



## Executive Risk and Compliance Committee - Minutes

**Committee Name:** Executive Risk and Compliance Committee Meeting

**Date Held:** Tuesday, 30 July 2019

**Commencement Time:** 14:00 AEDT

**Present:** Barry Felstead (Chief Executive Officer – Australian Resorts)  
 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)  
 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) (by teleconference)  
 Michelle Fielding (Committee Executive Officer/Group General Manager – Regulatory and Compliance)  
 Anne Siegert (Group General Manager – Risk and Audit)

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

**Apologies:** Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne)

Business	Action	Due Date
<p><b>1. Confirmation of Minutes</b></p> <p>The members confirmed the Minutes of the Executive Risk and Compliance Committee (<b>Committee</b>) Meeting dated 21 May 2019, with one change, being that Mr Emery proposed that the language of 3.3 be made clearer to reflect that there will be fewer large audits (rather than the current small but many audits).</p>		
<p><b>2. Business Arising</b></p> <p>Poker communication has now been moved into Salesforce, which has the necessary integrity checks and balances for Privacy. This item is now closed.</p> <p>Mr Walsh updated the Committee on the status of Crown having PSOs by reporting that the matter is still with the Police Minister, who visited Crown for a tour last week to view the bollards and</p>	<p><b>CMO</b></p> <p><b>COO</b></p>	

<p>physical security of the building. The decision regarding PSOs will be a wider decision for the government than just their placement at Crown; rather they are being considered in the context of other places of mass gathering. The decision remains with the Minister.</p> <p>The Executive agreed that all employees must either use work issued devices or have Airwatch ('Crown Protect') installed on their private devices. Crown Protect has now been rolled out to all 710 personal devices. This item is now closed.</p> <p>Mrs Siegers undertook to revisit the classification of the Staff Club risk, which has been completed. This item is now closed.</p>	<p><b>CIO</b></p> <p><b>GGM-R&amp;A</b></p>	
<p><b>3. Internal Audit</b></p> <p><i>3.1 Internal Audit Report</i></p> <p>Nine audits are in final reporting phase. Overall there has been very good outcomes on the quality of findings. All reports were rated 'Satisfactory' or better.</p> <p>Mrs Siegers asked if teams were able to respond more promptly to Internal Audit requests, which the Committee was happy to facilitate.</p> <p>Mr Knights asked that all levels of Senior Management be included in the audits. For example, the Contracts ICS Audit went to Xavier and then to junior staff, however, Mr Knights would have liked to have reviewed it. Mrs Siegers undertook to pass this on to her team and implement it as part of the process moving forward.</p> <p>Mr Mackay asked if the CURA system can be used to escalate Internal Audit matters so that the Executive can have oversight of outstanding items. Mrs Siegers noted that CURA can be used for this purpose and the new methodology rolled out this week in the system will facilitate this.</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 Recommendations and the paper was "taken as read".</p>	<p><b>GGM-R&amp;A</b></p>	<p>November 2019</p>

<p><b>4. Risk Update</b></p> <p><b>4.1 Strategic Risk Update</b></p> <p>The Chairman noted that each of Crown's State gaming regulators (NSW, VIC, WA) is assessing the share purchase by Melco Resorts.</p> <p>Black Economy – indicators are that there will not be an exemption for the Casino industry, however, the impact of the legislative change has been delayed until January 2021. The legislative change captures all transactions that involve a cash element, where the overall transaction value is \$10,000 or more and will require, subject to the final wording of the legislation, such transactions to be undertaken through electronic transfer of funds.</p> <p>60 Minutes Report – Crown is working through the matters raised. All gaming regulators have been contacted by Crown.</p> <p>Andrew Wilkie MP has again tabled allegations that the VCGLR is dealing favourably with Crown.</p> <p>Dinner by Heston – Crown has sent the tenant (Topsy Cake) a letter putting them on notice of our termination right and presenting alternate operating options as a result of the poor performance of the venue.</p> <p>AML Risk Assessment – the annual review has been completed. This matter is further addressed in the AML section.</p> <p>Section 167 AML Requests from AUSTRAC – Mr Barton requested that the s 167 Notices be referenced in the Executive Summary for Crown Resorts board reporting. Mrs Siegers will add the item to the Crown Resorts Risk Management Committee paper.</p> <p>China Matter – this matter remains open.</p> <p>Mr Emery queried why the risk rating had been reduced for data – Mrs Siegers noted that the decrease was the consequence of a materialised data matter, which had been satisfactorily managed and not a change in overall risk rating.</p> <p>There were no further comments raised by the Committee in respect of the Strategic Risk Update and the paper was otherwise "taken as read".</p> <p><b>4.4 Emerging Risks (No paper)</b></p> <p>Mrs Siegers noted that there were no new emerging risks.</p>	<p><b>GGM-R&amp;A</b></p>	<p>August 2019</p>
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**5. Compliance and Regulatory Update (Subject to Legal Professional Privilege)**

*5.1 Compliance and Regulatory Update*

The Chairman provided a status update of the Compliance Framework progress.

The Chairman spoke to both Table Games and Gaming Machines and their proactive management of compliance breaches in their areas. The Chairman praised their efforts and commitment to turning these matters around. Mr Walsh further spoke to the process undertaken by Table Games, which has formed a small team to review processes on the floor and provide immediate feedback to staff.

Mr Emery spoke about the Hotels database list now being washed against the banned patron lists.

Ms Fielding spoke to an F&B employee entering a Trade Promotion – the employee’s employment has been terminated.

Serious Security Incidents – the Chairman noted that Brian Lee (GM Security & Surveillance, Crown Perth) and James Thomson (Security Training Manager, Crown Perth) visited Melbourne to work through a series of procedures for restraining patrons with their Crown Melbourne counterparts, to assess any enhancement opportunities. Security will report back to Mr Walsh and the Chairman in due course on any outcomes. It was noted that the process of review was a positive process to go through.

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”.

*5.2 Section 25 Recommendations*

Recommendations due and submitted to the VCGLR by 1 July 2019 included:

- Recommendation 3 – Risk Strategy, including Deloitte’s review.
- Recommendation 5 – Presenting the VCGLR’s Risk Based Approach to the ERCC.
- Recommendation 10 – Crown responded with its views and the advice of Alex Blaszczyński, stating that Crown will proceed with a 3 & 6-month Time Out and a fixed time (set by the patron) Self-Exclusion or a 7-year Self-

<p>Exclusion (at the patron's election) with an automatic revocation. Crown did not agree with the proposal to revoke existing Self-Exclusions of 10 years or more.</p> <ul style="list-style-type: none"> <li>• Recommendation 11 – Third Party Exclusions (which are now operational).</li> <li>• Recommendation 12 – Facial Recognition Technology. Crown has completed the install of FRT cameras at all entrances to the casino and the VCGLR has audited the locations of the cameras.</li> <li>• Recommendation 13 – the Strategic Plan is operational and covers the period of the next 3 years.</li> <li>• Recommendation 14 – as above.</li> <li>• Recommendation 17 – Crown submitted its review of the robustness of the ICSs as to AML, along with feedback from Initialism and AUSTRAC.</li> <li>• Rec 19 – minor adjustments were made to the existing Unacceptable Behaviour policy and it was submitted.</li> </ul> <p>There were no further comments raised by the Committee in respect of the Section 25 Update and the paper was otherwise "taken as read".</p>		
<p><b>6. Litigation Update (Subject to Legal Professional Privilege)</b></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><b>7. AML/CTF Update (Subject to "Part II Secrecy &amp; Access" AML &amp; CTF Act)</b></p> <p><i>7.1 AML/CTF Update</i></p> <p>Crown submitted its responses to the AUSTRAC section 167 Notices. No response has yet been received from AUSTRAC.</p> <p>The Chairman spoke to Sentinel, being an automation function being developed to ultimately replace the majority of our existing manual transaction monitoring processes.</p> <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><b>7.2 AML/CTF Framework Update – Joint AML/CTF Program (Subject to Legal Professional Privilege)</b></p>		November 2019
<p>The Programs for Perth and Melbourne evolved separately, and the Chairman spoke to how they are now being brought together into alignment. The draft Joint Program was reviewed by MinterEllison and will be put to the relevant Crown Boards for endorsement. An important part of the Joint Program, being the transaction monitoring, was independently reviewed by Neil Jeans of Initialism. Mr Jeans found that Crown’s transaction monitoring was satisfactory, however moving to an automated monitoring platform would be a positive enhancement. Mr Jeans was overall very complimentary on Crown’s AML position and its commitment to enhancing its processes and practices. The Chairman noted the AML/CTF Policy contained in the Committee papers and required that the Committee endorse the Policy, which it did.</p>	<b>Committee</b>	November 2019
<p>Mr Walsh raised that cl. 2.2.7 of the AML/CTF Policy infers that each department has one Compliance Officer, whereas some departments have more than one. The Chairman said that this could be amended. Mr Walsh also requested that every Compliance Officer be given adequate information and training by the AML Department regarding the AML/CTF Policy. The Chairman noted that each Compliance Officer will be given a pack of all the information required and receive training from the Group General Manager - AML.</p>	<b>Chairman</b>	November 2019
<p>Mr Walsh requested a list of all Compliance Officers for the business, which Ms Fielding undertook to provide.</p>	<b>GGM – R&amp;C</b>	November 2019
<p>Ms Manos requested that the Crown Resorts Board have the opportunity to endorse the Joint AML Program, through the Crown Resorts Risk Management Committee.</p>	<b>GGM – R&amp;A</b>	Crown Resorts Risk Management Board Committee Meeting
<p>Mr Emery queried how risk will be implemented across AML. The Chairman responded that AML will also be incorporated into CURA with patron risks being moved onto that platform over time. The current risk ratings on players are held in SYCO. The Chairman noted that there are alerts set up in SYCO for banned patrons which display to operational staff through SYCO.</p>		
<p>There were no further comments raised by the Committee in respect of the AML/CTF Framework Update and the paper was otherwise “taken as read”.</p>		

<p><b>8. Health, Safety &amp; Wellbeing Update</b></p> <p>Mr McGregor noted that both Crown Melbourne and Crown Perth have met their OH&amp;S targets, which is pleasing.</p> <p>Mr Walsh provided an update to the Committee that both officers injured in the Clarendon St entry brawl have not returned to work. Crown continues to support the affected officers.</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><b>9. Responsible Service Update</b></p> <p><i>9.1 Responsible Gaming</i></p> <p>The Chairman highlighted the number of stakeholders that have been taken through the complex recently. Mr Barton queried if more stakeholders are anticipated and the Chairman responded that there are, as this will be an ongoing stakeholder management strategy.</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>Mr McGregor spoke to the Deloitte's project (noting the Neil Perry and George Calombaris matters) to review payroll and time at work and also how Crown processes and pays staff their entitlements. The project continues to progress.</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><b>10. Other Business</b></p> <p>No other business was raised.</p>		

The next meeting is scheduled for Wednesday, 13 November 2019 at 15:00.

There being no further business, the Chairman closed the meeting at 15:05.

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**Joshua Preston**  
**Chairman**

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**Date**