

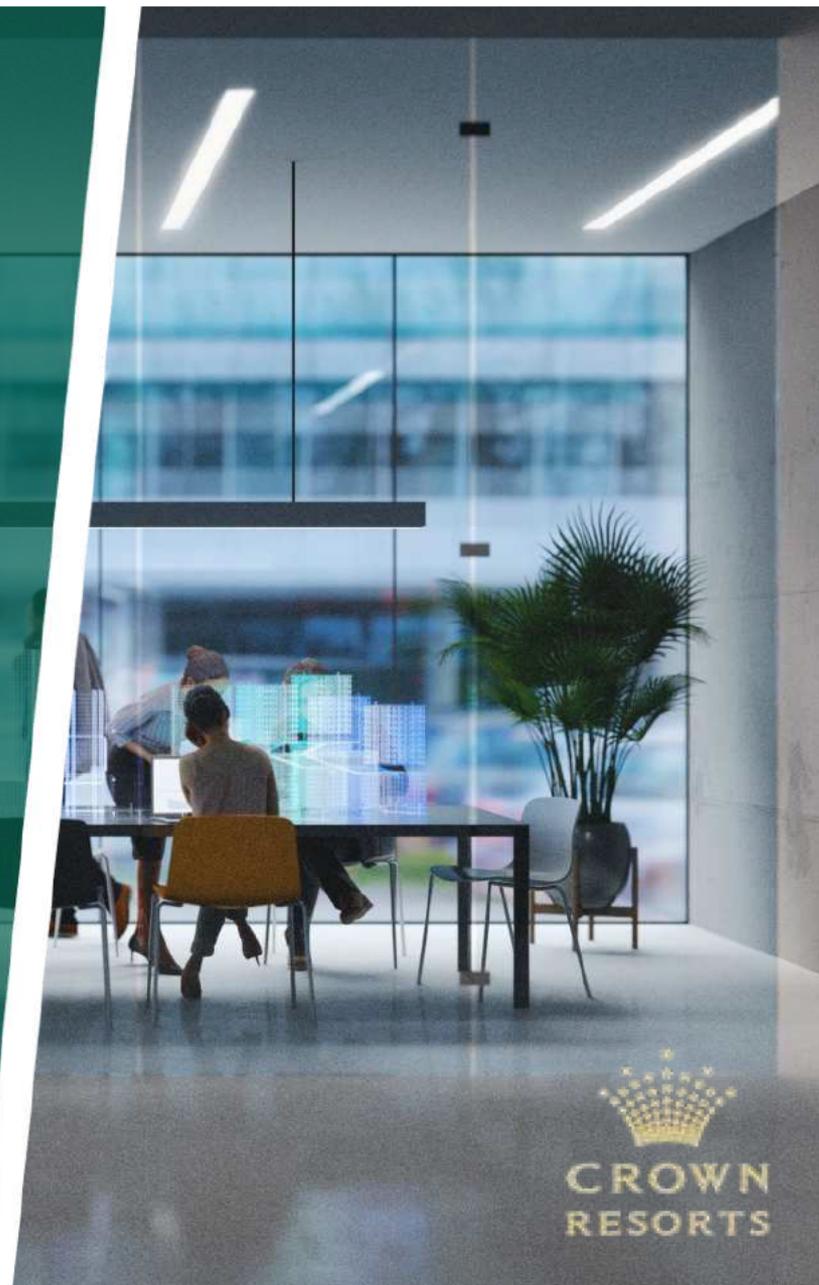
CONFIDENTIAL

BOARD SEARCH AND SUCCESSION

Prepared for:

Crown Resorts Limited Board

Wednesday, 11 November 2020



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Introduction

- The Board of Crown Resorts Limited (Crown Board) is commencing a strategic review of its Board composition which will consider the size of the Board and the mix of skills and experience of non-executive directors over the next five to ten years.
- This is a pivotal time for Crown which presents an opportunity to shape the future of the organisation. Crown is shifting away from offshore patronage and expanding its scope to new lines of business.
- The Board's review will examine the market conditions now and expected future conditions to ensure the Board has the right people in place for the right times.
- In concert with the review, Crown is considering proposals from executive search firms to assist with the appointment of two new non-executive directors to replace outgoing directors John Alexander and John Horvath. A third non-executive director appointment is expected to follow, with all appointments in place by Crown's 2021 AGM.
- Korn Ferry would welcome an opportunity to work with the Crown Board on this long term, strategic engagement. We recommend the engagement be split into two distinct phases: the first, a confidential mapping of suitable candidates for the appointments, which can be considered by the Board in advance of the second phase, which is a comprehensive search for suitable directors in line with the Board renewal timeframe.
- In this document, we outline our understanding of the market conditions Crown Board is operating within, our research into best practice on Australian boards, and our approach, processes, tools and fees for completing these assignments.



Our Understanding of Crown

Current State of Business

- **One of Australia's leading tourism, hospitality and gaming companies.**
 - Three high profile real estate assets: Crown Melbourne, Crown Perth and Crown Sydney at Barangaroo, due for completion in early 2021.
 - International interests in Crown Aspinalls, Aspers Group and Nobu
 - Digital assets include Betfair Australasia, DGN Games and Chill Gaming.
 - Challenging and evolving trading conditions have had a significantly detrimental effect on trading.
 - Currently the subject of an Inquiry by the Independent Liquor and Gaming Authority, with the report to be prepared by 1 February 2021.
 - Crown's results for the 2020 financial year reflect the impact of COVID and challenging trading conditions with net profit after tax attributable to the parent of \$79.5 million, down 80.2% on the previous year.

High Level Priorities

- **Ensure the Crown Board is best practice for the future and adept at navigating challenging and evolving trading conditions**
 - Compliance and Environmental, Social and Corporate Governance are where Crown will have competitive advantage in future.
 - Crown will need to work collaboratively with regulators, Government and key stakeholders.
 - Directors will have a demonstrated track record of operating skills in the gaming, hospitality and leisure sectors.
 - Adapting to evolving, challenging trading conditions to pivot from traditional revenue streams and ensure Crown retains its Gaming licence.

Broader Market Conditions

- The inquiry currently being conducted by the New South Wales Independent Liquor and Gaming Authority is an opportunity to improve the regulatory environment, and for Crown to reflect on how to better meet community expectations.
- Heightened regulatory environment, digital disruption, closures and the lack of international tourists have had a significant impact on financial performance.
- Highly competitive nature of casino sector globally.

Key Challenges

Market volatility and economic uncertainty due to COVID-19



Inquiry: Tightened regulation exerts increased pressure on businesses, while improving their own governance processes

Decrease reliance on gaming and diversify into broader offerings



Retaining NSW gaming licence



Key Issues Chairs and Boards will face towards 2025 in Australia

Between March and August 2020, Korn Ferry interviewed 28 Chairs of ASX 100 companies and leaders with an interest in board governance, including proxy advisers and industry superfunds. The resulting publication, The Chair of the Future – towards 2025 identified four key issues that Boards will face during the next five years.

Demand for digital/technology understanding will shape board composition.

ESG issues will rise in priority – and climate risk will feature more strongly.

Risk and regulation will remain an issue – and nonfinancial risk will continue to be elevated.

Diversity is an enduring challenge for the boards.

<https://focus.kornferry.com/the-future-of-work/the-chair-of-the-future-towards-2025/>



NEDs of the future – courageous, collaborative, resilient, agile



Courage is important, particularly in relation to contesting accepted thinking on a board by being willing to put forward a different point of view.



Collaborative rather than individualistic is considered one of the most important drivers of board effectiveness.



Resilience needs to be built into the business model, and it also needs to be a feature of leadership.



In an environment of constant change, complexity and ambiguity, **learning agility** has become mission critical.

Deep understanding of ESG is essential for Boards now and will become more prominent.

Managing diverse shareholder interests is paramount.

Activism targeting corporations is increasing



Our Approach

- Our approach to this assignment will bring together two key aspects of how we work; we will combine industry knowledge at a global level by drawing on our international IP and experience, with our local knowledge of candidate identification and selection for NED roles. We understand the challenges facing your sector because we have worked with several large, high profile clients around the world.
- The process for the identification and recruitment of NEDs first involves deep discussions with the Crown Board to ascertain the skills and experiences required to build the Board that is right for the future. Once we ascertain this, we will conduct comprehensive research, through mapping of the talent market, by using a variety of research tools available to Korn Ferry to identify candidates for the roles. We will draw on our global expertise when shaping the brief for this assignment. The more exposure we have to the Board, the better we can evaluate the 'fit' of potential NED candidates.
- The roles will improve both the diversity of the Board in terms of age, gender and experience, and will attract candidates who can work in an inclusive manner and who understand the global drivers in the tourism, gaming and hospitality sector. Candidates will be expected to possess the right financial and governance profile for a Board, plus an understanding of the sectors in which Crown operates (gaming and hospitality) and the ability to liaise constructively with regulatory authorities and Government. They will have significant operational experience and understand the levers required to change and monitor performance.
- Once the mapping is completed, we will discuss and rank those identified by this process. We will then, at the appropriate time for each, undertake searches for the NED roles.
- We know the true cost of poor NED selection and are committed to utilising all of the resources Korn Ferry can deliver in Australia and globally for this assignment. We will source and evaluate NEDs who have the skills and experience necessary to strengthen the Crown Board. Our candidates will have a deep understanding of the trends affecting the sector and how these can impact performance. They will have significant operational experience and deep knowledge of the tourism, gaming and hospitality industries.

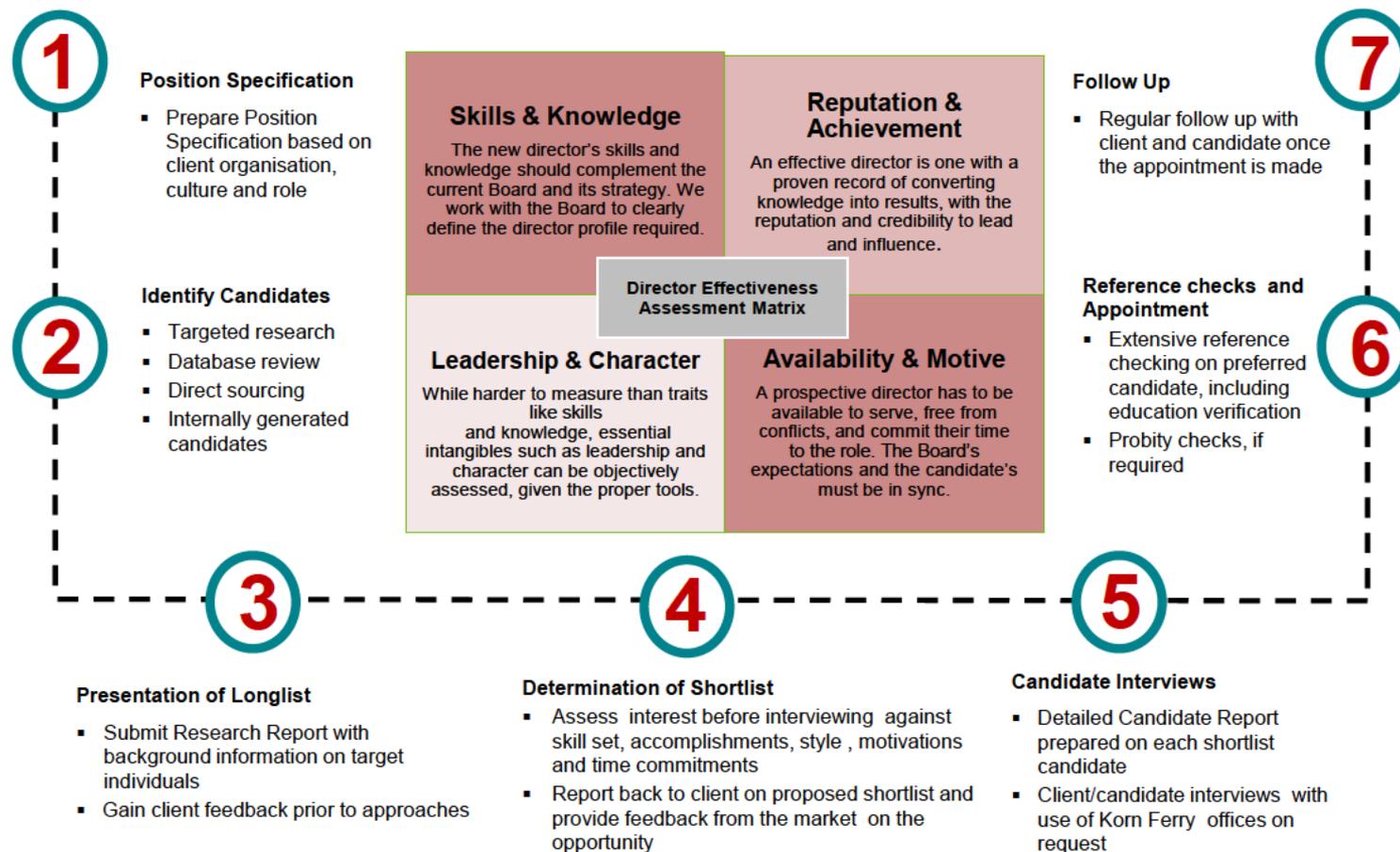




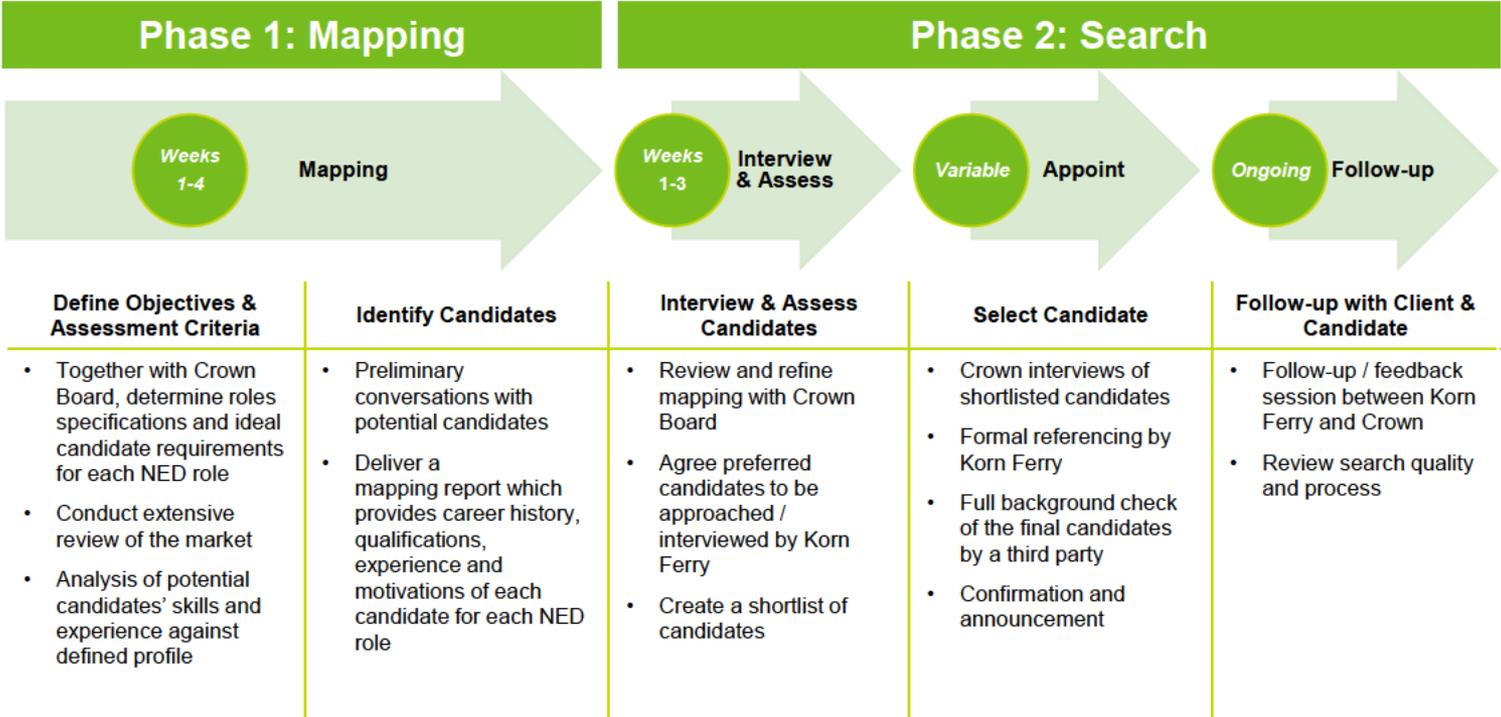
**Board mapping
and search
process**



Best Practice Board Search Process will be applied



Process and Timing for Crown Board



Example: New Director Profile

Key Challenges

Effective response to complex and constantly changing regulatory and business environment

Strong focus on mix of skills, diversity and inclusion

Alignment of skills with strategic direction and new Board members' ability to add value to the Board composition

Desired Skills, Qualities, Attributes

Collectively, the new Directors would be expected to bring to the table a mix of the following professional backgrounds, skills and experiences:

- Knowledge of regulation and governance
- Track record of innovation, transformation and strong customer centricity gained in other relevant industries, such as technology, media, telco, retail etc.
- Fresh perspective and a strong understanding of strategic priorities of a gaming and hospitality business in highly regulated and disrupted markets
- Commitment to high standard of corporate governance practice and fostering a culture of compliance
- Ethical, lawful and responsible behaviour, personal and corporate integrity, accountability, transparency and respect for others



KORN FERRY'S RELEVANT EXPERTISE, EXPERIENCE AND TEAM



The Korn Ferry difference

Science

- Over **4 billion** talent data points on professionals worldwide.
- Insight from over **69 million** professional assessments.
- Reward and benefits data for **25 million** people in **25,000** companies.
- Benchmark data on **12,000** organisations
- **3,900** individual success profiles covering over **30,000** job titles
- More than **50** books published.
- Methodologies based on performance data that are proven to deliver results.

Scope

- Our Board Advisory Practice is truly international
- Our five solutions cover the **whole talent journey** – each one strengthens the next, giving you the most integrated approach to talent around.
- By combining the science of organisation strategy with the art of behavior change, **we drive change and make it stick.**
- We're **thinkers and doers.** We give you a blueprint for change, then we stick by your side to put it into practice.

Scale

- We have **8,000+** people, in **111** offices, across **53** countries.
- We have five offices across Australasia –all providing board services
- We place someone in a new job every **3 working minutes.**
- We are partners to **97%** of the Fortune 100 and **60%** of ASX100

Reach

Our focus on the Global Tourism, Gaming and Hospitality industry means we know the trends, issues and people that drive the sector. Our Global Tourism, Hospitality and Gaming practice draws on the extraordinary advantages of being integrated in the world's leading executive search firm. From a network of nearly 80 offices to functional practice groups, we bring unique breadth and depth to our clients.



Korn Ferry's expertise in tourism, gaming and hospitality

- Global economic conditions, access to capital, customer acquisition, loyalty and the ability to identify and form strategic partnerships, all influence the types of leaders needed in the Tourism, Gaming and Hospitality sector.
- From a network of nearly 80 offices to functional practice groups, we bring unique breadth and depth to our clients at Board and C-Suite levels.
- As thought leaders in the industry, we take pride in providing counsel on market dynamics, industry trends, and assessment of market talent.



Selection of Board Searches for ASX Companies over the last 3 years



Snapshot of a relevant recent NED search partnership

Renowned for the depth of knowledge of our industry experts, KF Board Advisory team is both a partner to, and advocate for, our clients. We have assisted clients in attracting the best talent in challenging times and we ensure that their Board talent is inextricably linked to the business's transformational change and growth strategy.

We partnered with Westpac* in the wake of the AUSTRAC Statement of Claim, when the Bank announced significant changes, including the departure of the CEO and a Board member.

The Board's priority was to identify and appoint a new Chairman-Elect to take over from Lindsay Maxsted in the first half of 2020, followed by Independent Non-Executive Director (NED) appointments.

Korn Ferry conducted a global search looking for highly reputable candidates with exceptional personal integrity and the deep respect of the market to provide stability and direction to the Bank.

Our search resulted in the appointment of John McFarlane OBE, a former Chairman of Barclays plc and a former CEO of ANZ Bank. John joined the Board in February 2020 and has served as Chairman since April 2020.

We continue our partnership with the Bank to improve gender diversity on the Board.



*Public knowledge

Korn Ferry's Board Advisory Practice scope of services



Board Search



Board Succession



Board Effectiveness



Board Compensation Benchmarking



Building Boards (IPOs)



Board Level Coaching



Crown Board Search Team

AUSTRALASIA TEAM

GLOBAL TEAM



ALEXANDRA GOODFELLOW

Vice Chair, Australasia

Executive Search
Financial Services, Property,
Board & CEO

SYDNEY

LYNNE NIXON

Senior Client Partner

Executive Search
Board & CEO
Consumer, Retail, Media,
Life Sciences & Health
Services

SYDNEY

THERESE DOUPE

Melbourne Office
Managing Partner
Head of Industrial
Practice

Executive Search
Industrial Market
Energy & Mining
Board

MELBOURNE

STEPHEN JOHNSTON

Senior Client Partner

Leadership Development,
CEO Succession, Team
Effectiveness and Executive
Coach

SYDNEY

ALISON TOVEY

Managing Associate

Executive Search
Financial Services
Board

SYDNEY

ROB WILDER

Regional Lead,
Executive Search
APAC

Executive Search
Board

SINGAPORE

Senior Client Partner

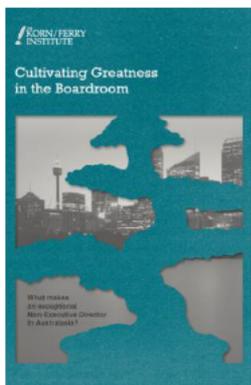
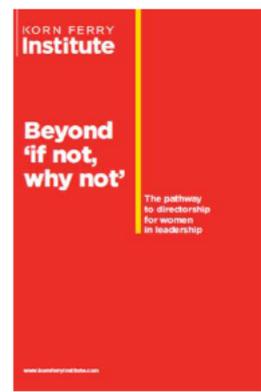
Executive Search
Real Estate & Hospitality

LONDON



Board Practice Publications

Korn Ferry's Board Practice develops thought leadership focused on topics that are most important to boards today. Through talking to Chairs, NEDs and CEOs we understand the challenges facing boards now and in the future.



Fee Schedule and Terms of Engagement

Professional Fees Phase 1: Mapping

Mapping fee of AUD100,000 billed as follows:

- AUD50,000 on receipt of written authorisation to proceed with the assignment
- AUD50,000 on presentation of the mapping report

Should you elect not proceed to formal search but within 12 months of presentation of our research report, appoint a director(s) from among those included in our report, then a fee of AUD25,000 per appointment would be payable.

Professional Fees Phase 2: Search

Should the project proceed to search within six months of presentation of our mapping report, our professional fee for each Non-Executive Director over and above the mapping fee is:

- AUD25,000 on presentation of each short list of candidates
- AUD25,000 invoiced on the sooner of: acceptance by the candidate(s) of an invitation to join the Board; or on notification of discontinuance of the search, if an appointment has not been made as a consequence of a decision by the Board not to proceed for circumstances unrelated to the performance of Korn Ferry.

Should you, within twelve months of the conclusion of this engagement, appoint any other director(s) from among those included in our Mapping Report, then a fee of \$25,000 per appointment would be payable.

Expenses and Payment Terms

In addition to our professional fees, Korn Ferry is also reimbursed for all administrative support and research services. These expenses will be billed at \$1,000 with each milestone invoice. In addition, any direct, out-of-pocket expenses such as candidate and consultant travel, accommodation and video conferencing will be billed on a monthly basis as incurred. Major items will be agreed with you in advance.

GST will be added where applicable. Billings are due and payable 14 days from presentation.

Exclusivity

Korn Ferry accepts search assignments on an exclusive/retained basis only. This means that if the parties involved in the selection process were to identify a potential candidate(s) through independent sources, then Korn Ferry would expect to be advised of this potential candidate(s) so that it might put this person(s) through the same assessment/referencing procedures as the other candidates. Only by doing this can we ensure the credibility and integrity of the process (which gives applicants confidence that the merit principle is being applied) and determine whether this candidate is the most capable for the role. Therefore, the fee structure detailed above would apply, irrespective of whether the successful candidate is identified by Korn Ferry, or is introduced by Crown.



Contact:

Alexandra Goodfellow, Vice Chair Australasia

Personal Information

A large black rectangular redaction box covers the personal information of Alexandra Goodfellow.