



Executive Risk and Compliance Committee - Minutes

Committee Name: Executive Risk and Compliance Committee Meeting

Date Held: Tuesday, 21 May 2019

Commencement Time: 14:03 AEDT

Present: Joshua Preston (Chairman/Chief Legal Officer – Australian Resorts)
 Xavier Walsh (Chief Operating Officer)
 Alan McGregor (Chief Financial Officer – Australian Resorts)
 Andre Ong (Group Chief Information Officer – Crown Resorts)
 Nicolas Emery (Chief Marketing Officer – Crown Resorts) – by phone
 Alicia Gleeson (Executive General Manager – Human Resources)
 Sean Knights (Executive General Manager – Table Games)
 Mark Mackay (Executive General Manager – Gaming Machines)
 Mark Holmes (Executive General Manager – Food and Beverage)
 Michelle Fielding (Committee Executive Officer/Group General Manager – Regulatory and Compliance)
 Anne Siegers (Group General Manager – Risk and Audit)

Invitees: Ken Barton (Chief Financial Officer and CEO Crown Digital – Crown Resorts)
 Mary Manos (General Counsel and Company Secretary – Crown Resorts)

Apologies: Barry Felstead (Chief Executive Officer – Australian Resorts)
 Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne)

Business	Action	Due Date
<p>1. Confirmation of Minutes</p> <p>The members confirmed the Minutes of the Executive Risk and Compliance Committee (Committee) Meeting dated 30 January 2019.</p>		
<p>2. Business Arising</p> <p>Regulatory and Compliance Update - Mr Ong advised that a software change has been scheduled for September 2019 to stop the ability to abort or interrupt the soft count.</p> <p>Mr Emery updated the Committee that Salesforce was the better system (than email) for patron communications. A gap existed with regard to Poker communications, however, it is intended to move Poker communications into Salesforce, which has the necessary integrity checks and balances.</p> <p>Mr Walsh provided an update on the status of the health of the employees assaulted at The Pub. He noted that neither of the two injured Officers had returned to work. One is awaiting medical clearance and the other is undergoing further treatment on his back. Both are keen to return to work and appropriate</p>	<p>GCIO</p> <p>CMO</p>	<p>September 2019</p> <p>July 2019</p>

<p>alternative duties will be found for them. A third Officer is suffering persistent headaches and Crown is keeping in close contact.</p>		
<p>Mr Walsh provided an update on the status on proposal to consider having PSOs at Crown. The matter is currently with the Minister for Police and it is expected that if the proposal proceeds, the PSOs may be funded by VicPol. A further update will be provided at the next Meeting.</p>	COO	July 2019
<p>Internal Audit Update - Mr Ong spoke to adding Airwatch to personal devices used for work purposes. Mr Ong advised that the process was straight forward for Crown owned devices, but a wider reaching option was required for personal devices. That option has been sourced and a policy is being prepared to advise staff who use their personal device for work purposes, that Crown related information and applications will be remotely wiped if it falls out of their control (e.g. lost, stolen etc.). There are currently 710 personal devices to be enrolled on Airwatch, which is expected to be completed in June 2019. The Committee further discussed the devices used by the Directors and it was agreed that they only require Airwatch on their devices if they have Crown email addresses on them, which they didn't. Mr Ong also highlighted that emails sent to private email addresses, can't be protected.</p> <p>Mrs Siegers received no further feedback from the Committee regarding the revised Audit Plan.</p> <p>Risk Update – Mrs Siegers confirmed that she had amended the 'Corporate Risk Profile' for RSA to be split out as a standalone item.</p> <p>Mrs Siegers has circulated the definitions of each risk to the Committee.</p> <p>Ms Fielding confirmed that the Junket Agreements had been modified to make it clearer that commission was payable on any game at Crown's discretion.</p> <p>AML/CTF Update - The Chairman noted that Equifax can run 1,500 checks for bankrupt patrons at a time, at a cost of \$12 per person. Mr Walsh proposed to commence with Black and Platinum tier members as well as any bankrupts that come to our attention. Mr Mackay proposed that VIP1 level patrons also be screened with this group. The Chairman noted that the screening will be undertaken annually. Ms Fielding will add the annual screening of Black, Platinum, VIP1 and known bankrupts, to the AML Department's survey in CURA.</p>	GCIO	July 2019
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<p>Health, Safety & Wellbeing Update – Mr McGregor confirmed to the Committee that Crown’s contracts with the Cleaning Contractors provide for financial recourse for their part in issues that arise. He further confirmed that the contracts require adherence with Crown’s policies.</p> <p>Responsible Gaming Update - No response has been received from Anna Bardsley - no further update to follow.</p>		
<p>3. Internal Audit</p> <p><i>3.1 Internal Audit Report</i></p> <p>It was noted that there were 2 Improvement Required audits in the Group Audits carried out during the period. It was further noted however that management was diligently addressing those audits to implement the necessary steps and processes as recommended by the Audits.</p> <p>There were no further comments raised by the Committee in respect of the Internal Audit Report and the paper was otherwise “taken as read”.</p> <p><i>3.2 Status of Internal Audit Recommendations</i></p> <p>There were no comments raised by the Committee in respect of the Internal Audit Update and the paper was “taken as read”.</p> <p><i>3.3 Internal Audit Plan for FY20 to FY22</i></p> <p>Mrs Siegers undertook to revisit the classification of the Staff Club risk.</p> <p>Crown is transitioning from a number of very small audits, to less but more in-depth and meaningful audits. This change in direction has been approved by the Crown Melbourne Limited Board Audit Committee.</p> <p>The VIP Operations Audit will be expanded to include additional jurisdictions in due course.</p> <p>There were no further comments raised by the Committee in respect of the Internal Audit Plan and the paper was otherwise “taken as read”.</p>	<p>GMMR&A</p>	<p>July 2019</p>
<p>4. Risk Update</p> <p><i>4.1 Strategic Risk Update</i></p>		

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Crown received a \$25,000 fine from the VCGLR for failure to notify them of a new non-resident junket operator (Adelin SUJADI).

Crown received a letter from the VCGLR stating that they have concluded their investigation into patrons using multiple loyalty cards and found no breach of law. However, they have referred the matter to the Department of Justice for consideration from a policy perspective.

The VCGLR's draft report on its China investigation has not yet been received.

The Crown Resorts Board has endorsed an adjusted VIP operating model for Malaysia and Singapore, with additional controls to manage risk.

There were no further comments raised by the Committee in respect of the Strategic Risk Update and the paper was otherwise "taken as read".

4.2 *Delegations*

Each Board (Resorts, Melbourne and Perth) approved the Risk Appetite in December 2018. The next stage of the Framework is for the Resorts Board to approve a new Delegations Policy.

Once set, the delegations will flow down through each level of the business. The limit for the designated senior positions has been \$5M for some time and is being reviewed. A higher limit will create efficiencies in seeking approvals and better reflects our risk appetite ranges.

There were no further comments raised by the Committee in respect of the Delegations Policy and the paper was otherwise "taken as read".

4.3 *Risk Management Strategy*

Mrs Siegers spoke to the Risk Management Strategy document, which was noted as a comprehensive and critical document for our risk framework. Mrs Siegers also noted that Crown commissioned an external party to review its Risk Management Strategy and their feedback has been incorporated into the document, which will go to the Crown Resorts Risk Management Committee for endorsement.

There were no further comments raised by the Committee in

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<p>respect of the Risk Management Strategy and the paper was otherwise “taken as read”.</p> <p>4.4 Emerging Risks (No paper)</p> <p>Mrs Siegers noted no new emerging risks.</p>		
<p>5. Compliance and Regulatory Update</p> <p>5.1 Compliance and Regulatory Update</p> <p>The Chairman provided a status update of the Compliance Framework progress.</p> <p>The Chairman highlighted a number of compliance issues from the report.</p> <p>The Chairman noted that no feedback had been received from the VCGLR regarding the AGT matter or their enquiries regarding EGM C8308.</p> <p>As part of the disciplinary matter into Blanking Buttons, Crown was required to make a presentation to the VCGLR regarding its Compliance Framework, however, the VCGLR subsequently asked Crown to make a written submission in its place, which Crown did in December last year. The VCGLR has now written to Crown in June this year, stating that it intends to send Crown a letter requesting certain documents for their review, including CURA reports, ERCC Minutes and papers etc.</p> <p>The Chairman noted that through CURA we have been able to identify some patterns for review and analysis (e.g. Poker dealing errors) which would be raised with the relevant departmental management for attention.</p> <p>There were no further comments raised by the Committee in respect of the Compliance and Regulatory Update and the paper was otherwise “taken as read”.</p> <p>5.2 Section 25 Recommendations</p> <p>The Committee reviewed the ‘Status of Recommendations Table’, and the Chairman talked to each and its progress in turn. There are nine s 25 Recommendations due by 1 July 2019 – which are all tracking to the timeline, noting that there is a considerable work effort being undertaken in this respect.</p> <p>5.3 Recommendation 5 – Presentation on the VCGLR’s Risk Based Approach</p>		

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<p>The Chairman took the Committee through the VCGLR's Regulatory Approach document, a full copy of which was provided to the Committee, along with the VCGLR's summary document. The Chairman spent some time taking the Committee through the various elements of the Approach and specifically focused on the Risk Based Approach section of the document and spoke to the approach being importantly related to the integrity of and compliance with Crown's Internal Controls. Additionally, the Chairman highlighted that Crown's new Compliance Framework is in its formative stages and will continue to mature. The Chairman noted that Crown's Compliance Framework aligns with the VCGLR's Regulatory Approach. The members of the ERCC discussed their intent to disseminate and/or discuss the VCGLR's Risk-Based Approach with their teams where appropriate.</p>		
<p>6. Litigation Update</p> <p>The Chairman spoke to the Litigation Update.</p> <p>There were no comments raised by the Committee in respect of the Litigation Update and the paper was "taken as read".</p>		
<p>7. AML/CTF Update</p> <p>The Chairman noted that Crown had received notice from AUSTRAC that the compliance review of Perth, will now be undertaken later in the year. The review will be based from the new Joint AML/CTF Program.</p> <p>The Chairman spoke to Crown being made aware that it was to be invited to join the Fintel Alliance; however, the direction and strategy of the Alliance is now being reconsidered, possibly following the Banking Royal Commission.</p> <p>It was also noted that Crown Melbourne recently hosted a tour of the complex for AUSTRAC, which included their Deputy CEO. AUSTRAC were impressed by Crown's development of Splunk and particularly that it is a self-built model that Crown can alter as soon as new trends arise.</p> <p>The Chairman noted that Adam Sutherland has returned to Crown to add support to the AML team.</p> <p>The Chairman noted that Janet McCarthy, Crown's lead person at AUSTRAC, had resigned to work for a bank and we are awaiting an update on her replacement.</p>		

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<p>There were no further comments raised by the Committee in respect of the AML/CTF Update and the paper was otherwise "taken as read".</p>		
<p>8. Health, Safety & Wellbeing Update</p> <p>There were no comments raised by the Committee in respect of the Health, Safety and Wellbeing Update and the paper was "taken as read".</p>		
<p>9. Responsible Service Update</p> <p><i>9.1 Responsible Gaming</i></p> <p>The VRGF has a new CEO who will be attending Crown for a tour.</p> <p>The Responsible Gaming Advisory Panel has been convened.</p> <p>The Chairman noted that representatives of the Department of Justice will also be attending Crown next week for a tour.</p> <p>There were no further comments raised by the Committee in respect of the Responsible Gaming Update and the paper was otherwise "taken as read".</p> <p><i>9.2 Responsible Service of Alcohol</i></p> <p>Following the incident on 7 April, a number of practices have been reviewed and refresher training will be undertaken.</p> <p>Mr Walsh noted that Dealers undertake initial training in RSA, but as they do not serve alcohol, they have not to date undertaken dedicated refresher training. Crown has determined to make a change to now add refresher training for dealers. Mr Walsh has also requested that the training be tailored to have dealer relevant scenarios included.</p> <p>There were no further comments raised by the Committee in respect of the Responsible Service of Alcohol Update and the paper was otherwise "taken as read".</p>		
<p>10. Other Business</p> <p>No other business was raised.</p>		

The next meeting is scheduled for Tuesday 30 July 2019.

There being no further business, the Chairman closed the meeting at 15:45.

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Joshua P
Chairman



Date

30/07/2019

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