



# Crown Resorts Risk and Compliance Culture Framework

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

Commercial in Confidence

Table of contents		page
1.	Introduction .....	1
1.1	Background.....	1
1.2	Purpose.....	1
1.3	Supporting the implementation of Crown’s Risk Appetite .....	1
2.	Risk and Compliance Culture and Expected Behaviours.....	1
2.1	Definitions .....	1
2.2	Crown’s Values and Risk and Compliance Culture.....	2
2.3	Expected Behavioural Traits .....	2
3.	Governance mechanisms.....	3
3.1	Management Oversight.....	3
3.2	Reporting and Communication to the Board.....	3
4.	Integrated Approach to Risk and Compliance Culture .....	3
4.1	Setting the tone from the top.....	3
4.2	Operational Elements .....	4
5.	Risk and Compliance Culture Measurement .....	4
5.1	Embed the Risk and Compliance Frameworks.....	5
5.2	Quantitative Assessment.....	5
5.3	Qualitative Assessment .....	5
6.	Amendment and Review.....	5

### Document History:

Document Changes	Author(s)	Date	Approval Authority
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## 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 do the Right Thing.
- We work Together,
- We act Respectfully, and
- We are Passionate,

## 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.