



## Risk Management Committee

Minutes of a Meeting of the Committee held on Tuesday, 20 October 2020  
at 2.30pm by videoconference

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**Members Present:**

Jane Halton (Chair)  
Andrew Demetriou  
Michael Johnston  
Toni Korsanos

Mary Manos (Secretary)

**By Invitation:**

Ken Barton (Crown Resorts Limited)  
Brett Hereward (Betfair – AML) (Agenda Item 7.4 only)  
Michelle Fielding (Group GM – Regulatory and Compliance)  
Lauren Harris (Crown Resorts Limited)  
Alan McGregor (Crown Resorts Limited)  
Anne Siegers (Group GM Risk & Audit)  
David Skene (Betfair – Head of Legal) (Agenda Item 7.4 only)  
Nick Stokes (Group GM – AML) (Agenda Item 7 only)  
Xavier Walsh (COO – Crown Melbourne)  
Natalie James (Deloitte) (Agenda Item 8 only)  
John Salomone (CFO – Australian Resorts)  
Michael Tamvakologos (Seyfarth Shaw) (Agenda Item 8 only)

**Apologies:**

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

### BUSINESS

**Minutes of Committee Meeting held on 12 August 2020:**

It was **RESOLVED** that the Minutes of the Risk Management Committee Meeting held on 12 August 2020 be approved.

**Matters Arising:**

The Matters Arising Paper was taken as read.

The Committee requested that the chronology of interactions with AUSTRAC be categorised and expanded to interactions with gaming regulators. It was also requested that consideration be given to whether any trend reporting on interactions could be included.

**Process of Enhancement of Compliance and Governance Processes:**

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

The Committee noted the progress made against each item and requested that target completion dates be included in future reports.

Among other matters, Ken Barton highlighted the following:

- interviews were being scheduled for the new Head of Compliance and Financial Crimes roles, noting that Jane Halton had been presented with the candidate shortlist;
- management was continuing to engage with the banks in respect of the AUSTRAC enforcement investigation;
- the Chairman and CEO's addresses for the 2020 Annual General Meeting would feature detail on the Company's improvement program;
- Nick Kaldas and Nick McTaggart would be engaged to provide independent advice to the Company on a range of matters including issues related to integrity; and
- management was continuing to consider the junket approvals processes and was in the process of developing an approvals matrix noting that the new Head of Compliance and Financial Crimes would be required to sign off on any processes.

The Committee discussed the junket approvals process, noting that engagement with the gaming regulators would be required in this respect and that consideration of future dealings with junkets was continuing to be considered by the Board.

The Committee requested that:

- Nick McTaggart be invited to present to the next meeting of the Committee; and
- the junket approvals process matrix be presented to the Committee for consideration.

It was noted that a wholesale review of the VIP operation would be conducted in due course.

**Crown Sydney:**

The Crown Sydney paper was taken as read.

Anne Siegers advised that the paper highlighted the comments and possible recommendations arising from the ILGA Inquiry.

The Committee discussed the proposed 14 December 2020 opening date for Crown Sydney with management, noting that discussions were continuing with ILGA in this respect.

The Committee requested that a risk analysis on opening dates for Crown Sydney to be presented to the Board for consideration.

**Risk Reporting:*****Future Reporting***

The Future Reporting paper was taken as read.

The Committee confirmed its approval of the proposed future meeting structure as described in the paper.

***Report Against Material Risks***

The Report Against Material Risks was taken as read.

Anne Siegers noted that following the last meeting of the Committee, in consultation with the Chair of the Committee, the format of the Report Against Material Risks was updated.

Among other matters, the Committee discussed the following matters:

- receipt of the show cause notice from the VCGLR;
- the recent ASIC information request;
- the AUSTRAC enforcement investigation, including that Maurice Blackburn was considering the fall in the Company's share price following the issue of the announcement of the AUSTRAC enforcement investigation; and
- the information request received in respect of the Crown Perth smoking exemption.

The Committee requested that:

- a dashboard on risk indicators be presented to the Committee as part of the Report Against Material Risks, it being noted that the data on key risk indicators was being developed and that work was also progressing to establish a risk culture dashboard for the benefit of the Committee;
- the risk definitions in the Risk Profile be updated to reflect the current environment and controls and an out of cycle meeting to be scheduled to review the revised risk definitions;
- it be presented with the list of issues identified in VCGLR show cause notice and change program in respect of those issues; and
- an external review of the AML / source of wealth processes be undertaken in respect of the Company's operations in the United Kingdom.

It was noted that the draft response to the ASIC information request would be provided to Toni Korsanos for review in her capacity as Chair of the Audit and Corporate Governance Committee.

Mary Manos advised that a new trial date for the class action of 25 October 2021 had been set based on counsel's availability.

It was **RESOLVED** that the Report Against Material Risks be noted.

**Risk Culture**

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

The Committee requested that future reports be presented on a group wide basis to include all of the Company's operating subsidiaries.

The Committee discussed the Company's purpose statement and values which were adopted by the Board in June 2019. Jane Halton requested that a review of the purpose statement and values be undertaken at the appropriate time having regard to the Company's newly adopted Code of Conduct and the continuing work on culture which is underway.

**Emerging Risks**

The Emerging Risks paper was taken as read.

It was noted that due diligence would be conducted on the Company's debtors prior to recovering funds.

**Compliance Report:**

The Compliance Report was taken as read.

Amongst the matters set out in the Report, Michelle Fielding highlighted the following:

- REDACTED - SECRET INFORMATION
- detail in relation to the claim made in January 2020 by a Crown Aspinalls employee; and
- the whistleblower complaints relating to Crown Perth which had not yet been closed out.

The Committee discussed the whistleblower disclosure regarding the F&B employee who has been charged with serious criminal offences and requested that the employee be stood down at full pay until the determination of the court hearing.

**Anti-money Laundering:****Joint Program – Proposed Amendments**

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

It was noted that Initialism and MinterEllison had been engaged to review the revised AML/CTF Joint Program and that following the initiation of the AUSTRAC enforcement investigation, Allens who was advising the Company in relation to the investigation, would also be engaged to review the revised AML/CTF Joint Program.

REDACTED - PRIVILEGE

**Implementation of AML Joint Program**

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

Xavier Walsh noted, among other matters, that:

- the revised AML/CTF Awareness Training online module had been rolled out at Crown Melbourne, Crown Perth and Crown Sydney;
- face to face training was being rolled out for supervisors and above; and
- employee due diligence screening had been conducted on approximately 6000 employees with 24 false positive results and two positive results being two of the employees who were detained in China in 2016.

**AML/CTF Update**

The AML/CTF Update was taken as read.

It was noted that future reports would contain additional transaction process maps for the Committee's reference.

The Committee requested that management consider alternative customer due diligence platforms.

**Betfair AML Review**

The Betfair AML Review paper was taken as read.

In response to a query from the Committee, Brett Hereward advised that upon a red flag identification, enhanced due diligence is conducted on a customer and a determination made following completion of the process.

**Payroll Compliance Review:**

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

REDACTED - PRIVILEGE

**Cyber Risk Presentation:**

The Cyber Risk Presentation agenda item was deferred to the next meeting of the Committee.

**Internal Audit Review:**

The Internal Audit Review paper was taken as read.

**Insurance Renewal:**

The Insurance Renewal Strategy paper was taken as read.

Mary Manos advised the Committee that, having regard to the expected reduction in available cover and the increase in premiums and deductibles, management, with the support of Marsh, has been exploring alternative risk transfer options, including captives, which provide the Company with the ability to fund self-insured exposure,

noting that the Committee would be provided with an update at its next meeting.

**Other Business:**

***Register of Contracts***

The Register of Contracts paper was taken as read.

It was **RESOLVED** that the Register of Contracts be noted.

***Future Meetings***

The future meeting dates were noted.

**Closure:**

There being no further business, the meeting was declared closed at 5.40pm.

