



Junket Due Diligence and Persons of Interest Process Review

Crown Resorts Limited

28 April 2020

Ken Barton
Chief Executive Officer
Crown Resort Limited
Crown Towers,
8 Whiteman Street,
Southbank, Victoria, 3006

Deloitte Risk Advisory Pty Ltd
ACN 611 748 184

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

28 April 2020

Dear Ken,

Junket due diligence and persons of interest process review

Thank you for inviting Deloitte to submit a proposal to support Crown Resorts Limited with a review of its processes related to Junket Operators (Operators) and Persons of Interest (POIs).

You have advised us the purpose of the review is to identify opportunities for Crown to enhance its Operator and POI due diligence frameworks to ensure that Crown is well-placed to make appropriate, informed decisions in accordance with Crown's risk appetite. Specifically, we understand this review is to include the assessment of Crown's governance, reporting and due diligence frameworks in respect of the processes for:

- (a) assessing applications by prospective junket operators;
- (b) periodic assessment of existing junket operators; and
- (c) decision-making in relation to whether 'persons of interest' are permitted to enter or play at Crown's casinos or be on Crown's properties.

The combination of our understanding of Crown and the risk profile of the junket sector, third-party risk management experience and expertise in reviewing and developing decision-making frameworks will provide you with an efficient and defensible review. Our approach will leverage existing data via document reviews and end-to-end process mapping, along with information gathered via interviews of Crown staff. Our experienced globally-leading risk advisory practice brings together expertise in risk management, organisational psychology, and third-party risk to perform reliable reviews.

We look forward to working with you on this important engagement and would be happy to discuss any components in detail to support you progressing this activity.

Yours sincerely,



Victoria Whitaker
Lead Engagement Partner
Deloitte Risk Advisory

Our understanding of your requirements

We understand the review is intended to assess:

- a. Crown's decision-making frameworks in respect of junket operators, and the Crown policy settings which inform the decisions Crown makes in respect of junket operators;
- b. Crown's decision-making frameworks in respect of persons of interest, and the Crown policy settings which inform the decisions Crown makes in respect of those individuals;
- c. the processes by which Crown reviews and updates its assessments of junket operators and persons of interest; and
- d. the reporting to, and involvement of, Crown's board and board sub-committees in relation to these matters.

Further, we understand the review should take into account, and make recommendations based on, the following principles:

- a) Crown should have access to the best reasonably available information sources in reviewing the background and probity of new and existing operators and POIs;
- b) Crown's review of new and existing operators and POIs should be rigorous and conducted to a high standard; and
- c) Crown at all times seeks to remain free from criminal influence and to avoid its operations and casinos being used or exploited by criminal elements.

Our approach



1 week

Phase One: Kick-off

- Kick-off meeting to finalise scope and project plan;
- Agree project governance and reporting timelines;
- Establish document list and obtain initial documents;
- Agree interview plan.

Deliverable

- ✓ Document list
- ✓ Project governance plan
- ✓ Interview list



2 weeks

Phase Two: Document Review and Mapping

- Review of documents and processes;
- Review information sources used against best practice;
- Review board reporting processes;
- Responsibility map across relevant areas;
- Process mapping of:
 - New operator process
 - Existing operator
 - Person of interest process.

Deliverable

- ✓ End-to-end process mapping
- ✓ Information sources review



1 week

Phase Three: Interviews

- Conduct interviews with relevant process owners:
 - Risk Team
 - Credit Team
 - VIP International
 - Legal
 - Board representatives.



2 weeks

Phase Four: Analysis & Reporting

- Prepare report and recommendations;
- Play-back findings with Crown Executive.

Deliverable

- ✓ Final report including change roadmap
- ✓ Presentation of findings to executive and board

Value for money

Fee estimates are shown below with associated assumptions on the following page

We estimate fees for this project to be between \$69,000 (excluding GST and expenses). Any expenses will be confirmed with you prior to these being incurred.

In determining this fee estimate we have made the following assumptions:

- Our engagement timeframe will run for approximately 5-6 weeks, with fees to be re-estimated if the timeline changes;
- All interviews and focus groups will be conducted by VC. Logistics and communication with participants will be managed by Crown;
- We estimate conducting 8 interviews as part of this engagement. Each interview will be attended and facilitated by one Deloitte facilitator, and a more junior team member to scribe and will last 1 hour;
- Our estimate of days required to deliver the services is based on 7.5 hour days;
- Our engagement is not an assurance engagement, we will not perform any audit, testing or verification of the information supplied to us throughout the project. We will also not provide legal advice;
- Our support and advice on the engagement will be based on the information that you provide to us;
- Where we require further information or documentation, we will be given access to the additional artefacts requested in a timely manner;
- We will assume that all information provided to us is true, correct and complete, and not misleading. If information or documentation provided to us is untrue, incorrect, incomplete, or misleading then our work may be impacted;
- As part of our work we will not assess the accuracy of any data in underlying systems.

Our experienced team



Victoria Whitaker

Partner

**Engagement Partner,
Lead Partner, Risk Culture**

Victoria leads Deloitte's Risk Culture & Ethics practice, and brings 19 years of expertise in ethics, cultural integrity, and corporate responsibility. Throughout her career, Victoria has helped organisations in Australia and globally understand and address ethical challenges, minimize risks, maintain trust with stakeholders, and reduce social and environmental impacts. Victoria has lead multi disciplinary teams predominantly servicing financial services, energy & resources, higher education, and government, amongst other sectors.

Relevant experience

- Lead consulting teams delivering large-scale projects assessing risk culture and the impact of poor cultures and decision making on risk, reputation and trust, focusing on financial services and energy, resources and industrial markets.
- Lead partner working with global mining company to develop and embed risk culture within internal audit; including alignment of the framework to risk appetite and organisational purpose and values
- Lead author in Managing Culture: A Good Practice Guide, with The Ethics Centre, the Institute of Internal Auditors, The Governance Institute of Australia and the Chartered Accountants Australia and New Zealand
- Held academic roles in Australia (Macquarie University) and the UK (University of Cambridge), focusing on developing corporate practice in responsible business, ethical decision making, non-financial risks and change management.



Dr Murray Lawson

Director

**Engagement Lead,
Strategic and Reputation
Risk**

Murray is a Director in the Ethics & Risk Culture team in Sydney. He has extensive experience in researching how people evaluate risk and make decisions under uncertainty. He is passionate about understanding the cultural drivers of decision-making and building cultures to support better risk outcomes.

Murray has led major consulting projects for corporate clients in Australia and internationally in the gaming, resources and financial services sectors to align risk decision-making, develop responsibility and accountability frameworks and review risk controls. He has led numerous due diligence investigations into potential compliance and reputational issues relating to business partners, suppliers and acquisition targets.

He has also supported the assessment and change of operational risk cultures within Australian government agencies. Murray is a specialist interviewer, having undertaken advanced training with the Australian and US law enforcement agencies.

He has a PhD in the cognitive neuroscience of human decision-making and an MBA. He has taught qualitative and quantitative research methods in universities. He is a Certified Fraud Examiner and Certified Anti-Money Laundering Specialist.

Our experienced team cont.



Sid Maharaj
Partner

QA Partner

Sid leads the global Strategic and Reputation Risk team that focuses on delivering Corporate Governance, Strategic Risk, Brand and Reputation, Crisis, Sustainability and Risk Sensing solutions. He has served several clients across Financial Services, Government and Telecommunications for 22 years. He has delivered on large third-party risk and assurance engagements and his roles have ranged from providing advisory services on large transformation projects, including leading Crisis and Cyber Risk engagements in government, to driving the strategic risk agenda and leading complex Project Assurance engagements.

Sid's experience dealing with C-Suite clientele during his fourteen years as a partner, means that he understands how to address senior stakeholder needs, whilst always striving for pragmatic, real-world solutions, especially when it pertains to Risk and Resilience. He currently serves a number of key clients (including Optus) where he has led engagements that cover the full suite of Risk Advisory capability including deploying Risk Sensing as a predictive capability within organisations.



Lucy Holliday
Senior Analyst

Risk Analyst

Lucy is a Senior Analyst in Deloitte's Risk Advisory division, focusing on ethics and risk culture. She brings expertise in conduct risk through her background working as a safeguarding and counter-fraud specialist. She brings strong skills in critical analysis and assurance, through her background conducting investigations, assurance reviews and audits into areas including safeguarding, internal team culture and policy roll-outs.

Key experience:

- Review and reporting on current state risk culture within two regional member firms of a large, global organisation operating in Asia. Included conducting complex statistical analysis of quantitative results in addition to thematic analysis of qualitative commentary.
- Skills in critical analysis through conducting investigations and case management to ensure appropriate response to allegations of misconduct, including through developing investigation plans, conducting witness, survivor and subject interviews and producing reports.
- Delivered proactive counter-fraud and corruption workplans for UK NHS health organisations including four clinical commissioning groups. Tested the robustness of procedures and practice, identifying recommendations to strengthen any weaknesses and anomalies in the areas of expenses, recruitment, declaration of interest, procurement and invoicing. Delivered training and led policy reviews.



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