown's monitoring and review processes are carried out for the purposes of:

- informing Crown's understanding of its operational risk profile relative to the Board's Risk Appetite;
- ensuring that appropriate controls are established, effective and are efficient in both design and operation;
- monitoring the progress in implementing risk treatment or remediation plans;
- detecting changes in the external and internal context, including changes to risk criteria and the risk itself which can require revision of risk treatments and priorities; and
- identifying emerging risks.

(h) Recording and reporting

This part of the process is about ensuring that both the risk management process as well as the outcomes are documented and reported to the right levels of the organisation that will ensure risk-based decisions are made in line with appetite.

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8.2. Risk Identification

Crown's strategy for identifying, analysing and evaluating its risks consists of two key processes, which include:

- a "top-down" risk assessment process that is embedded into the ongoing engagement process with the Board.

This process focuses on risks arising from the strategic objectives and the environmental uncertainties arising from the context of the organisation (i.e. economic and operating environment); and.

- a "bottom-up" risk assessment process that originates at each business unit and is aggregated up into Executive and finally a Corporate Risk Profile.

The bottom-up approach focuses on the short term strategic and operational risks of Crown. These risks are identified via an annual risk profiling mechanism that requires each business unit to review and update its risk profile.

The outcomes of the top-down and bottom-up processes are analysed and reconciled by the Risk Management Function to ensure alignment, identify gaps and seek appropriate management action to rectify any identified gaps.

Together, these processes serve to identify the material risks of the organisation and inform the CEO, Executives and the Board's view of the aggregated risk profile of Crown. They also assist to ensure that appropriate management strategies are implemented to manage that risk profile within risk appetite and inform the ongoing review and enhancement of the risk management framework.

The Risk Management Function is responsible for co-ordinating and facilitating the completion of these processes, preparing the aggregated Corporate Risk Profile and reporting the outcomes to the RMC.

Formal reviews are facilitated on an annual basis by the Risk Management Function. Each Executive is required to review and approve their business unit and aggregated Executive level risk profiles. The aggregated Corporate Risk Profile is reviewed and approved by the CEO and reported to the RMC at least annually.

These risk profiles form the basis for the development of the Internal Audit Plan. This ensures that the assurance processes in place through the third line of defence are aligned to the material risks of the organisation and assess the effectiveness of the internal control environment established to manage each risk.

Material findings from audit reviews are reviewed by the Risk Management Function to re-evaluate risk ratings and processes for each risk. This process assists in the ongoing review and enhancement of the Risk Management Framework.

8.3. Monitoring and Reporting

The Risk Management Function is primarily responsible for monitoring compliance with the Board's articulated Risk Appetites and risk tolerances and escalating material risk issues to the Board.

The reporting and monitoring processes of the Risk Management Function do not negate the responsibility of the CEOs, Executives and Senior Management to monitor and report risk matters in a manner consistent with Board expectations. The Executives and Senior

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Management are responsible for reporting to the Risk Management Function and CEO material actual or potential risk matters in an open, transparent and honest manner.

The monitoring of risks against the Board's defined risk tolerances is performed by the Risk Management Function on an ongoing basis and is reported to the RMC at each meeting. In addition, the Risk Management Function will monitor key performance and risk indicators that provide insight into the different risk categories, and inform risk-taking activities for management.

9. Review

The RMS will be reviewed annually by the GGM – R&A and any changes proposed will be recommended to the RMC for consideration and the Board for approval.

In addition to the internal review process, Crown will ensure that its RMS and Risk Management Framework is subject, at least every three years, to an external review. The results of these reviews will be reported to the RMC.

Crown Resorts Limited

~~June 2020~~ March 2021

8.1



Crown Resorts Limited Risk Management Policy

Crown Resorts Limited ACN 125 709 953
A public company limited by shares

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1. Background

This policy reflects Crown's objective to identify material risks and manage those risks within the Risk Appetite of the Board.

While the Crown Board assumes ultimate responsibility for the risk management of Crown, it has delegated the oversight responsibility for risk management and internal control of major risks of the Company to the Crown Risk Management Committee.

The Crown Risk Management Committee will meet regularly to review the effectiveness of the Company's risk management systems, processes and internal controls and will report its findings to the Crown Board.

2. Risk management at operating level

To build a culture of risk awareness and a sense of ownership of risk, each of Crown's wholly owned operating business units (**Crown Businesses**) will be responsible for implementing will have its own the risk management framework which will align with with is articulated in Crown's Risk Management Strategy document, and its Risk Appetite.

Each Crown Business shall be responsible for maintaining and reviewing the risk profile of its business on a regular basis and shall be responsible for reporting any material changes to the Crown Risk Management Committee at least four times per year (or more regularly at the request of the Crown Risk Management Committee).

3. Risk Registers Profiles

3.1. Risk Registers Profiles

Crown will have Risk Registers Profiles in place across all material Crown businesses, including Crown Resorts Limited, Crown Melbourne, Crown Perth and Crown Sydney and Crown Melbourne, which catalogue document material risks to each business.

3.2. Responsibility for maintenance

The preparation and maintenance of the Risk Registers Profiles is the responsibility of each Crown Business and is to be reviewed on a regular basis by senior executives and the Crown Risk Management Committee relevant entity Boards. The purpose of the review is to ensure that Risk Registers Profiles remain relevant to the changing nature of each Crown Business and to ensure that appropriate action is taken where necessary.

3.3. Content of Risk Registers

The Risk Registers Profile for each Crown Business will include a description of identified material risks, the likelihood and consequence of each risk (both inherent and residual), a description of the key controls in place that mitigate the risk, as well as the strategy against each identified risks. Additional risk mitigation strategies will also be recorded where appropriate.

4. Risk management, compliance and control

4.1. Identification of risks

Each Crown business is responsible for identifying, assessing and managing material risks to their business.

Each Crown Business will provide quarterly updates to the Crown Risk Management Committee on their material high risks.

4.2. Internal controls

To ensure effective internal control across the Crown Businesses, Crown has a number of accountability checks and balances in place.

5. Regular review

Crown will engage an independent external party to review its risk management framework at least every three years, and report the results of that review to the Crown Risk Management Committee.

Crown Resorts Limited

January 202~~1~~⁰

8.2



Risk Management Committee Memorandum

To: Risk Management Committee
From: Bronwyn Weir
Date: 17 March 2021
Subject: **Review of Committee Charter**

Dear Committee Members

Article 5 of the Committee's Charter requires that the Charter be reviewed on an annual basis.

A formal review of the Charter was conducted by management and the following additions are being proposed to enhance the function and governance of the Committee:

- the Committee is responsible for monitoring management's performance against the Risk Management Framework
- the Committee will consider new and emerging risks; and
- the Committee will recommend to the Board any changes to the Risk Management Framework, Risk Management Policy, Risk Appetite and Risk Management Strategy.

Proposed Resolution

Having reviewed the Charter, it was **RESOLVED** that the Committee recommend the attached updated Charter for approval by the Board.

Kind Regards

Bronwyn Weir
Governance Officer



Crown Resorts Limited Risk Management Committee Charter

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8.3

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8.3

1. Introduction and background

The role of the Risk Management Committee is to assist the Crown Resorts Limited (the **Company**) Board in overseeing the Company's ~~R~~isk ~~M~~anagement and ~~C~~ompliance ~~F~~rameworks.

2. Composition of the Committee

2.1. Structure

The Committee will be comprised of a minimum of three directors to be nominated by the Board. A majority of members are to be independent, non-executive directors.

The Chairperson of the Committee will be nominated by the Board. If the Chairperson of the Committee is not present at a Committee meeting, the members present must elect one of themselves to Chair the meeting.

Unless otherwise nominated by the Board, Crown Resorts Limited's Company Secretary will act as secretary of the Committee.

The appointment of a Committee member will cease if that person ceases to be a director of the Company or as otherwise determined by the Board.

2.2. Compensation

The Chairperson and individual members of the Committee may be entitled to fees additional to the directors' fees to which they are entitled, as may be determined from time to time by the Board.

2.3. Expertise

Members will have the skills and experience required to enable them to fulfill their duties and responsibilities as members of the Committee.

3. Duties, responsibilities and powers

3.1. Risk management

The Committee will review and assess the adequacy of the Company's Risk Management Framework ~~at least annually~~ to ensure that the Company is operating within the Company's Risk Appetite. This will include:

- (a) monitoring management's performance against the Company's Risk Management Framework;
- ~~(a)~~(b) challenging and driving a risk and compliance culture at Crown;
- ~~(b)~~(c) establishing and periodically reviewing the Company's Risk Management Policy;
- ~~(c)~~(d) establishing and periodically reviewing the Company's Risk Appetite and Risk Management Strategy;

~~(d)~~(e) reviewing the Company's Risk Profile;

(f) considering new and emerging risks for the Company;

~~(e)~~(g) monitoring insurance coverage for the Company; and

~~(f)~~(h) ensuring that management has implemented effective processes in relation to:

- (i) the identification of areas of significant business risk or exposure;
- (ii) the identification of new and emerging risks;
- (iii) the implementation of appropriate risk management and internal control processes to mitigate those risks; and
- (iv) the assessment of the adequacy and effectiveness of the risk management and internal control processes established to mitigate those risks.

The Committee will recommend to the Board any changes to the Risk Management Framework, Risk Management Policy, Risk Appetite and Risk Management Strategy.

3.2. Compliance, systems and controls

The Committee will review and assess the adequacy of the Company's compliance framework. This will include:

- (a) monitoring compliance with Company policies, relevant laws and regulatory requirements and reporting material non-compliance matters to the Board; and
- (b) ensuring that management has implemented effective processes in relation to:
 - (i) the implementation of appropriate internal control processes to ensure compliance with Company policies, relevant laws and regulatory requirements; and
 - (ii) the assessment of the adequacy and effectiveness of internal control processes for compliance with Company policies, relevant laws and regulatory requirements.

3.3. Engage external consultants

The Committee has the full authority of the Board to:

- (a) communicate and consult with external and internal stakeholders concerning the Company's risk management and compliance practices; and
- (b) appoint independent experts to provide advice on the Company's risk management and compliance practices.

3.4. Board reporting

The Committee will update the Board as required and make relevant recommendations in relation to changes to be made to the Company's Risk Management Framework and Risk Appetite and certain other matters arising for consideration by the Committee.

4. Proceedings

4.1. Meeting frequency

The Committee will meet at least four times annually and additionally as required.

4.2. Committee papers

Relevant documents to be considered at Committee meetings will be compiled and distributed by the Company Secretary to all Committee members as well as, where relevant, to any invitees.

4.3. Attendance at Committee meetings

The Committee may extend an invitation, which may be a standing invitation, to any person to attend all or part of a scheduled Committee meeting. Only Committee members shall be eligible to vote.

4.4. Quorum

A quorum for a meeting of the Committee is two members.

4.5. Minutes

Minutes of proceedings and resolutions of meetings of the Committee and resolutions passed by members of the Committee without a meeting are to be approved by the Committee (or in the case of written resolutions, tabled) at its next meeting.

Minutes of a meeting must be signed by the chair of the meeting within a reasonable time after the meeting at which the minutes are approved.

A resolution may be made if a document containing the relevant resolution is assented to by all Committee members eligible and willing to participate in the making of the resolution.

The resolution will be taken to have been passed when the document is last assented to by a Committee member. Where a Committee member has assented by means other than writing, that Committee member must sign the document containing the relevant resolution within a reasonable time after having provided their assent.

5. Amendment and review

The Committee must review this Charter on an annual basis to ensure it remains consistent with its objectives, the Constitution and existing regulatory requirements and recommendations. Any proposed changes must be referred to the Board for approval.

Crown Resorts Limited

~~February~~ ~~March~~ ~~2020~~ ~~2021~~



Risk Management Committee Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 17 March 2021
Subject: **Delegations Policy**

Dear Committee Members,

Updates to the Delegation Policy are being proposed to reflect two main changes:

1. the changes in the organisational structure that have been taking place since December 2020. It is proposed that increased delegation authority be provided to the CEOs of each property to allow operations to continue in this time of transition; and
2. the shift from delegation policies being approved by each property, to a Crown Resorts level Delegation policy that applies to Crown Resorts, Crown Melbourne, Crown Perth and Crown Sydney.

Recommendation

Having reviewed the proposed changes to the Delegations Policy, it was **RESOLVED** that the Committee recommend the attached updated Policy to the Crown Resorts Board for approval.

Kind regards

Anne Siegers
Chief Risk Officer



Crown Resorts Limited Delegations Policy

Crown Resorts Limited ACN 125 709 953
A public company limited by shares

8.4

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1. Introduction

This Delegations Policy (**Policy**) sets out the circumstances under which the Board may delegate its responsibilities.

Delegations of authority are the mechanisms by which Crown Resorts Limited (**Crown** or the **Company**) enables officers of Crown to act on its behalf.

This Policy will be adopted by relevant entities that form part of the Crown group, including Crown Melbourne (Crown Melbourne Limited), Crown Perth (Burswood Nominees Limited) and Crown Sydney (Crown Sydney Property Pty Ltd and Crown Sydney Gaming Pty Ltd).

2. Purpose

The purpose of this Policy is to establish a framework for delegating authority within Crown.

This Policy applies to all members of the Board and the staff of Crown who have delegated authority to act for, and to sign documents on behalf of, Crown.

Delegations of authority within Crown are intended to achieve the following objectives:

- to ensure the efficiency and effectiveness of the organisation's day to day activities;
- to support effective risk management in decision making;
- to ensure that the appropriate officers have been provided with the level of authority necessary to discharge their responsibilities;
- to ensure that delegated authority is exercised by the most appropriate and best-informed individuals within the organisation; and
- to ensure internal controls are effective.

3. Policy

The Board of Crown is responsible for overseeing the management of the business of the Company and it may exercise all the powers of the Company which are not required by the Corporations Act and the Constitution to be exercised by the Company in general meeting.

The Board may delegate all matters which are not matters reserved for the Board.

The CEO:

- is charged with the duty of promoting the interests and furthering the development of Crown;
- is responsible for the administrative, financial, and other business of Crown; and
- exercises a general supervision over the staff of Crown,

in accordance with the terms of appointment of the CEO.

The CEO may delegate any function or any power or duty conferred or imposed on her or him, to any member of the staff of the organisation, or any committee of the organisation, although they will retain ultimate responsibility for those actions.

4. Processes

The overarching Policy applies to Crown as a whole, and entities within the organisation must align their delegations ~~policies~~ processes with this central policy.

Any delegation may be made subject to any conditions and limitations as the Board shall approve from time to time.

5. Board Delegated Authority

This section sets out the Board's delegation of its authority in relation to making, approving and/or entering into:

- operational, recruitment and performance management decisions; and
- financial transactions,

(Transactions or Commitments).

5.1. Transactions or Commitments requiring Board approval

Approval of the Board is required for Transactions or Commitments with:

- a total value of \$10,000,000 (excluding GST) or greater (excluding any options to renew);
- an annual value of \$5,000,000 (excluding GST) or greater; or
- a term of greater than five years (excluding any options to renew).

For the avoidance of doubt, approval of the Board is not required for any payments contemplated by a Transaction or Commitment where the Board has previously approved entry into the Transaction or Commitment in accordance with this Policy.

5.2. Delegated Authority

Within the limits of Sections 3 and 5.1 above, Transactions or Commitments may be approved in accordance with the below table.

Category	Value/Commitment (excluding GST)	Authorised Personnel
1	\$5,000,000 to \$9,999,999	Any two of the following: <ul style="list-style-type: none"> • Director • CEO – <u>Crown Resorts or equivalent position (CEO)</u> • CFO – <u>Crown Resorts (CFO)</u> • <u>General Counsel and Company Secretary or equivalent position (GC&CS)</u>

2	\$1,000,000 to \$4,999,999	Any one of the following: <ul style="list-style-type: none"> • CEO • CFO • <u>Company Secretary GC&CS</u> • <u>Director (only for contract execution when one the above personnel are unavailable)</u> <p><u>Two of the following for relevant property only:</u></p> <ul style="list-style-type: none"> • <u>CEO of each Property</u> • <u>CFO – Australian Resorts</u>
3	Up to \$999,999	As set out in the Delegations Schedule approved by the CEO from time to time.

The Board may put in place appropriate powers of attorney in support of the above.

5.3. Unlimited Authority

The Board delegates to the CEO, CFO and/or the Company Secretary GC&CS **unlimited** authority to approve:

- any statutory, contractual or standard operating related payments, including payroll, superannuation, utilities, tax, intercompany transactions and Board approved or scheduled contractual payments;
- all gaming patron transactions and internal cash transactions subject to any regulatory restrictions; and
- recruitment and performance management decisions and matters, other than those that are required to be considered by the Nomination and Remuneration Committee.

5.4. Exceptions to term of contract requirement

The Board delegates to the CEO, CFO and/or the Company Secretary authority to approve contracts beyond a term of five (5) years in the following circumstances:

- Rental leases where by law the term of the contract must be 5 years or over, but the total value of the contract remains under \$10M. Leases of premises where the term of the lease is 10 years or less, but the total value of the contract remains under \$10M (applies to both Crown as Lessor and Lessee).
- IT software licenses where the annual value of the contract is under \$5M, the total value of the contract remains under \$10M, and we-Crown has ve the right to terminate the contract

6. Amendment and Review

The Board must review this policy on an annual basis to ensure it remains consistent with its objectives, the Constitution and existing regulatory requirements and recommendations.

Crown Resorts Limited

June 2020 March 2021

Version 1.3 – March 2021

CWN LEGAL 256711.1

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AGENDA ITEM 9:
Modern Slavery Statement



Crown Resorts Limited
ABN 39 125 709 953

DRAFT

2020 Modern Slavery Statement



Acknowledgment of Country



Crown acknowledges the Traditional Owners of the land on which its Australian Resorts are located, where we gather as employees, as friends and as the Crown family. Crown pays respect and acknowledges all of the Aboriginal and Torres Strait Islander people and communities who have contributed to and continue to contribute to our identity. Crown acknowledges their kinship lines and their ongoing cultural connection to the land and water and pay respects to their Elders past and present as the owners of Gadigal on Eora Country (Sydney), Wurundjeri and Bunurong on Kulin Country (Melbourne) and Whadjuk on Noongar Country (Perth).

Executive Chairman's Message

I am proud to present Crown Resorts Limited's (**Crown**) first Modern Slavery Statement for the period 1 July 2019 to 30 June 2020 (reporting period).

Crown has prepared this Statement in accordance with the *Modern Slavery Act 2018 (Cth) (Act)* and describes the steps taken by Crown Resorts Limited and its owned and controlled reporting entities to assess and address the risks of modern slavery practices in our operations and supply chains during the reporting period, unless otherwise stated.

We are committed to continuing to focus on building our awareness of modern slavery risk in our operations and supply chain and strengthening the capability of our organisation in identifying and reporting modern slavery risk.

This Statement has been approved by the Crown Board [and the Board of each reporting entity].



Helen Coonan
Executive Chairman

Reporting Entities covered by this Joint Modern Slavery Statement

This Statement is a joint statement made on behalf of the following entities which we have determined are reporting entities for the purposes of the Act:

- Crown Resorts Limited (**Crown**)
- Crown Entertainment Group Holdings Pty Ltd
- Crown Melbourne Limited
- Crown (Western Australia) Pty Limited
- Burswood Limited
- Burswood Nominees Ltd

Crown's Purpose and Values

Crown's purpose statement is that 'together we create memorable experiences'. Our values are our shared beliefs about what we stand for and how we operate.

At the heart of our purpose and values is people. We celebrate diversity and inclusion in our workplace and broader community, as evidenced by our longstanding commitments to programs including the Indigenous Employment Program, CROWNability and our many partnerships through the Crown Resorts Foundation.

Crown expects those who work for and with Crown to act in accordance with these values.

Crown's Approach to Human Rights

Crown believes human rights apply to everyone. We understand human rights by reference to minimum international standards.

For Crown, human rights include the core internationally recognised human rights as contained in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), coupled with the principles concerning fundamental rights in the eight International Labour Organization core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.

Crown acknowledges its responsibility to identify and address modern slavery practices as defined in the Act. Crown also recognises that respect for human rights is connected with other enabling factors, including preventing bribery and corruption, compliance with anti-money laundering and counter-terrorism financing obligations and operating sustainably.

Crown is committed to respecting human rights in accordance with the United Nations Guiding Principles on Business and Human Rights. Crown acknowledges its obligation to prevent or mitigate adverse human rights impacts in its operations and supply chain and remediate where harm is caused.



We act respectfully

Acting respectfully is...
walking in each other's shoes
and treating others as you
wish to be treated.



We are passionate

*Being passionate about
what you do is...* never giving
anything less than your best
and loving what you do.



We work together

Working together is...
believing in
"we before me" and
that together we thrive.



We do the right thing

Doing the right thing...
is doing right by your
colleagues, customers,
community and company.

Impact of COVID-19

The COVID-19 pandemic has had a significant impact on Crown, our operations, employees and the community more broadly. In March 2020, Crown was directed to close its gaming activities and a significant part of its non-gaming operations at Crown Melbourne and Crown Perth.

While Crown progressed its modern slavery program of work during the reporting period, COVID-19 has delayed the completion of modern slavery awareness training and capability building of our employees.

Crown engaged with a number of its suppliers who were impacted by COVID-19 and provided support, including through the provision of contract extensions for expiring contracts and offering more favourable payment terms for suppliers.

Following the directed closures of the Crown Melbourne and Crown Perth properties, approximately 95% of employees were stood down on either a full or partial basis.

Crown established a Hardship Fund to provide additional, targeted financial assistance to employees experiencing serious financial hardship as a result of COVID-19.

We also established a range of other employee support programs such as the Crown Jobs Network, which connected employees with employment opportunities outside of Crown, as well as ongoing access to Crown's assistance and wellness program.

During the reporting period, Crown assisted State Governments with the provision of accommodation for international arrivals in mandatory quarantine and worked with the Victorian Government and service providers to provide safe accommodation, at no cost, to those experiencing domestic and family violence during the period of 'stay at home' directions.

Structure, Operations and Supply Chain

Structure

Crown is an Australian public company with its ordinary shares listed on the Australian Securities Exchange under the code "CWN". Crown also has Subordinated Notes II which are listed on the Australian Securities Exchange under the code "CWNHB".

As at 30 June 2020, the Crown Group comprised approximately 80 owned and controlled companies.



More information

Further information on the Crown Group is included in Crown's 2020 Annual Report which is available at <https://www.crownresorts.com.au/Investors-Media/Annual-Reports>.

Each reporting entity, other than Crown, is a wholly owned subsidiary of Crown.

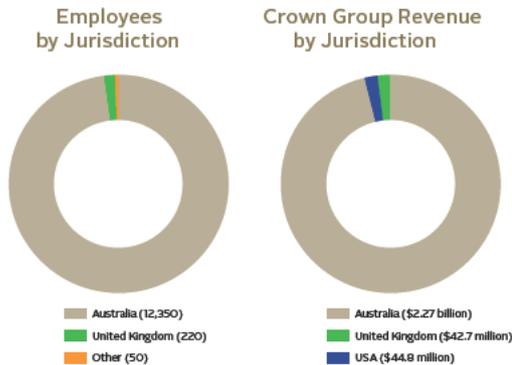
Crown Melbourne Limited and Burswood Nominees Ltd are Australian public companies. Crown Melbourne Limited owns and operates the Crown Melbourne Entertainment Complex (**Crown Melbourne**). Burswood Nominees Ltd owns and operates the Crown Perth Entertainment Complex (**Crown Perth**).

Crown Entertainment Group Holdings Pty Ltd and Crown (Western Australia) Pty Limited are intermediary holding companies between Crown and one or more reporting entities.

Operations

Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector. Crown makes a major contribution to the Australian economy through its role in tourism, employment and training and through its corporate responsibility programs.

In Australia, Crown owns and operates two of Australia's leading integrated resorts – Crown Melbourne and Crown Perth. Crown Melbourne and Crown Perth are significant employers and are the largest single-site private sector employers in both Victoria and Western Australia respectively, with approximately 12,250 employees and 6,500 contractors at the end of the reporting period located in Australia and approximately 20 employees located in overseas jurisdictions.



Crown Melbourne is Australia’s leading integrated resort, featuring luxury accommodation and award-winning dining, world-class gaming, conferencing, shopping and entertainment facilities.

Crown Perth is one of Western Australia’s largest tourist destinations, featuring three hotels, world-class convention and gaming facilities, restaurants and bars, a 2,300-seat theatre, and shopping and entertainment facilities.

During the reporting period, Crown was in the final stages of construction of the Crown Sydney Hotel Resort in Barangaroo.

The Crown Sydney Hotel Resort, which progressively opened from 28 December 2020, is Sydney’s first six-star hotel featuring 349 hotel rooms and suites, luxury residences, signature restaurants, bars, luxury retail outlets, pool and spa facilities and conference rooms.

Crown also owns the One Queensbridge development site, strategically located adjacent to the Crown Melbourne entertainment complex.

Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district. At the end of the reporting period, Crown Aspinalls had approximately 220 employees located in London.

Crown’s wagering and online social gaming operations comprises Betfair Australasia, a 100% owned online betting exchange, and DGN Games, an 85% owned online social gaming business. At the end of the reporting period, Betfair had approximately 110 employees located in Australia and DGN Games had approximately 30 employees located across Israel and the United States.

Crown’s other interests include the following:

- a 50% equity interest in Aspers Group, the UK-based regional casino operator;
- a 50% equity interest in Chill Gaming, a joint venture focussed on innovation and developing new entertainment products; and
- a 20% interest in Nobu, the lifestyle hotel and restaurant brand.

During the reporting period, over 96% of Crown’s revenue was generated from its Australian operations.

More information

For more information on Crown’s business operations and strategies, available at <https://www.crownresorts.com.au/Investors-Media/Annual-Reports>.

Crown owned and controlled operations

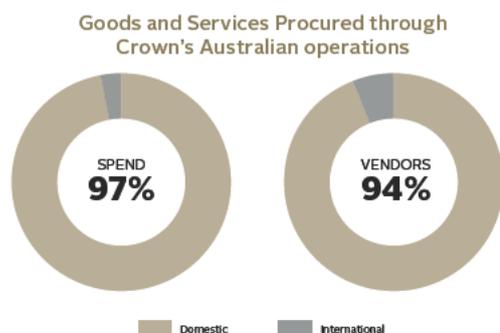


Supply Chain

During the reporting period, Crown's Australian owned and controlled operations procured approximately \$1.3 billion of goods and services from approximately 5,500 direct suppliers (the entities we contract with directly). The total spend during the reporting period was impacted by the reduced operating conditions at Crown's properties as a result of COVID-19.

More than 97% of total spend from Crown's Australian owned and controlled operations during the reporting period was with direct suppliers located in Australia. We acknowledge that our direct suppliers may have operations in, or may source goods or services from, jurisdictions which may have a higher risk for modern slavery.

The main categories of good and services procured by Crown during the reporting period were food & beverage, corporate and financial services, operating supplies and equipment, and property services.



Crown's owned and controlled overseas operations procured approximately \$10 million of goods and services during the reporting period.

Risks of Modern Slavery in the Operations and Supply Chain

Modern Slavery

The behaviours and practices which constitute modern slavery are serious human rights violations. Modern slavery practices include trafficking in persons, slavery, slavery-like practices (including forced labour and forced marriage) and the worst forms of child labour.

Modern slavery risk refers to the potential adverse impact that a company can have on an individual or community's labour-related rights.

Modern Slavery Risk Factors

The key modern slavery risk factors are categorised as follows:

- vulnerable populations - groups of people more likely to be exposed to harm, or unable to advocate for themselves in exploitative situations. The level of worker vulnerability, and risk of poor labour practices and exploitation are recognised to be higher in contexts where base skill labour is relied upon.
- high risk categories - products and services regarded as having more significant inherent modern slavery risk- including industries that rely heavily on low-skilled labour and/or involve dirty, dangerous and difficult work.
- high risk geographies - countries or regions which are known to have higher human rights (and modern slavery) risks. High risk geographies include countries and regions vulnerable to bribery and corruption, or without strong labour laws and governance.
- high risk business models - business models that rely on third parties for the provision of services - often labour hire. Outsourcing reduces company visibility over third-party recruitment practices and provision of worker entitlements.

Crown acknowledges that where multiple risk factors co-exist there is a higher likelihood that actual harm is being experienced.

Crown is committed to assessing and addressing modern slavery practices in our operations and supply chain.

Risk Identification Process

Having regard to the scale of the operations of Crown's Australian resorts in the context of the Crown group, during the reporting period, the operational and supply chain risk identification processes focussed on these business operations.

Following the introduction of the Act, an internal review of our policies, procedures and processes was undertaken to identify and assess modern slavery risks within Crown's operations and supply chain. The review considered the broader scope of human rights issues connected to or indicative of modern slavery risk, including employee and contractor rights to fair pay and entitlements, safe working conditions and equality and diversity.

This was further supplemented by a risk identification process undertaken by an external specialist human rights and impact adviser.

The risk identification processes involved interviews with representatives from Crown's key business units.

During the reporting period, Crown assessed the modern slavery risks associated with its supply chain to be more significant than those associated with its operations, particularly as the vast majority of Crown's employees are based in Australia with employment arrangements regulated by the *Fair Work Act 2009* (Cth) and relevant modern awards.

Supply Chain Risks

Following completion of the risk identification processes, Crown identified the following key modern slavery risk categories within its supply chain:

- food and beverage;
- cleaning and security services;
- textiles, including uniforms and linen; and
- building contractors and construction materials.

Other Risks

Crown recognises that its casinos may be vulnerable to money laundering and that money laundering may be a risk indicator for modern slavery practices and will consider this intersection of risk as part of its AML/CTF program of work.

Crown will continue to review and refine its modern slavery risk identification processes and identified areas of high risk to determine if Crown's operations or supply chain are linked to any instances of actual modern slavery harm and Crown's ability to remediate any such harm.

Reporting Entity Actions

Governance Structure

The Crown Board is responsible for guiding and monitoring Crown on behalf of its shareholders and is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To assist in carrying out its responsibilities, during the reporting period, the Crown Board had the following standing committees, with special purpose committees established from time to time:

- Audit and Corporate Governance Committee
- Corporate Responsibility Committee
- People, Remuneration and Nomination Committee
- Occupational Health and Safety Committee
- Responsible Gaming Committee
- Risk Management Committee

Modern Slavery Program of Work

Following the enactment of the *Modern Slavery Act 2018* (Cth), Crown commenced a program of work to consider the modern slavery risks processes and to prepare for reporting under the Act.

A working group comprised of representatives from Legal, Procurement, Risk and Sustainability was formed to oversee the modern slavery program of work. During the reporting period, this work was overseen by Crown's Corporate Responsibility Committee, with updates provided to the Crown Board from time to time.

For the financial year ended 30 June 2020, Crown also engaged an external specialist human rights and social impact adviser to support its modern slavery program of work.

To raise awareness within Crown, representatives from the modern slavery working group presented on the topic to the Business Operations Teams at Crown Melbourne and Crown Perth which comprises senior managers across the business.

Policies

Code of Conduct

Crown's Code of Conduct sets the standard required of everyone who works for Crown and its Australian resorts, including directors and employees.

During the reporting period, the Crown Board adopted a revised Code of Conduct which incorporates a standard of conduct on human rights which recognises the importance of human rights of all stakeholders and ensuring the Crown's operations do not contribute to modern slavery practices. The revised Code of Conduct was effective from 1 July 2020.

Individuals covered by the Code of Conduct are expected to create and maintain a work environment that respects human rights and is free from unlawful discrimination and harassment.



More information

A copy of Crown's Code of Conduct is available at: <https://www.crownresorts.com.au/Corporate-Governance/Codes>

Supplier Code of Conduct

In 2018, Crown introduced a Supplier Code of Conduct which highlights Crown's key values and operating principles, including human rights and workplace conditions, and outlines supplier expectations.

The Code requires Crown's suppliers to align with Crown's values and provides Crown with the right to periodically assess supplier practices that relate to the Code of Conduct.

During the reporting period, the Supplier Code of Conduct was updated to strengthen its alignment with the Act and to refer to Crown's Whistleblower Policy which applies to suppliers and their employees.



More information

A copy of Crown's Supplier Code of Conduct is available at: <https://www.crownresorts.com.au/Corporate-Governance/Codes>

Human Rights Policy

During the reporting period, Crown undertook a review, with the support of independent human rights subject matter experts, to understand its salient human rights issues. Through this review, Crown identified four human rights issues where Crown

believes it can mitigate risks, prevent harm or support better outcomes for its stakeholders. Recognising Crown's responsibility to respect all human rights, the particular areas identified are: labour rights, health and safety, equality and discrimination and indigenous rights.

Following the reporting period, the Crown Board adopted a Human Rights Policy through which Crown has committed to understanding and acting on the impact on people of our business activities and supply chain. In respect of modern slavery, Crown has committed to identifying and addressing the risk of modern slavery practices in our direct supply chain.



More information

A copy of Crown's Human Rights Policy is available at: <https://www.crownresorts.com.au/Corporate-Governance/Policies>

Whistleblower Policy

During the reporting period, Crown adopted a Whistleblower Policy which provides a mechanism for individuals covered by the Policy, including employees and suppliers, to report misconduct and wrongdoing without fear of detriment.

Under the Policy, disclosures may be made anonymously or on a confidential basis. To facilitate this, Crown utilises an independent and confidential hotline which is available 24 hours a days, seven days a week.



More information

A copy of Crown's Whistleblower Policy is available at: <https://www.crownresorts.com.au/Corporate-Governance/Policies>

Supply Chain Management

Sustainable Supply Chain

In Australia, Crown, through its procurement activities, places significant importance on driving local and Indigenous supplier relationships, and working with organisations that support the employment of people with disability and who promote Gender Equity.

The management of environmental, social and economic impacts and the encouragement of good governance practices is a key Sustainable Supply Chain objective for Crown. Crown remains focussed on continuing to develop internal processes and implement recommendations in line with best

practice ISO 20400 Sustainable Procurement. Crown is also committed to working with its suppliers to raise awareness of modern slavery risks.

In 2018, Crown launched its Sustainable Supply Chain Policy. This Policy was developed to provide guidance towards integrating environmental and social considerations in procurement decisions to promote a more sustainable way of doing business. Crown's vision is to contribute to environmental sustainability and community development whilst reducing the impact of Crown's operations through considered procurement decisions.

Supplier Qualification Process

Over the past years, Crown has implemented a supplier onboarding questionnaire for its Australian operations, which captures the vast majority of Crown's suppliers and provides Crown with transparency and insight about the sustainability of its suppliers, including health and safety, human rights and environmental impacts. Suppliers are required to complete a detailed questionnaire as part of Crown's supplier pre-qualification and risk assessment processes. During the reporting period, the onboarding questionnaire was strengthened to include specific modern slavery questions. Following the conclusion of the reporting period, prospective and new suppliers are required to complete the modern slavery questions

The onboarding process also includes an assessment for sanctions and enforcements, watchlists, adverse media and politically exposed persons. Active suppliers are continually monitored against these risk categories.

Crown does not currently audit suppliers in relation to modern slavery risks but will consider additional assurance measures as we mature in our supply chain due diligence approach.

Supplier Data Analytics Tool

During the reporting period, Crown, in conjunction with an external specialist human rights and impact adviser, developed a supplier modern slavery risk assessment data analytics tool. The data analytics tool will be used by Crown in future reporting periods to identify high risk onboarded suppliers based on the following four risk factors:

- Country/region
- Category/sector
- Risk business models
- Vulnerable populations

Based on the supplier data Crown has obtained as at the end of the reporting period, the tool can consider the country/region and category/sector risk factors. As Crown sources additional data from suppliers in respect of modern slavery, the tool will enable Crown to make an assessment across the four risk categories.

Supplier Forums

Crown holds supplier forums twice yearly for our key operational suppliers (high business impact or value). Following the introduction of the Act, a number of these forums were used by Crown to raise awareness of modern slavery amongst these key suppliers.

Supplier Relationship Management

Since 2018, Crown holds supplier relationship management meetings on either a quarterly or biannual basis with approximately 20 of its service providers, including cleaning service providers. Those suppliers are required to complete a scorecard which includes criteria on compliance with labour laws and subcontracting arrangements.

Supplier Contracts and Purchase Order Terms and Conditions

During the reporting period, Crown developed a modern slavery clause for inclusion in its supply contracts and purchase order terms and conditions which requires compliance with the Act and notification of any identified instances of modern slavery in its operations and supply chain.

Procurement Documents

During the reporting period, Crown updated its procurement policies and guidelines and requests for proposals/tender to include modern slavery considerations.

Assessing the Effectiveness of Actions

Crown acknowledges that, in the first reporting period, it was in the early stages of understanding its exposure to potential modern slavery risks and to raise awareness of modern slavery.

Following the commencement of the Act, Crown engaged an external specialist human rights and impact adviser to undertake a modern slavery readiness assessment to determine the maturity of Crown's approach to managing operational and supply chain modern slavery risks, informed by and aligned with the UN Guiding Principles on Business and Human Rights and other relevant international frameworks. A roadmap was then developed to enhance Crown's maturity.

Crown's Risk Management Committee monitors disclosures made under Crown's Whistleblower Policy. No instances of modern slavery were identified through this service during the reporting period. We recognise that this does not mean that no instances of modern slavery existed in our operations or supply chain and will consider ways to strengthen the effectiveness of reporting instances, or suspected instances, of modern slavery.

Crown expects that as we mature in our approach and understanding of modern slavery, our processes will continue to evolve and our ability to assess the effectiveness of our actions will be enhanced.

Consultation

As described above, having regard to the scale of the operations of Crown's Australian resorts in the context of the Crown Group, Crown's program of work in the first reporting period focussed on these business operations.

Crown consulted with its operational owned and controlled entities regarding the application of the Act to Crown, the mandatory reporting requirements under the Act and Crown's program of work with respect of modern slavery risks. In addition, during the reporting period, the Boards of Crown's operational owned and controlled entities comprised at least one Crown director.

Crown will continue to consult with these entities and will progressively enhance the risk assessments across these entities over future reporting periods.

Other Information

In future reporting periods, Crown will engage with its strategic suppliers and its suppliers identified as high risk from a modern slavery perspective to build enhanced visibility of our extended supply chain and to implement appropriate remediation processes. This process will then be refined as required and progressively rolled out based on risk and criticality of suppliers.

Crown will also focus on raising awareness of modern slavery and build capability amongst its employees.

Crown will continue to participate in collaborative forums on modern slavery to build knowledge and capability and to assist in strengthening its modern slavery identification and remediation practices.

Crown Aspinalls in London publishes a standalone Modern Slavery Statement under the *Modern Slavery Act 2015* (UK).





**CROWN RESORTS LIMITED
MEMORANDUM**

To: Board Risk Management Committee (“RMC”)
From: Steven Blackburn
Date: 26 March 2021
Subject: Proposed Policy Uplift Program

Purpose:

This paper is intended to apprise the RMC of a proposed Policy Uplift Program and seek the RMC's endorsement.

Background:

Crown Resorts has in aggregate in excess of 300 documents that are identified as “policies”. A small proportion of these policies reside at the Crown Resorts Limited level, with the remaining policies owned by subsidiaries. Crown (Western Australia) Pty Limited (“**Crown Perth**”), for example, has in excess of 140 policies. The nature of the policies, particularly at the subsidiary level, range from key governance policies (e.g. Compliance) to discrete operational policies (e.g. Cake Ordering).

The proliferation of policies across the organization likely results from each regional subsidiary developing its own policies in the absence of a strong group-wide function. While the content of the policies may be appropriate, the existence of so many policies creates risk. Several policies owned by Crown Perth and Crown Melbourne Limited (“**Crown Melbourne**”) address the same subject matter (e.g. Counterfeit Notes and Chips), creating the risk of inconsistent practices. Policies currently residing in the regions also have inconsistent ownership. For example, the Counterfeit Notes and Chips policy at Crown Perth is owned by Security, while it is owned by the Cage at Crown Melbourne. The multiplicity of policies also introduces operational risk relating to employee understanding and compliance.

The Policy Uplift Program (“**PUP**”) seeks to rationalize existing policies, creating consistency and improving governance and compliance across the organization. In some circumstances, this will mean shifting the ownership of policies to the parent level (Crown Resorts Limited) with schedules provided for each regional subsidiary to capture the nuance of local law. As PUP progresses, policy gaps may be identified. A phased approach will be deployed, as follows:

1. Establish an appropriate policy framework, hierarchy and ownership structure;
2. Recalibrate the existing policy list to reflect the new framework, likely resulting in the downgrading of several policies to procedures and guidelines;
3. Review policies to identify opportunities for consolidation and uplift; and
4. Based on the results of phase 3, redraft policies.

PUP will build on a process recently launched by Compliance with respect to existing Group-level policies. While the focus of PUP will initially be Compliance and Financial Crime policies, it is proposed that PUP should then expand to all areas of the enterprise. Each group executive and/or regional executive will be accountable for driving PUP in their respective areas, while the undersigned will continue to chair the program for the Group.

Recommendation:

It is recommended that the RMC endorse this paper and the Policy Uplift Program.

Proposed by:

Steven Blackburn
Group Chief Compliance and Financial Crime Officer



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Bronwyn Weir

Date: 19 March 2021

Subject: Register of Contracts

Dear Committee Members

Set out below for noting by the Committee is information regarding contracts that have been, or are anticipated to be, entered into by Crown with a [REDACTED] during the period October 2020 – March 2021.

SUPPLY / SERVICE	TERM	EXPECTED VALUE
Executed		
Linen Cleaning (Crown Sydney)	[REDACTED]	[REDACTED]
Uniform Cleaning (Crown Sydney)	[REDACTED]	[REDACTED]
Chauffeur Driven Cars (Crown Sydney, Melbourne, Perth)	[REDACTED]	[REDACTED]
Beverage – Mineral Water (Crown Sydney, Melbourne, Perth)	[REDACTED]	[REDACTED]
Watches of Switzerland – Lease (Crown Sydney)	[REDACTED]	[REDACTED]
Anticipated		
Beverage (CUB) – Beer (Crown Sydney, Melbourne, Perth)	[REDACTED]	[REDACTED]
Beverage (Lion Nathan) – Beer (Crown Sydney, Melbourne, Perth)	[REDACTED]	[REDACTED]

Kind regards

Bronwyn Weir
Governance Officer

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10.3



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Bronwyn Weir
Date: 17 March 2021
Subject: **Future Meetings**

Dear Committee Members

The 2021 meetings of this Committee are scheduled as follows:

Date	Time (Melb time)
Wednesday, 2 June	12.30pm – 3.30pm
Wednesday, 11 August	2.00pm – 5.00pm
Thursday, 7 October	10.00am – 1.00pm
Wednesday, 1 December	12.30pm – 3.30pm

Kind regards

Bronwyn Weir
Governance Officer