

STRICTLY CONFIDENTIAL



Crown Resorts Limited

Submission to ILGA

9 November 2020



Background

- ◆ At a meeting between Crown and ILGA on 30 October 2020 it was agreed that Crown would prepare a paper for ILGA in relation to a proposed solution that would both enable the opening of the Crown Sydney Restricted Gaming Facility to proceed and address the concerns that have arisen during the Inquiry

- ◆ The material to be covered in this paper includes:
 1. Details in relation to the improvements already implemented by Crown as well as the reform agenda currently being implemented in response to matters raised in the ILGA Inquiry
 2. Detail on the AUSTRAC investigation and VCGLR Show Cause notice
 3. An update on Crown Sydney's readiness to commence gaming operations
 4. Details of the proposed arrangements for the limited commencement of gaming at Crown Sydney
 5. Crown's risk management approach including its internal controls, as documented in Crown Sydney's Internal Control Manuals ("ICMs")
 6. Crown's willingness to engage with ILGA on regulatory reform relevant to matters addressed in this presentation



Executive Summary

- ◆ Construction of the Crown Sydney building remains on schedule and operational planning is well advanced to allow for an opening of the hotel resort to the public on 21 December 2020
- ◆ Crown acknowledges that any opening of the Restricted Gaming Facility needs to be finalised in consultation with ILGA. Crown has appreciated the opportunity to meet with ILGA and provide information to assist its consideration of the proposed limited commencement of Crown Sydney's gaming operations. Crown is committed to continuing this proactive and constructive dialogue with ILGA. Crown wants ILGA to be part of a limited and supervised commencement of operations. Crown considers that this involvement will assist ILGA to become satisfied that Crown Sydney is ready to commence full gaming operations in accordance with its restricted gaming licence
- ◆ Crown proposes that gaming activities be permitted to commence in a restricted and limited manner from 21 December 2020 on the basis set out on pages 30-34 of this presentation. Importantly, features of such a restricted opening include:
 - Limiting the operation to a single floor of the Restricted Gaming Facility
 - Restricting access to a limited and defined group of patrons (who have completed thorough background checks)
 - Reviewing the operations of the Licensee 12 months after the commencement of full operation, supported by an independent report
- ◆ The proposed opening arrangements can be formalised through Directions issued by ILGA pursuant to section 29 of the Casino Control Act



Principles underpinning limited Crown Sydney opening

- ◆ Limited operations with no expansion to full gaming operations without the agreement of ILGA

- ◆ These limited operations will:
 - be subject to supervision by ILGA, providing for complete transparency
 - occur in the context of strengthened and enhanced controls already in place in response to matters raised during the ILGA Inquiry
 - allow for the employment and on-boarding of gaming-related employees, as well as providing for the commencement of gaming operations in a limited and controlled environment
 - present an opportunity for ILGA's Inspectors to be able to more thoroughly review and audit Crown's operating processes in real time



Section 1

Improvements to Crown's Governance, Risk and Compliance Processes



Overview of improvements

- ◆ Through the course of the ILGA Inquiry, certain shortcomings have been identified
- ◆ While Crown has yet to be heard in the Inquiry, Crown acknowledges the seriousness of these issues, and the importance of ensuring that appropriate remedial action is taken. A range of preventative controls and enhancements to Crown's governance, risk and compliance processes have already been implemented (some of which were underway before the Inquiry commenced)



Overview of improvements (cont.)

AML

- ◆ The Riverbank and Southbank entities are in the process of being deregistered (the bank accounts having previously been closed by the Commonwealth Bank)
- ◆ Patron deposits will only be accepted by the casino licensee and all patron bank accounts will be in the licensee's operating name
- ◆ Development and implementation of a Joint AML/CTF Program (which, among other things, contains a process to exit critical risk customers unless a clear rationale for retaining the customer exists and that retention is approved by the Persons of Interest (POI) Committee or Senior Management)
- ◆ Crown has issued directions:
 - that all cash deposits on Crown's premises take place through the Cage and prohibiting patron cash deposits into Crown's bank account
 - to the Cage that under no circumstance should transactions be aggregated in the respective CMS
 - prohibiting third party transfers unless approved in exceptional circumstances with prior written approval of the Chief Operating Officer and the Group General Manager, AML
- ◆ Crown has informed customers (domestic and international) who have made cash deposits since early 2019 of the prohibition on cash deposits into Crown bank accounts and third party transfers
- ◆ Development of a customised and automated transaction monitoring system and data analytics and reporting tool, Sentinel. This includes dashboard monitoring for enhanced transparency (currently operational at Crown Perth)
- ◆ An increase in the resources of the AML team, including the creation of a "group" AML function and the appointment of a Group General Manager – AML
- ◆ Third party review of Crown's transaction monitoring program by Initialism



Overview of improvements (cont.)

Junkets

- ◆ Crown suspended relationships with all junket operators until at least 30 June 2021, with further recommendations regarding future dealing with junkets currently being considered by the Board
- ◆ Engagement of Nick Kaldas to develop relationships and information protocols with law enforcement agencies
- ◆ Engagement of Deloitte to undertake a review of Crown's junket approval processes
- ◆ Engagement of the Berkeley Research Group to undertake detailed due diligence on certain of Crown's junket operators



Overview of improvements (cont.)

Risk

- ◆ Appointment of a Group General Manager – Risk and Audit and expansion of Risk team by the addition of two Risk Managers and an additional Risk Analyst
- ◆ Articulation of risk appetite and the approval of a Risk Management Strategy by the Crown Resorts Board
- ◆ Review and ongoing refresh of Crown's Risk Registers
- ◆ Enhancement to the risk framework, focusing on consistency, communication and escalation processes
- ◆ Increased Risk Management Committee meetings from 2 to 6 per annum
- ◆ Enhanced Governance framework including Executive Risk and Compliance Committee meetings to coincide with Risk Management Committee meetings
- ◆ Establishment of monthly Compliance Officer Meetings
- ◆ Implementation of a standardized Enterprise Risk Management system to collate risk information and facilitate reporting across the Group
- ◆ Embedded Risk Managers in the business
- ◆ Enhanced Risk Reporting to Executive Management and the Board by expanding and increasing the consistency of information flow and to facilitate relevant escalation of Risk related matters

CPH

- ◆ Crown has terminated the Controlling Shareholding Protocol and the Services Agreement with CPH
- ◆ Consideration being given for further changes from matters arising from the Inquiry



Overview of the Reform Agenda

- ◆ Further reforms have been identified in order to ensure Crown's compliance and governance processes at all times meet community expectations and evolving risks in the casino industry

- ◆ These can be broadly categorised into four key areas
 1. **Strengthening accountability and transparency within Crown**

 2. **Strengthening a culture of compliance within Crown**

 3. **Proactively assessing and addressing money laundering risks**

 4. **Protecting Crown from the risk of criminal elements**



Strengthening accountability and transparency within Crown

Item	Overview	Update
Review of organisational structure	<ul style="list-style-type: none"> It is critical that the Board has visibility into key areas of the business Compliance functions should be independent of operations A review of Crown's organisational structure has been undertaken to address these and other concerns 	<ul style="list-style-type: none"> New Compliance and Financial Crimes department independent of business units to be created with direct reporting lines to the Board New roles identified include: <ul style="list-style-type: none"> Head of Compliance and Financial Crimes Head of Culture and Human Resources Head of Internal Audit Head of VIP Operations Existing roles removed: <ul style="list-style-type: none"> CEO – Australian Resorts Chief Legal Officer – Australian Resorts
Review of legal entity structure	<ul style="list-style-type: none"> Crown's current structure of a listed company Board with committees and subsidiary Boards with committees results in duplication (and triplication) in governance processes. This has the potential to introduce a level of risk (e.g. where it creates confusion about responsibility) 	<ul style="list-style-type: none"> Subject to the views of regulators, investigation being given to a full group model
Board renewal	<ul style="list-style-type: none"> Board renewal and succession planning is vital to ensure the Board maintains appropriate experience, expertise and diversity 	<ul style="list-style-type: none"> Appointment of Helen Coonan as Chairman in January 2020 Former Chairman John Alexander retired from the Board following the 2020 AGM At the 2020 AGM, John Horvath announced his intention to retire from the Board Further Board renewal in progress



Strengthening a culture of compliance within Crown

Item	Overview	Update
Remuneration structures	<ul style="list-style-type: none"> • STI subject to partial deferral and forfeiture in the event of any adverse compliance or regulatory events • Key Performance Objectives modified for Senior Executives to include Compliance and Risk objectives with substantial weightings • Risk Management Committee Review of STI outcomes 	<ul style="list-style-type: none"> • Revised STI structure implemented and communicated to market • New KPO weightings reflected in CEO objectives • Risk Management Committee review of STI outcomes
Appointment of a Head of Culture and Human Resources	<ul style="list-style-type: none"> • New position with a specific function to drive the cultural consistency and alignment message throughout the organisation with full support of the Board 	<ul style="list-style-type: none"> • Recruitment process under way
Reporting tools	<ul style="list-style-type: none"> • Tools to monitor and report against Crown's culture to be developed 	<ul style="list-style-type: none"> • Culture dashboard and ongoing culture reporting in development
Senior accountability	<ul style="list-style-type: none"> • Senior leadership to drive the standard for the business to ensure that across the organisation compliance always comes before commercial outcomes 	<ul style="list-style-type: none"> • CEO engagement with the top 20 executives underway
Review of Crown's organisational culture	<ul style="list-style-type: none"> • Crown's existing culture to be assessed and measured against Crown's target culture 	<ul style="list-style-type: none"> • Deloitte in the process of being engaged to assist with the review
Organisation wide risk and compliance message	<ul style="list-style-type: none"> • Establishment of a clear and consistent risk and compliance message to ensure it permeates all the way through the organisation 	<ul style="list-style-type: none"> • A clear communication strategy is being developed



Proactively assessing and addressing money laundering risks

Item	Overview	Update
Implementation of Joint Program	<ul style="list-style-type: none"> New AML/CTF Joint Program to be implemented across all of Crown's properties 	<ul style="list-style-type: none"> Joint Program approved by the Boards of each reporting entity and endorsed by the Crown Resorts Board New AML policies and procedures also approved and endorsed
Investing in technology to increase automation	<ul style="list-style-type: none"> Automated data analytics and reporting tool in the area of AML (Sentinel) to be implemented 	<ul style="list-style-type: none"> Live version of Sentinel is currently operating in parallel with Crown's manual transaction monitoring program Further rules are to be implemented and tested by the AML team on an ongoing basis
Increased capability and resourcing of AML team	<ul style="list-style-type: none"> The level of resourcing dedicated to AML to be further increased from current levels 	<ul style="list-style-type: none"> Heidrick & Struggles appointed to recruit new Head of Compliance and Financial Crimes and candidate interviews underway with a view to make a final decision by late November (with commencement subject to applicable notice periods) Group Senior Manager AML – Customer Investigations position filled Recruitment underway for 5 additional positions
Enhanced AML training tools	<ul style="list-style-type: none"> Review content and frequency of AML training Enhanced AML training tools to be developed and rolled out to the organisation (including Board) 	<ul style="list-style-type: none"> Revised online "Awareness" training module has been released "Business Unit Specific" targeted training under development and will be deployed to relevant team members commencing early November Introduction of AML training for Crown Resorts' Board and senior management



Proactively assessing and addressing money laundering risks

Item	Overview	Update
Independent review of Crown's AML/CTF Program	<ul style="list-style-type: none"> Further independent reviews to be undertaken of Crown's AML/CTF program (broader scope) 	<ul style="list-style-type: none"> Initialism¹ engaged to undertake: <ul style="list-style-type: none"> Transaction Monitoring source information review Review and refinement of the Joint Program, including a refreshed risk assessment Promontory¹ engaged to undertake: <ul style="list-style-type: none"> An AML vulnerability and strategic capability assessment An independent review of the new Joint Program post implementation (Q2 2021)
Financial Crimes vulnerability assessment	<ul style="list-style-type: none"> Criminal vulnerability assessment to be undertaken of Crown's operations from a Financial Crimes perspective 	<ul style="list-style-type: none"> Nick McTaggart is engaged to undertake review
Additional controls around cash deposits into bank accounts	<ul style="list-style-type: none"> Working with ANZ to reduce (and preferably eliminate) the incidence of cash deposits by patrons into Crown's bank accounts from branches 	<ul style="list-style-type: none"> Challenges in eliminating cash deposits by patrons at ANZ branches. Ongoing engagement with ANZ regarding streamlined flagging and reporting of cash deposits if unable to eliminate Customers (domestic and international) who have made cash deposits since early 2019 contacted and informed of the prohibition on cash deposits into Crown bank accounts and third party transfers

Note:

1. Initialism and Promontory are specialist advisers with particular expertise in the AML/CTF area



Protecting Crown from the risk of criminal elements

Item	Overview	Update
Consideration of future junket activity	<ul style="list-style-type: none"> The Board is in the process of carefully considering whether and, if so, on what basis it will deal with junkets in the future This builds on a detailed review of its junket approval process informed by the external review and recommendations of Deloitte While this consideration is underway, Crown has suspended all junket relationships until at least 30 June 2021 	<ul style="list-style-type: none"> Board consideration in progress, with further recommendations currently being considered In the meantime, junket suspension has been implemented and junkets have been notified (verbally / in writing)
Information sharing protocols with law enforcement agencies	<ul style="list-style-type: none"> Establish information sharing protocols with law enforcement agencies 	<ul style="list-style-type: none"> MoU and other arrangements being discussed with law enforcement agencies



Section 2

AUSTRAC investigation and
VCGLR Show Cause notice



AUSTRAC Enforcement investigation

- ◆ In September 2019, AUSTRAC's Regulatory Operations branch commenced a compliance assessment into the management by Crown Melbourne Limited (Crown Melbourne) of customers it had identified as high risk and politically exposed persons
- ◆ As part of the compliance assessment, Crown Melbourne responded to detailed requests from AUSTRAC for information and documents
- ◆ AUSTRAC wrote to Crown Melbourne on 2 October 2020 to inform it of the status of its compliance assessment. AUSTRAC informed Crown Melbourne that it had:
 - identified potential non-compliance with the AML/CTF Act, including concerns with:
 - ongoing customer due diligence;
 - adopting and maintaining an AML/CTF Program; and
 - compliance with Part A of an AML/CTF Program
 - referred these concerns to AUSTRAC's Enforcement Team, which has initiated a formal enforcement investigation
- ◆ As part of the enforcement investigation, on 16 October 2020 AUSTRAC issued Crown Melbourne with a notice under section 167 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth)
 - The notice requires Crown Melbourne to answer a series of questions and provide documents relevant to, among other things:
 - Crown Melbourne's AML/CTF Program (including the oversight exercised by Crown Melbourne's Board and senior management);
 - its approach to money-laundering and terrorism-financing risk assessments, including its approach to customer risk assessments; and
 - its approach to enhanced customer due diligence
 - The notice requires information and documents dating back to 31 October 2014
- ◆ AUSTRAC has informed Crown Melbourne that it has not made any decision as to whether to take enforcement action
- ◆ Crown has confirmed to AUSTRAC that it will fully cooperate with its enforcement investigation



VCGLR Show Cause notice

- ◆ On 2 October 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 occasions. Clause 2.5.1 provides that:

Crown will ensure that it has robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players & Premium Players.
- ◆ The three matters are:
 1. An allegation concerning a former Junket Agent and that Crown ought to have identified the Agent's business interests, therefore failing to request and obtain all available and relevant information in accordance with clause 2.5.1. Crown responded that it should have identified the Agent's business interests earlier than it did, but noted that clause 2.5.1 of the Junket ICS does not apply to Junket Agents. Crown nevertheless accepted that the Agent is not a suitable person with whom to do business and his licence to enter and remain in the casino had been and remains withdrawn
 2. That Crown failed to make attempts to verify the accuracy of a media allegation in relation to a Junket Operator, therefore, failing to request and obtain all available and relevant information in accordance with clause 2.5.1. Crown responded that it did attempt to verify the accuracy of the allegations referred to in the 2003 Chinese media article. It was unable to do so. However, Crown noted that the relationship with the Junket Operator is currently suspended and he is one of the people the subject of an investigation commissioned by Crown
 3. That Crown failed to have regard to the purpose of the Junket ICS in determining whether to re-engage a Junket Player, therefore, failing to exercise appropriate discretion in re-engaging the player in accordance with clause 2.5.1. In response Crown acknowledged the Commission's concerns regarding the player (and has withdrawn his licence to enter Crown's casinos), however did not consider that it failed to take into account the purpose of the Junket ICS in considering to re-engage the player. The VCGLR's Notice observed that there is no information that the player had been charged with or convicted of a crime (Crown notes that that is not of itself determinative of whether Crown should deal with the player) and that Crown "requested all reasonable information regarding [the player], including conducting due diligence checks on a frequent basis". The decision to reinstate the player was an evaluative judgment
- ◆ Crown submitted its response to the VCGLR on 30 October 2020 and awaits the VCGLR's decision
- ◆ Crown has sought and has been provided approval from the VCGLR to provide ILGA with both the Notice to Show Cause and Crown's Response, should you wish to review them



Section 3

Update on Crown's Operational Readiness for Opening



Crown Sydney Hotel Resort – Operational readiness

- ◆ The construction schedule for the Crown Sydney building remains on schedule for a handover to the operations team on 7 December 2020
- ◆ Operational planning for the Crown Sydney hotel resort is well advanced to undertake pre-opening activities immediately after project handover and to allow for setup and training, and a period of soft-opening trials for “friends and family”
- ◆ For the purpose of ensuring operational readiness ahead of opening, the operations team is working on the basis of an assumed 21 December 2020 opening of the Restricted Gaming Facility to the public. Crown understands this timing needs to be finalised in consultation with ILGA
- ◆ A summary of the key operational aspects of the Restricted Gaming Facility and the current status of operational readiness are included in the following pages



Operational readiness – Core gaming systems

Item	Description	Status
Casino Management System (IGT) (CMS) & Table Management System (Augmentum / Velo) (TMS)	<ul style="list-style-type: none"> The core gaming transaction and monitoring system supporting all gaming operational activities CMS and TMS have been fully tested to operate in a live environment for Crown on opening 	<ul style="list-style-type: none"> System endorsed by BMM (Authorized Testing Facility or ATF) Currently with L&G NSW for approval Ready to go live subject to ILGA discussions
eTG Server	<ul style="list-style-type: none"> Centralised server providing content to all eTGs which has been fully tested to operate in a live environment for Crown on opening 	<ul style="list-style-type: none"> System endorsed by BMM (ATF) Currently with L&G NSW for approval Ready to go live subject to ILGA discussions
Poker Progressive Server	<ul style="list-style-type: none"> Centralised server providing progressive Jackpot functions to selected Poker Table Games 	<ul style="list-style-type: none"> System endorsed by BMM (ATF) Currently with L&G NSW for approval Ready to go live subject to ILGA discussions
Entry Management System (EMS)	<ul style="list-style-type: none"> Patron entry management and verification system (in conjunction with Velo) 	<ul style="list-style-type: none"> No ATF requirement In final testing with deployment to live environment expected by end of November
Loyalty Patron System	<ul style="list-style-type: none"> System to track patron activity and to facilitate new member registration 	<ul style="list-style-type: none"> No ATF requirement To be delivered in stages. All pre-opening modules on schedule to be delivered and implemented by 7 December 2020
Briefcam (Surveillance software)	<ul style="list-style-type: none"> Application linked to security cameras to provide patron tracking, counts and other security intelligence 	<ul style="list-style-type: none"> No ATF requirement Software currently in integration with Dallmeier (Surveillance system provider) On track for 7 December 2020 deployment



Operational readiness – Security and Surveillance

Item	Status
Property wide surveillance network, Security Monitoring Room	<ul style="list-style-type: none">• The surveillance camera network is circa 70% configured (with ~1,100 cameras out of ~1,540 configured)
Security staffing	<ul style="list-style-type: none">• Management complete• Employees recruitment almost complete• On-boarding from mid-November• Contractor security service provider agreed



Operational readiness – Product

Item	Status
Tables and associated equipment (physical gaming tables and operating system hardware)	<ul style="list-style-type: none"> • Largely in place – installation in progress • Main gaming floors on schedule for completion by 7 December 2020
Cards and chip delivery	<ul style="list-style-type: none"> • On schedule with agreed supplier timeframe to commence from mid-November
Sensitive gaming equipment (eg shufflers, chipping machines, roulette wheels etc)	<ul style="list-style-type: none"> • One final ILGA approval required • All equipment on property and installation under way on schedule for 7 December 2020 completion
Cage equipment (including safes, counting equipment, cash counters etc)	<ul style="list-style-type: none"> • On track for delivery and installation by 7 December 2020 • RFID readers due by end December (automation of chip verification – manual process in the meantime. Does not impact operations)
VIP Services equipment (including EMS equipment, card printers etc)	<ul style="list-style-type: none"> • On track for delivery by 7 December 2020
Ancillary Security equipment (including first aid equipment AED)	<ul style="list-style-type: none"> • On track for delivery by 7 December 2020



Operational readiness – Process

Item	Status
ICMs (comprising complete suite of 13 ICMs)	<ul style="list-style-type: none"> • Certification of all ICM's almost complete • All expected to be provided to ILGA for approval before 18 November 2020
Core game rules	<ul style="list-style-type: none"> • All major game rules approved with some ancillary rules submitted for approval • SOPs are in final stages of preparation before being provided to L&G NSW (notification only)
Security Master Licence – overarching licence for premise to employ and deploy security personnel	<ul style="list-style-type: none"> • Submitted and awaiting Security Licence Enforcement Division (NSW Police) approval
Gaming Boundary Plans completed	<ul style="list-style-type: none"> • Submitted and awaiting ILGA approval
Surveillance Equipment and Monitoring Plans Completed	<ul style="list-style-type: none"> • Submitted and awaiting ILGA approval
Liquor Licences	<ul style="list-style-type: none"> • Submitted and awaiting ILGA approval
Notification of Minimum Bets	<ul style="list-style-type: none"> • Submitted and awaiting ILGA approval
Gaming Signage within and around casino	<ul style="list-style-type: none"> • Planning and associated actions progressing
VIP Membership and Guest Policy	<ul style="list-style-type: none"> • Submitted and awaiting ILGA approval



Operational readiness – People

- ◆ Based on the proposed conditional opening of the Restricted Gaming Facility, Crown Sydney is expected to require approximately 410 gaming staff on opening, with approximately 310 employees hired to date
 - 178 staff are currently completing dealer training at Crown College
- ◆ Once fully operational Crown Sydney is expected to employ approximately 1,870 staff (including COVID impact and lower VIP business), encompassing approximately 860 gaming staff¹

Item	Status
Management	<ul style="list-style-type: none"> • Save for some final Cage management positions set to be filled in the coming days, management is in place • Recruitment is focused on closing out Cage and some VIP Services personnel
Frontline experienced dealers	<ul style="list-style-type: none"> • Currently being issued with contracts (primarily Melbourne-based) • Fully staffed for Crystal Room
Trainee dealer school	<ul style="list-style-type: none"> • Training continuing and on track for opening • Indigenous Employment Program contingent continues unabated • EA approved by Fair Work
Overall staffing including supervisors etc	<ul style="list-style-type: none"> • Sufficient employees in place to commence 'transition' operations from 21 December 2020
Licensing of all gaming employees	<ul style="list-style-type: none"> • On track with Department • Most new employees are experienced, with mutual recognition to assist in completing licensing ahead of opening
All gaming staff are required to complete certain compulsory online training modules prior to operations commencing (including but not limited to RSA, RCG and AML)	<ul style="list-style-type: none"> • As at 6 November 2020, 98% of the Crown Sydney staff have completed the AML online training module • In addition, all gaming management staff are required to complete face-to-face AML training prior to operations commencing



Operational readiness – Customer

Item	Status
Customer identification	<ul style="list-style-type: none">• NSW-based, Crown Rewards VIP members have been identified• The 'Step Up' process (to become a Crown Sydney Member) has been defined for these customers, however implementation is awaiting approval of the VIP Membership Policy• Enhanced KYC process has commenced on the original tranche of proposed Crown Sydney invitees (ie Black tier initially)
Enhanced AML/CTF for all Customers	<ul style="list-style-type: none">• Refer to People (staff training) and AML/CTF Joint Program update



Operational readiness – Environment

Item	Status
Defect remedy	<ul style="list-style-type: none"><li data-bbox="859 287 1976 354">• Defect identification has commenced across all gaming areas as handover of the project approaches<li data-bbox="859 376 1500 405">• Expect completion before 7 December 2020
Smoking and air technology systems – consistent with the obligations agreed with NSW Government	<ul style="list-style-type: none"><li data-bbox="859 434 1591 462">• Project delivery of all compliant systems completed<li data-bbox="859 482 1943 511">• Air pressure testing to be conducted before handover for certification purposes



Operational readiness – AML/CTF Joint Program

Item	Status
Approval of revised Joint Program	<ul style="list-style-type: none"> Approval received from the Crown Sydney Board and endorsed by the Crown Resorts Board
AML Compliance Officer	<ul style="list-style-type: none"> Nick Stokes appointed as the designated AML Compliance Officer for Crown Sydney (as well as Crown Melbourne and Crown Perth)
Joint Program policies and procedures	<ul style="list-style-type: none"> Completed and incorporated into Crown Sydney's SOPs Additional automated and manual rules are being implemented and further developed Refer also to the training update
Dedicated Crown Sydney AML team	<ul style="list-style-type: none"> Crown is restructuring and expanding its AML team under Mr Stokes as Group General Manager, AML This restructure includes a dedicated AML Compliance Manager and AML Investigations Officer based at Crown Sydney



Section 4

Proposed Arrangements for the Commencement of Gaming



Details of the proposed opening arrangements

- ◆ It is proposed that the Restricted Gaming Facility commences operation in a limited and supervised manner from 21 December 2020, with a progressive increase in operations over a defined period of time
- ◆ Prior to 21 December 2020, Crown proposes to undertake a small series of soft opening days for the purpose of stress testing the new environment ahead of the opening date
- ◆ A progressive opening would allow for the employment and on-boarding of gaming-related employees, as well as providing for the commencement of gaming operations in a limited and controlled environment
- ◆ This environment of limited patrons and reduced patron activity presents an opportunity for ILGA's Inspectors to be able to more thoroughly review and audit Crown's operating processes in real time and in advance of more extensive commencement of gaming activity



Details of the proposed opening arrangements

- ◆ The following are the broad principles which would apply to the proposed phased opening:
 - Only one level of gaming (out of four) will initially open (being the Crystal Room on Level 2, including Crystal Suite and Salon 1)
 - A total person count within the room will apply, with a progressive increase facilitated over a defined period
 - A total person count would be well under the current prevailing COVID-19 restrictions as they apply
 - This will limit the total person count (excluding staff per the NSW Health Fact Sheet) for the Crystal Room to no more than 300 pax
 - The next relaxing of COVID restrictions is likely to permit Crown Sydney to operate in conjunction with the Fire Safety Population Numbers (i.e. Crystal with 672 pax)
 - Attendance will be managed on an invitation only basis, by providing Crown Sydney Gaming Floor Access Control (GFAC) to certain Crown Rewards designated customer tiers:
 - The initial phase would be limited to **Black tier (and VIP1)** customers only (equating to a database of ~450 customers)
 - The next phase would include **Platinum** tier customers at a defined point thereafter (increasing the total database to ~1,700 customers)
 - Spouses of permitted members would also be welcomed (subject to the normal security checks), however strict guest restrictions will also be in place
 - For the opening period it is proposed that Crown invite all Black customers to Crown Sydney with a caveat that it will accommodate up to 150 customers at a time for the first two weeks
- ◆ Given these restrictions, and subject to ILGA's views, Crown may seek approval to operate on a reduced hours basis



Proposed opening – Visitation plan

Week commencing	Week 1 21 Dec 20	Week 2 28 Dec 20	Week 3 4 Jan 21	Week 4 11 Jan 21	Week 5 18 Jan 21	Week 6 25 Jan 21	Week 7 1 Feb 21
Tier	Black / VIP1	Black / VIP1	Black / VIP1	Black / VIP1	Black / VIP1 & Platinum	Black / VIP1 & Platinum	Black / VIP1 & Platinum
Invited Customers (circa)	450	450	450	450	1,700	1,700	1,700
Room Capacity ^{1 & 2}	150	150	225	225	350	400	600+
Partner Permitted	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Guest Permitted ³	Spouse only	Spouse only	Yes (1)	Yes (1)	Yes (Black = 1, Platinum = spouse only)	Yes (Black = 1, Platinum = 1)	Yes (Black = 2, Platinum = 1)

Notes:

- COVID-19 constraints may impact proposed room capacities. Under current restrictions, this would limit total person count (excluding staff per the NSW Health Fact Sheet) for the Crystal Room to no more than 300 pax. Based on the Fire Safety Population Numbers, capacity within the Crystal Room is limited to 672 pax.
- Capacity is to be interpreted as maximum at any one point (not including staff).
- When guests are permitted (from week three), a member may nominate a spouse and/or a guest (within the limits above).



Proposed opening – Benefits

- ◆ The benefits of a staged opening include:
 - Allowing the continuation of the current plans for employment and on-boarding of new casino employees
 - Allowing ILGA and DCS to engage with Gaming Operations in a controlled manner to gain assurance around all aspects of the Restricted Gaming Facility
 - Bringing together all of the elements of the Integrated Resort, in particular the food and beverage offering targeted to the gaming floor areas and the consequent employment and commencement of operations
 - Limited commencement of operations, with expansion only on a basis agreed with ILGA, will allow for transparency of operations in an environment of limited customer activity and an opportunity to assess Crown Sydney's enhanced systems capability and data analytics
 - Triggering the commencement of obligations such as the Gaming Tax guarantees and the payment of Gaming Tax



Proposed opening – Additional controls and ICMs

- ◆ The opening arrangements can be formalised through Directions issued by ILGA pursuant to section 29 of the Casino Control Act
- ◆ Crown is also considering further ICMs which would formalise enhanced information sharing and oversight, to provide ILGA with real time visibility and assurance of the efficacy of the control measures
- ◆ Subject to further consultation with ILGA, these ICMs are to provide for:
 - Regular reporting on all new Members who have joined
 - Regular reporting on all guests who have entered the Restricted Gaming Facility
 - Making gaming records and related reports available to Liquor and Gaming NSW upon request
 - Compliance, AML and Risk reports available to Liquor and Gaming NSW upon request
 - Reports produced for the meeting of the Persons of Interests (POI) Committee, along with the decisions of the Committee, available to Liquor and Gaming NSW upon request.
 - Self-reporting to Liquor and Gaming NSW within 7 days, any identified breach of an ICM
 - Periodic external reviews of its AML and Risk Management Frameworks
 - A process to engage ILGA with the Crown Resorts Risk Management Committee / Crown Sydney Board
 - Proposal for meetings at all levels between Crown and ILGA, including Inspector Meetings, Operations Meeting, L&G NSW Directors Meeting, Authority Meeting, Authority Executive Meeting
- ◆ Crown also proposes that a review be conducted into the operations of the Licensee at Crown Sydney 12 months after the commencement of full operations, supported by an independent report



Section 5

Material Strategic and Operational Risks



Material risks of a limited Crown Sydney opening – Operational considerations

Risk concern	Additional / new controls	Residual risk assessment for Crown Sydney opening
Critical IT system failure	<ul style="list-style-type: none"> • All key systems have been developed and tested for a December opening • Soft opening with small number of patrons would mean any system issue could revert to manual processing • Vetted list of patrons will be available manually in case of system unavailability 	Minimal due to small volumes
COVID-19 breach	<ul style="list-style-type: none"> • Crown has developed extensive procedures that have been rolled-out in Perth and any lessons learned will be applied to Sydney opening • Soft opening with smaller number reduces further the risk of COVID-19 breach 	Minimal due to small volumes and physical distancing and hygiene processes tested in Perth
Uncertainty or delay of opening date	<ul style="list-style-type: none"> • The uncertainty around opening is creating a risk around recruitment and retention of staff 	Material if opening delayed – Approximately 300 existing gaming staff may need to be stood down
Inappropriate patrons entering the casino	<ul style="list-style-type: none"> • A limited number of currently known members to be invited to attend preliminary opening 	Minimal – Patrons are well known to Crown and thorough DD performed
Breach of ICM	<ul style="list-style-type: none"> • All ICMs have been documented 	Minimal due to heavy supervision



Material risks of a limited Crown Sydney opening – Operational considerations

Risk concern	Additional / new controls	Residual risk assessment for Crown Sydney opening
Implementation of ICM1 – Security Operations	<ul style="list-style-type: none"> • Staff recruited and trained, already in place, deployed and operational • Access controls already in place • ID and access rights in place • Harm mitigation training in place, with reduced patron numbers easing processes • Incident management and reporting set-up 	Minimal – Opening with smaller patron numbers will ensure effective implementation of all procedures and identification of any required enhancements
Implementation of ICM2 – Surveillance Operations	<ul style="list-style-type: none"> • Surveillance facilities are operational, with staff on board, trained and using the equipment • System access and operation has been set-up • Equipment location and coverage has been tested and is operational • Equipment standard and capabilities pre-approved and set up to standard • Contingency for System failure has been set-up and tested • Harm minimization has been included as part of the training of staff 	Minimal due to small volumes
Implementation of ICM3 – Information Technology	<ul style="list-style-type: none"> • Physical Security has been enhanced with physical access controls • Regulated systems have been implemented in collaboration with ILGA specialists • Change management procedures in place, with extensive existing processes in Melbourne and Perth extended to the Sydney property • Access control has been implemented in line with existing and well established corporate processes • System contingency and back-up is in place • General system security in place 	Minimal due to small volumes



Material risks of a limited Crown Sydney opening – Operational considerations

Risk concern	Additional / new controls	Residual risk assessment for Crown Sydney opening
Implementation of ICM4 – Gaming Equipment	<ul style="list-style-type: none"> • Security, storage and access has been considered in the design of the operations – in place • Register of gaming equipment in place • Movement of gaming equipment processes are in place • Offsite storage facility has been set-up • Disposal or denaturing of gaming equipment has been considered and documented, but not a material concern at this early stage 	Minimal due to small volumes
Implementation of ICM5 – Table Games Operations	<ul style="list-style-type: none"> • Supervision protocols are in place with staff well trained • Harm mitigation is in place with Responsible Gaming (RG) team recruited and trained, ready for operations • Conduct of gaming has been defined and staff trained to conform with requirements 	Minimal due to small volumes
Implementation of ICM6 – Electronic Table Games Operations	<ul style="list-style-type: none"> • Supervision has been established with staff trained • Installation and configuration of equipment has been set-up with relevant access controls in place • Operations have been defined, using extensive experience from other two properties • Harm minimization has been considered in RG procedures • Licensing and training of staff to conduct gaming operations has taken place 	Minimal due to small volumes



Material risks of a limited Crown Sydney opening – Operational considerations

Risk concern	Additional / new controls	Residual risk assessment for Crown Sydney opening
Implementation of ICM7 – Gaming Machines Operations	<ul style="list-style-type: none"> Not applicable to Crown 	N/A
Implementation of ICM8 – Rebate Play	<ul style="list-style-type: none"> Eligibility and suitability of premium players has been defined and tested for the small group of soft opening patrons It is not proposed to have any junket operations until at least 30 June 2021 All relevant reporting mechanism have been defined and established 	Minimal due to small volumes
Implementation of ICM9 – Funds Advance Cheque Cashing Deposit	<ul style="list-style-type: none"> Deposit account and facility requests have been defined Dishonored cheques and default procedures have been established Recovery, release or discharge of debt protocols have been defined Record keeping is in place Harm minimization is in place 	Minimal due to small volumes
Implementation of ICM10 – Player Rewards and Promotional Prizes	<ul style="list-style-type: none"> Crown has extensive experience in managing player rewards and promotional prizes across its other properties Specific NSW considerations have been embedded into processes and control are in place to manage these effectively 	Minimal due to small volumes
Implementation of ICM11 – Cage Operations	<ul style="list-style-type: none"> Crown has extensive experience in managing Cage Operations, and the processes that have been set up include extensive controls for security, access restrictions, security of assets, Cage transactions and harm minimization 	Minimal due to small volumes



Material risks of a limited Crown Sydney opening – Operational considerations

Risk concern	Additional / new controls	Residual risk assessment for Crown Sydney opening
Implementation of ICM12 – Collection and Counting of Revenue	<ul style="list-style-type: none"> • Crown has extensive experience in the collection and counting of revenue, and has implemented controls that ensure the right staff, security and collection and count controls have been designed and implemented 	Minimal due to small volumes
Implementation of ICM13 – Accounting, Audit and Revenue	<ul style="list-style-type: none"> • The Sydney operations have been set-up to ensure general accounting principles are applied, banking, financial instrument stock control, currency conversion, cash and cash equivalent reconciliations, table games calculations and reconciliations, errors, discrepancies and variance and auditing practices are in place and effective • Processes for signature controls are in place • Revenue reporting and casino duty payments are in place 	Minimal due to small volumes
Implementation of ICM14 – Exclusions	<ul style="list-style-type: none"> • Exclusion processes have been set-up and agreed 	Minimal due to small volumes



Matters arising from ILGA Inquiry

Risk concern	Additional / new controls in place for proposed Crown Sydney opening
Issues with junket approval process	<ul style="list-style-type: none"> • Crown has stopped dealing with all junkets until at least 30 June 2021 • Deloitte review completed • Redrafting of processes, including consideration of standard of proof • Increasing scope of due diligence to related parties • Further consideration of any future dealings with junkets
Implementation of Joint Program (including training, capability, capacity, technology)	<ul style="list-style-type: none"> • Joint Program rolled out across all three properties at present, and substantially implemented in Perth and Melbourne • AML online training completion rate in Sydney is 98% • Additional staff recruited into the AML department – already in place • Enhanced automation and system capability with the implementation of AML Sentinel and IGT Advantage.
Structuring of cash deposits	<ul style="list-style-type: none"> • Automated and manual rules for AML team review and potential investigation of cash and cheque deposits being implemented and further developed. • Also periodic (currently weekly) review by AML team of deposit account bank statements for transactions of concern that require further investigation or review • Working with ANZ to reduce (and preferably eliminate) the incidence of cash deposits by patrons into Crown's bank accounts from branches



Matters arising from ILGA Inquiry

Risk concern	Additional / new controls in place for proposed Crown Sydney opening
Aggregation of transactions	<ul style="list-style-type: none"> • No instances of aggregation since 2018 • All transactions on deposit accounts periodically reviewed (currently weekly) by AML team for transactions of concern • Automated and general rules being implemented and further developed to alert AML team to certain transactions on bank accounts • Extensive staff training, communication and reminders • Training and messaging reinforced for Cage staff not to aggregate transactions under any circumstances • Separation of duties between entering transactions and reporting them
Third party transfers	<ul style="list-style-type: none"> • Third party transfers no longer permitted without Chief Operating Officer and Group General Manager, AML approval by directive • Given the suspension (and further consideration of any future dealings with junkets), it is unlikely that third party transfers will take place • Management oversight at Cage level to ensure compliance on directive • Manual and automated rules to ensure that all third-party transfers reviewed by the AML Team • Extensive communication and reminders have been reinforced
Junket cash desk	<ul style="list-style-type: none"> • This arrangement was only set up for the Suncity room in Melbourne, which has subsequently closed • Sydney is not setting up any such dedicated facilities



Matters arising from ILGA Inquiry

Risk concern	Additional / new controls in place for proposed Crown Sydney opening
Governance processes – failures to communicate critical information / red flags to the Board	<ul style="list-style-type: none"> • Since 2018, new risk and compliance management frameworks have been implemented with a focus on reporting and escalation • Reporting and governance protocols have been increased across all areas of the business to Executive and Board forums • Compliance reporting system has been rolled out across all areas of the business to capture any errors, breaches or concerns, this is complemented by monthly Compliance Officer Meetings • All errors and breaches raised at the monthly Compliance Officer Meetings are escalated to the Executive Risk and Compliance Committee Meetings and material matters are from there, escalated to the Board
Sharing of confidential information with CPH / James Packer	<ul style="list-style-type: none"> • The information sharing arrangements have been terminated • Other governance reforms announced at AGM
Poor compliance culture, leadership	<ul style="list-style-type: none"> • Changes in leadership from January 2020 • Changes in reporting line to the CEO and Board for governance functions • Changes in STI structure and increase in compliance and risk factors • Personnel change in key roles and compliance functions • Embedding of risk and compliance KPIs in employee performance targets (commenced in 2019) • Roll-out of Crown's values in 2018, including 'We do the right thing' as one of the 4 core pillars



Matters arising from ILGA Inquiry

Risk concern	Additional / new controls in place for proposed Crown Sydney opening
Implementation of AML/CTF controls and procedures	<ul style="list-style-type: none"><li data-bbox="540 282 1172 311">• Revised Joint AML/CTF Program approved<li data-bbox="540 325 1452 354">• New AML/CTF Policy and Procedures substantially implemented<li data-bbox="540 368 1877 396">• Additional AML resourcing, with a new Head of Compliance and Financial Crimes to be appointed<li data-bbox="540 411 1597 439">• Additional controls on cash deposits within the casino and its bank accounts<li data-bbox="540 454 2038 529">• Critical risk customers exited from business unless approved by POI Committee or specified senior executives following AML risk assessment<li data-bbox="540 544 2038 619">• All processes are being reviewed to tighten the criteria and standard of proof for allowing individuals to interact with Crown<li data-bbox="540 634 1203 662">• Implementation of group-wide POI committee



Matters arising from other regulatory investigations

Risk concern	Additional / new controls in place for proposed Crown Sydney opening
ACLEI – Operation Angove: Allegations of corruption between Crown and Border Forces	<ul style="list-style-type: none"> • No findings of corruption • Visa processes arrangement terminated in 2016
ATO: Enquired into details raised in media allegations	<ul style="list-style-type: none"> • Has not pursued investigation
VCGLR: Show Cause Notice into three instances of Junket related due diligence	<ul style="list-style-type: none"> • In progress – Redrafting the Junket ICS to reference enhanced Junket processes being implemented • Crown is not dealing with Junkets until at least 30 June 2021
AUSTRAC: Matters referred to Enforcement team for investigation (refer to page 17)	<ul style="list-style-type: none"> • Working with AUSTRAC • Restrictions on future dealings with junkets



Section 6

Potential Regulatory Reforms



Potential regulatory reform

- ◆ Part B of the Amended Terms of Reference for the ILGA Inquiry require the Commissioner to inquire into and report on the regulatory framework and settings for gaming and casinos in New South Wales
- ◆ Crown supports regulatory reform and wishes to engage with ILGA constructively on the issue
- ◆ Crown is considering a number of additional potential reforms in support of Part B of the Amended Terms of Reference which may assist in strengthening the regulatory framework in light of matters that have been raised in the course of the ILGA Inquiry, for example regular independent financial, compliance and AML audit processes