



Sixth Casino Review recommendations – completion approvals and progress update

TRIM ID: CD/19/4103

Recommendation

1. That the Commission:
 - a) approves completion of recommendation 1, including Crown Melbourne Limited's (Crown) change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino
 - b) approves completion of recommendation 2, conditional on completion of a review of Crown Resorts Limited (Crown Resorts) committee chairs
 - c) approves completion of recommendation 8(b), and
 - d) notes progress update provided by Crown on all other recommendations as at 18 January 2019.

Background

2. At its meeting on 28 June 2018, the Commission adopted the findings and opinions set out in the final draft of the Sixth Casino Review report (the Report) and formed the opinion that:
 - a) the casino operator, Crown, remains a suitable person to hold a casino licence
 - b) Crown is complying with the *Casino Control Act 1991* (the CCA), the *Casino (Management Agreement) Act 1993*, the *Gambling Regulation Act 2003* and the regulations made under any of those Acts
 - c) Crown is complying with the Transaction Documents and any other agreements, and
 - d) it is in the public interest that the casino licence should remain in force.
3. The Report contained 20 recommendations for Crown to implement, each of which were accepted by Crown. The recommendations, due for completion by Crown over the next 2 years, relate to:
 - a) Corporate governance and risk (recommendations 1 to 3).
 - b) Regulatory compliance (recommendations 4 and 5).
 - c) Responsible gambling (recommendations 6 to 16).
 - d) Money laundering (recommendation 17).
 - e) Applications for approvals (recommendation 18).
 - f) Integrity exclusion orders (recommendation 19; and
 - g) Review of implementation of recommendations (recommendation 20).
4. At its meeting on 25 October 2018, the Commission noted the process to be applied by the Licensing Division for monitoring implementation of the recommendations.

Recommendations due for completion

5. Recommendations 1, 2 and 8(b) were due for completion by 1 January 2019.

Recommendation 1

6. Recommendation 1 provides:

The VCGLR recommends that, by 1 January 2019, Crown develop, and submit to the VCGLR for approval, a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino. Particular consideration should be given to:

- *formulating a charter for the Crown Melbourne board*
- *fully documenting, for visibility to the VCGLR, the reporting and decision-making relationships between all of the boards, committees and executive meetings with responsibility for, or oversight of, Melbourne Casino functions, and*
- *elevation of governance to the group board and committees.*

The submission should identify any changes to regulatory frameworks and how these will be addressed.

7. In addressing recommendation 1, Crown provided a submission dated 24 December 2018 (**Attachment 1**). In its submission, Crown has fully documented the decision-making relationships between the Crown and Crown Resorts Boards, Committees and executive meetings. At the time of accepting recommendation 1, Crown advised that it, in conjunction with its parent company Crown Resorts, was in the process of reviewing its governance framework, taking into account the matters recommended by the Commission for consideration.

8. In summary, Crown has advised that the following enhancements have already been, or will be adopted as part of a change program, in response to recommendation 1:

(a) Changes to Crown constituent documents

- i Adoption of a revised Constitution (Memorandum and Articles of Association) for Crown; and
- ii Adoption of a new board charter for Crown, which is consistent with Crown's proposed revised Constitution.

(b) Establishment of a new Executive Risk and Compliance Committee (ERCC)

- i Establishment of a new ERCC¹ which aligns with the governance structure in place at Crown Perth.
- ii Adoption of an ERCC formal charter, which sets out its primary objectives and functions (**Attachment 2**); and
- iii Coordination of the timings of ERCC meetings, to precede each relevant Crown Board Committee (Audit Committee and Compliance Committee) meeting, so that key matters can be distilled for escalation to these committees.

(c) Changes to the structure of Crown Operational Committees

- i Establishment of two new Crown Operational Committees comprising of members of management: the Compliance Committee and the Fraud Risk Management Committee.
- ii Adoption of formal charters for each Crown Operational Committee, so that the Committees' primary objectives and functions are documented; and

¹ The ERCC replaced the Crown Risk Management Committee.
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- iii Coordination of the timing of Committee meetings to precede each scheduled meeting of the ERCC, so that key matters can be distilled for escalation to the ERCC.
9. In its submission, Crown further advised that each of the Operational Committees will act in the following manner:
- i Material legal, risk, compliance, anti-money laundering and other governance related matters which are identified in the ERCC meetings, will be raised with the Operational Committees (on an exceptions basis).
 - ii Information in relation to the status and enhancement of Crown's risk and compliance framework will be considered; and
 - iii Relevant plans (such as the Internal Audit Plan, the Risk Management Plan and Compliance Plan) will also be considered and approved by the relevant committee.
10. The relationship between the Crown Board and its Committees is provided in a diagram on page 4 of the submission. An overview of how each Committee operates, and the changes that have been made, or will be made to processes that forms part of the proposed 'change program' as outlined above, is also provided.
11. In considering Crown's response in relation to recommendation 1, Licensing has noted the following:
- a) The Audit Committee has a majority of non-executive independent directors and an independent chair. The Compliance Committee has an equal number of independent and non-independent members. Where votes on a question or resolution are tied, the chair has the casting vote.
 - b) Section 3.3 of the Board Charter refers to matters reserved for the board which includes "in conjunction with management, establishing a vision and strategies for Crown Melbourne". In addition to the three independent directors of Crown, the executive team members of the ERCC (Chief Executive Officer, Chief Legal Officer, Chief Financial Officer and Chief Operating Officer) also attend all scheduled meetings of the Crown board. This enables full engagement by all in the strategic oversight of the operations of the Melbourne Casino.
 - c) Crown has advised that outside the formal setting of the Crown Board Committees, the independent directors have also established working relationships with key members of both the Crown executive and management teams, as well as the Crown Resorts executive. Both Antonia Korsanos (newly appointed non-executive independent director) and Professor John Horvath are independent directors of Crown and Crown Resorts Boards.
 - d) Crown has advised that the draft Board Charter provided in the submission replicates the key requirements of the Crown Constitution and will be presented to the Crown Board for approval at one of its early 2019 meetings. Crown has also advised that it will update and present its Constitution for review pursuant to clause 22.2(K) of the Casino Agreement. The Constitution preserves the required features to comply with Crown's Casino Licence and Casino Agreement but modernises the way in which proceedings for Crown can be conducted. For example, provisions regarding how decisions can be made would be modernised. The Constitution has not been reviewed since 1998.
 - e) The Board Charter adopts a test for independence which is consistent with guidelines of the ASX Corporate Governance Council Principles. However, Licensing observes that

Rowena Danziger, although listed as an independent director may not be 'truly independent' given she has been a director since 1998.

- f) The Crown board does not have a majority of non-executive independent directors. Where there is equal counting on a question or resolution, the executive chairman (John Alexander) in accordance with article 20.10(c) of the Articles of Association has casting vote.
 - g) Notwithstanding the two abovementioned observations, the non-majority of non-executive directors on the Crown board is counteracted by the Crown Resorts Board having a majority of non-executive independent directors, including Antonia Korsanos and Professor John Horvath.
 - h) Crown has demonstrated elevation of governance to the group board level. Information flows from the Crown Operational Committees (Compliance and Audit) through to the Crown Committees, the Crown Board and to the Crown Resorts level Board Committees (Risk Management and Audit & Corporate Governance). A detailed diagram summarising the relationships between the Crown Board Operational Committees, the ERCC, the Crown Board Committees, the Crown Board and Crown Resorts is at page 10 of Crown's submission. It is also noted that the Crown Board Committees in turn report through to the Crown Resorts Board at each scheduled Board meeting.
 - i) Barry Felstead, CEO – Australian Resorts, attends all Crown Resorts Board meetings and provides updates on the Melbourne Casino operations. Crown Resorts papers also include a detailed Crown Resorts 'CEO Report' which includes comprehensive updates on current issues at Crown.
12. Licensing considers that Crown has met the requirements of recommendation 1, including implementing a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino and recommends approving completion of recommendation 1.

Recommendation 2

13. Recommendation 2 provides:

The VCGLR recommends that, by 1 January 2019, Crown undertake a review of the required qualifications for committee chairs set out in the charters, and ensure that the appointees' actual qualifications match.

14. In a submission dated 24 December 2018, Crown advised that it has completed a review of the required qualifications of the Crown Board Audit Committee and Compliance Committee chairs (**Attachment 3**).
15. In relation to recommendation 2, the Report considered it important that the chair of the Audit Committee have a significant background in accounting and / or financial management disciplines in accordance with clause 3(d) of the Audit Committee Charter.
16. On 5 September 2018, Antonia Korsanos, non-executive independent director of Crown and Crown Resorts boards replaced Rowena Danziger as chair of the Crown Audit Committee. Ms Korsanos holds a Bachelor of Economics (Finance and Economics), is a Chartered Accountant and has almost 20 years' experience in financial and general management, including serving recently as Chief Financial Officer of Aristocrat Leisure Limited for nearly 10 years. Licensing considers her to have the requisite financial background to perform the role.
17. Crown also advised that no change was required to the position of chair of the Crown Compliance Committee role. Crown advised that Professor John Horvath is "extensively qualified to perform

the role". Prior to his appointment as chair of the Compliance Committee in 2017, Professor Horvath had been a member of that Committee since 2010. Profiles of both chairs are provided.

18. In considering Crown's implementation of recommendation 2, Licensing noted that neither the Report, nor the recommendation singled out the Crown Board Committee chairs for review. It is Licensing's view that a review of the qualifications of Crown Resorts Board Committee chairs is also necessary. This is in light of Crown Resorts' corporate and strategic oversight of Crown and the flow of information and links between the Crown Committees and Crown Resorts Committees.
19. Crown has been requested to conduct a review of the Crown Resorts Committee chairs and whilst Crown has not formally accepted this request, preliminary discussions indicate Crown is not opposed to conducting this review.
20. Licensing recommends that the Commission approves completion of recommendation 2, with a condition that Crown also review the Crown Resorts Board Committee chairs. Licensing will work with Crown to settle on a timeframe with a proposed completion date of 30 April 2019. Licensing will update the Commission on the status of this additional requirement when the next recommendations are due on 1 July 2019.

Recommendation 8(b)

21. Recommendation 8(b) provides:

The VCGLR recommends that Crown Melbourne proceed with development and implementation of comprehensive data analytics tools for all patrons, to proactively identify for intervention patrons at risk of harm from gambling. These tools would utilise both historical data (with parameters developed from the second player model), and real-time monitoring of play periods. Crown Melbourne should look to models in other jurisdictions, and consult with external data analytics experts, with a view to implementing world-class, proactive approaches with real-time (or near-real time) operational effectiveness. In particular—

(a) ...

(b) *for uncarded play (that is, all other player activity), Crown Melbourne will, by 1 January 2019, commence a comprehensive study of all the practical options for a real time player data analytics tool, with a view to reporting in detail (including legal, technical and methodological issues) to the VCGLR by 1 January 2020 and the tool being in operation by 1 July 2022.*

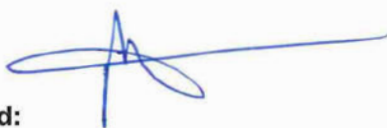
22. In a submission dated 24 December 2018, Crown advised that it has commenced a comprehensive study of real time player data analytics for uncarded play (**Attachment 4**).
23. In its assessment of Crown's submission, Licensing requested details of what the commencement of the comprehensive study entails. Crown has advised as follows:
 - It has commenced an internal review of publicly available literature relating to uncarded real time player data analytics and its effectiveness in a casino environment.
 - Early indications are that there is little operationalisation or research in this area globally.
 - The only version of an uncarded risk monitoring system in Australia that Crown is aware of in operation in a casino environment for uncarded play, is in South Australia. The system in use is the Automated Risk Monitoring System, which Crown understands is a Scientific Games product.
 - Crown has met with Focal Research, a Canadian based research and consultancy company, which has advised it is developing a risk monitoring system for uncarded play. Focal Research is currently undertaking a trial of its carded risk monitoring system in the United Kingdom.

- Crown, through its IT and Gaming Machines departments is reviewing Crown's own existing systems as to whether they have functionality to monitor and report on uncarded play.

24. Licensing considers that Crown has met the requirements of recommendation 8(b) and recommends that the Commission approves its completion.

Progress update on all other recommendations

25. Crown has provided an update on the progress of all other recommendations as at 18 January 2019 (**Attachment 5**). Licensing is satisfied with Crown's progress to date.



Recommended:

**ALEX FITZPATRICK
DIRECTOR LICENSING**

Prepared by:
Telephone:
Date:

Rowan Harris
[REDACTED]
8 February, 2019

**ATTACHMENT 1**

Contact: Barry Felstead / Joshua Preston
 Direct Line: [REDACTED]
 E-mail: [REDACTED]
 Document No: COMPLIANCE_437836.2

24 December 2018

Ms Catherine Myers
 Chief Executive Officer
 Victorian Commission for Gambling and Liquor Regulation
 49 Elizabeth Street
 RICHMOND VIC 3121

cc: Rowan Harris

By Email

Dear Ms Myers

Sixth Review of the Casino Operator and Licence (Sixth Review) - Recommendation 1

I refer to Recommendation 1 of the Sixth Review, which provides:

'The VCGLR recommends that, by 1 January 2019, Crown develop, and submit to the VCGLR for approval, a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne Casino. Particular consideration should be given to:

1. *Formulating a charter for the Crown Melbourne Board*
2. *Fully documenting, for visibility to the VCGLR, the reporting and decision-making relationships between all boards, committees and executive meetings with responsibility for, or oversight of, Melbourne Casino functions; and*
3. *Elevation of governance to the group board and committees.*

The submission should identify any changes to regulatory frameworks and how these will be addressed.'

Crown Melbourne Limited (**Crown Melbourne**) has now developed:

1. a change program, incorporating those elements set out in the Recommendation – along with a detailed overview of the reporting and decision-making relationships between all boards, committees and executive meetings and the methodology of the elevation of governance to the group board and committees; and

2. a Charter for the Crown Melbourne Board.

Please find attached in this respect a detailed memorandum articulating the change program together with a draft Charter for the approval of the Commission.

Please do not hesitate to contact myself or Joshua Preston if you would like to discuss this matter or if there is any further information that can be provided to assist.

Yours sincerely



Barry Felstead
Chief Executive Officer – Australian Resorts

Encl.



Crown Melbourne Limited

Sixth Review of the Casino Operator and Licence

Recommendation One Proposal

BACKGROUND – VCGLR RECOMMENDATION ONE

As part of its Sixth Review of Crown Melbourne Limited's Casino Licence (**Sixth Review**), the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) recommended that Crown develop and submit to the VCGLR for approval, a change program to fully engage its Independent Directors in proactive strategic oversight of the operations of the Melbourne Casino.

The VCGLR has requested that particular consideration should be given to—

- formulating a charter for the Crown Melbourne Limited (**Crown Melbourne**) Board;
- fully documenting, for visibility to the VCGLR, the reporting and decision-making relationships between all of the Boards, Committees and Executive meetings with responsibility for, or oversight of, Melbourne Casino functions; and
- elevation of governance to the Group Board and Committees.

The VCGLR has also requested that the submission should identify any changes to regulatory frameworks and how these will be addressed.

This paper outlines Crown's proposal to address the matters set out in Recommendation One. As noted in Crown Melbourne's response to the Sixth Review Recommendation, Crown Melbourne has, in conjunction with its parent company Crown Resorts Limited, reviewed its governance framework, taking into account the matters recommended by the Commission for consideration.

Also as foreshadowed, please note that elements of the governance framework were already in the process of being revisited with several changes either implemented, or in the process of being implemented, within the business and at Committee level. Those changes have continued to be progressed as described below.

The only element that we expect will require the approval of the VCGLR will be for the revised Constitution, which will be lodged with the VCGLR at a later point in time.

EXECUTIVE SUMMARY

This paper documents the decision-making relationships between all of the Boards, Committees and Executive meetings, with responsibility for, or oversight of, Melbourne Casino functions.

Crown Melbourne has a layered framework for decision making and the escalation of key issues to the Crown Melbourne Board and Board Committees and in certain circumstances, the Crown Resorts Limited Board and Board Committees.

As will be demonstrated in this paper, the Independent Directors of Crown Melbourne have formal access to key members of Crown Melbourne's Executive Team, which allows them to fully engage in the proactive strategic oversight of the operations of the Melbourne Casino.

Outside the formal setting of the Crown Melbourne Board and Board Committees, the Independent Directors have also established working relationships with key members of both the Crown Melbourne Executive and management teams, as well as the Crown Resorts Executive.

The change program elements discussed in this paper will further enhance Crown Melbourne's governance.

In summary, the following enhancements have either already been, or will be adopted as part of a change program:

Changes to Crown Melbourne Constituent Documents

- The adoption of a revised, modern, Constitution for Crown Melbourne; and
- The adoption of a new Board Charter for Crown Melbourne, which is consistent with what we propose to be the revised Crown Melbourne Constitution.

The Establishment of a New Executive Risk and Compliance Committee (ERCC)

- The establishment of a new ERCC, which aligns with the governance structure in place at Crown Perth;
- The adoption of an ERCC formal Charter, which sets out its primary objectives and functions; and
- The co-ordination of the timing of ERCC meetings, to precede each relevant Crown Melbourne Board Committee meeting, so that key matters can be distilled for escalation to the Crown Melbourne Board Committees.

Changes to the Structure of Crown Melbourne Property Based Committees

- The establishment of two new Crown Melbourne property based Committees (comprised of members of management), the Compliance Committee and the Fraud Risk Management Committee, to align the with those in place at Crown Perth;
- The adoption of formal Charters for each Crown Melbourne property based Committee, so that the Committees' primary objectives and functions are documented;
- The co-ordination of the timing of property based Committees to precede each scheduled meeting of the ERCC, so that key matters can be distilled for escalation to the ERCC.

Crown Melbourne Board and Committee Changes

- The appointment of Toni Korsanos as an Independent Director of the Crown Melbourne Board; and

- The appointment of Toni Korsanos, who has extensive financial and management experience, having previously acted as Chief Financial Officer of Aristocrat Leisure Limited, as Chair of the Crown Melbourne Audit Committee.

Each of the above are discussed in turn below.

FORMULATION OF A CHARTER FOR THE CROWN MELBOURNE BOARD

A Board Charter defines the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and management in setting the direction, the management and the control of the company. A copy of the draft Charter is attached as **Annexure A**. Subject to any comments the VCGLR has, the draft Charter will be presented to the Crown Melbourne Board for approval at one of its early 2019 meetings.

Please note that the Board Charter replicates the key requirements of the Crown Melbourne Constitution, which requires Directors to use their best endeavours and take all reasonable steps:

- to ensure the continuance of the Crown Melbourne Casino Licence;
- to not cause or permit any material contravention of a condition attaching to the Crown Melbourne Casino Licence; and
- to undertake all necessary action to ensure compliance with the conditions attaching to the Crown Melbourne Casino Licence.

The Board Charter also adopts a test for independence, which is consistent with guidance of the ASX Corporate Governance Council and prescribes those matters which are specifically reserved for decision of the Board.

Typically, a Board Charter will draw heavily on the company's Constitution and will, in all respects, be consistent with that constituent document.

The Crown Melbourne Constitution (or Articles of Association) was adopted on 25 May 1998 and with the exception of updating the company's name from "Crown Limited" to "Crown Melbourne Limited", has not been amended since that time. The Constitution is therefore in excess of 20 years old.

Accordingly, it is proposed that an updated Constitution be presented to the VCGLR for review, which preserves the required features to comply with Crown Melbourne's Casino Licence and Consolidated Casino Agreement, but which modernises the way in which proceedings for Crown Melbourne can be conducted. For example, the provisions in Article 2.2 which include a restriction on the issue of shares in contravention of Crown Melbourne's Casino Licence would be preserved, but the provisions regarding how decisions can be made and, in particular in relation to the use of technology, would be modernised.

An updated Constitution for Crown Melbourne is being prepared and it is proposed that it be shared with the VCGLR in due course for its consideration and approval. For ease of review, we will include drafting notes to cross reference provisions of the updated Constitution against the current version.

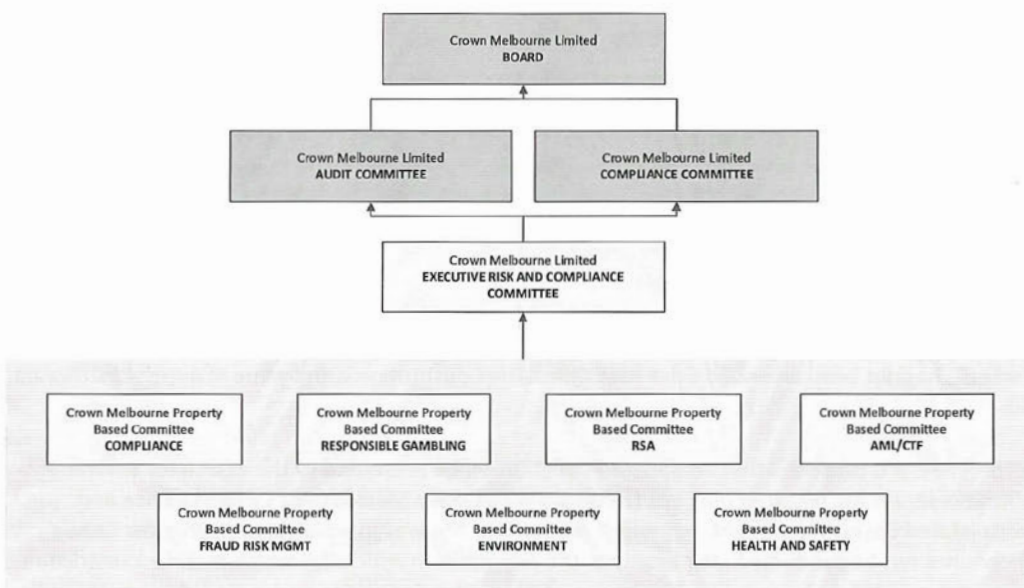
CHANGE PROGRAM ELEMENTS:

- The adoption of a new Board Charter for Crown Melbourne, which will be consistent with the revised Crown Melbourne Constitution [Drafted, to be presented to the Board for approval after feedback from the VCGLR]; and
- The adoption of a revised, modern, Constitution for Crown Melbourne [Work in progress, to be presented to the Board and VCGLR for approval in due course].

REPORTING AND DECISION-MAKING RELATIONSHIPS

The VCGLR has requested that Crown Melbourne document, for visibility to the VCGLR, the reporting and decision-making relationships between all of the Boards, Committees and Executive meetings with responsibility for, or oversight of, Melbourne Casino functions.

Set out below is a structure diagram, which summarises the relationship between the Crown Melbourne Board and its Committees (both Board and property based). The relationship between Crown Melbourne and its ultimate shareholder, Crown Resorts Limited, is depicted and discussed further below.



An overview of how each Committee operates follows. As above, we have noted at the end of each section, the changes that have been, or will be, made to processes, which represent the 'change program' proposed.

Crown Melbourne Executive Risk and Compliance Committees (ERCC)

The ERCC in Melbourne is a newly established Committee, which aligns with the governance structure in place at Crown Perth.

The ERCC is comprised of all members of Crown Melbourne's Executive Team, together with other senior staff members. The ERCC composition currently comprises as follows:

Name	Position
Barry Felstead	Chief Executive Officer – Australia Resorts
Joshua Preston	Chief Legal Officer – Australian Resorts (Chair)
Alan McGregor	Chief Financial Officer – Australian Resorts
Xavier Walsh	Chief Operating Officer – Crown Melbourne
Peter Crinis	Chief Operating Officer - Hotels, Retail and F&B
Nic Emery	Chief Marketing Officer
Andre Ong	Group Chief Information Officer
Mark Holmes	Executive General Manager – Food & Beverage
Alicia Gleeson	Executive General Manager – Human Resources
Sean Knights	Executive General Manager – Table Games
Mark Mackay	Executive General Manager – Gaming Machines
Anne Siegers	Group General Manager – Risk & Audit
Michelle Fielding	Group General Manager – Regulatory & Compliance (ERCC Executive Officer)

The role of the ERCC is to review, discuss and where appropriate resolve Risk, Audit, Compliance, RSG, RSA, AML, Health & Safety, Legal and other governance related matters.

The ERCC has a formal Charter, which sets out its primary objectives and functions.

The Chair of the ERCC is the Chief Legal Officer – Australian Resorts.

Formal papers are prepared for each meeting of the ERCC. A typical Agenda for an ERCC meeting will include the following items:

- Internal Audit Activity Reports;
- Fraud Updates;
- Risk Updates;
- Compliance and Regulatory Matters Updates;
- Litigation Updates;
- AML/CTF Updates;
- Health, Safety & Wellbeing Updates; and
- Responsible Service Updates.

The ERCC papers raise matters for noting, discussion or approval. For example:

- Matters for **NOTING** may include: changes in legislation; emerging risks; compliance matters; internal audit findings; Health & Safety Key Performance Indicators; and the status of litigation.
- Matters for **DISCUSSION** may include: proposed changes in risk ratings; significant compliance matters or audit findings, for which further remedial action is needed; trends in Health & Safety Key Performance Indicators; progress of risk, compliance and audit actions.

- Matters for **APPROVAL** may include: the approval of the Strategic Internal Audit Plan; the Risk Profile/Register following annual detailed review; and the prioritisation of compliance obligations.

ERCC meetings are timed to precede each relevant Crown Melbourne Board Compliance and Audit Committee meeting.

Key matters arising from the business discussed at the ERCC are escalated to either the Crown Melbourne Compliance Committee or the Crown Melbourne Audit Committee (see further below) which we also reported through to the Crown Melbourne Board.

CHANGE PROGRAM ELEMENTS:

- *The establishment of a new ERCC, which aligns with the governance structure in place at Crown Perth [Completed];*
- *The adoption of an ERCC formal Charter, which sets out its primary objectives and functions [Completed]; and*
- *The co-ordination of the timing of ERCC meetings to follow each relevant Crown Melbourne Committee meeting, so that key matters can be distilled for escalation to the Crown Melbourne Board Committees [Completed].*

Crown Melbourne Property Based Committees

Crown Melbourne has, or will have, the following property based operational Committees in place:

- AML/CTF Committee;
- Compliance Committee (new);
- Environment Committee;
- Fraud Risk Management Committee (in development);
- Health & Safety Committee;
- Responsible Gambling Management Committee; and
- Responsible Service of Alcohol Committee.

The establishment of the Crown Melbourne property based Compliance Committee and Fraud Risk Management Committee was initiated to align the Crown Melbourne property based Committees with those in place at Crown Perth.

Role of the Property Based Committees

The role of the property based Committees, is to review, discuss and resolve matters at an operational level.

While traditionally each of these Committees did not have a formal Charter, steps have now been taken to address this so that the Committees' primary objectives and functions will be documented.

The Committees operate on a relatively consistent basis as follows:

- each Committee has an Executive sponsor;
- the responsible Executive or Senior Manager acts as Chair of the Committee;

- the Committee considers significant and emerging matters relevant to the Committee's mandate;
- particular attention is paid to any significant operational matter, which may have relevance from a risk management perspective to determine whether the risk profile is impacted; and
- the Committees adopt their own processes in terms of the preparation of papers for discussion and the recording of decisions.

Key matters arising from the business discussed at the operational Committees are escalated to the ERCC – see further below.

It is proposed that the timing of property based Committees precede each scheduled meeting of the ERCC, so that key matters can be distilled for escalation to that Committee.

CHANGE PROGRAM ELEMENTS:

- *The establishment of two new Crown Melbourne property based Committees, the Compliance Committee [Completed] and the Fraud Risk Management Committee [In Progress] to align the with those in place at Crown Perth;*
- *The adoption of formal Charters for each Crown Melbourne property based Committee, so that the Committees' primary objectives and functions are documented [In Progress]; and*
- *The co-ordination of the timing of property based Committees to precede each scheduled meeting of the ERCC, so that key matters can be distilled for escalation to that Committee [To be undertaken when ERCC meeting dates are confirmed].*

Crown Melbourne Board Committees

Crown Melbourne has the following two Board Committees in place. The Committees are chaired by Independent Directors.

Committee	Members
Compliance Committee	John Horvath (Chair) (<i>Independent Director</i>) John Alexander Rowena Danziger (<i>Independent Director</i>) Barry Felstead
Audit Committee	Toni Korsanos (Chair) (<i>Independent Director</i>) Ken Barton John Horvath (<i>Independent Director</i>)

The members of the Crown Melbourne Board Committees have the appropriate level of experience and expertise to act as members of each Committee.

Toni Korsanos was appointed as a Director of Crown Melbourne and member and Chair of the Audit Committee on 5 September 2018. She has extensive financial and management experience, having previously acted as Chief Financial Officer of Aristocrat Leisure Limited (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited.

With respect to the Compliance Committee, having been on the Committee since 2010, Professor John Horvath AO was appointed as the Chair of that Committee in July 2017. Professor Horvath has extensive experience both in private and public practice and is very well placed to hold this position. A biography for each member of the Crown Melbourne Board, including the above Committee members, is set out at **Annexure B**.

Each of the Crown Melbourne Board Committees has a formal Charter setting out its primary objectives and functions.

Formal papers are prepared for each meeting of the Crown Melbourne Board Committees. In summary, the Committees act in the following manner:

- Material legal, risk, compliance, AML and other governance related matters which are identified in ERCC meetings, are raised with the Committees (on an exceptions basis);
- The Committees consider information in relation to the status and enhancement of Crown Melbourne's risk and compliance framework; and
- At applicable times during the year, relevant plans (such as the Internal Audit Plan, the Risk Management Plan and the Compliance Plan) are also considered and approved by the relevant Committee.

Importantly, the following members of the Crown Melbourne Executive Team attend all scheduled meetings of the Crown Melbourne Board:

Name	Position
Barry Felstead	Chief Executive Officer – Australian Resorts (Director of Crown Melbourne Limited)
Joshua Preston	Chief Legal Officer – Australian Resorts (Co-Secretary of Crown Melbourne Limited)
Alan McGregor	Chief Financial Officer – Australian Resorts
Xavier Walsh	Chief Operating Officer – Crown Melbourne

As noted above, each of these Executive Team members sit on the ERCC, as well as having roles with a number of the operational Committees described earlier.

The Independent Directors of Crown Melbourne therefore have formal access to key members of Crown Melbourne's Executive Team, which allows them to fully engage in the proactive strategic oversight of the operations of the Melbourne Casino.

Outside the formal setting of the Crown Melbourne Board Committees, the Independent Directors have also established working relationships with key members of both the Crown Melbourne Executive and management teams as well as the Crown Resorts Executive. For example: Professor Horvath is in regular contact with the Chief Executive Officer – Australian Resorts, Chief Legal Officer – Australian Resorts, the Group General Manager – Responsible Gaming and the Crown Resorts General Counsel and Company Secretary, on matters including compliance issues and responsible gaming initiatives at Crown.

Mrs Korsanos is also in regular contact with the Group General Manager Risk & Audit and the Chief Legal Officer – Australian Resorts, on risk and audit matters and the Chief Financial Officer and CEO Digital at Crown Resorts and the Crown Resorts General Counsel and Company Secretary, on matters including financial and strategic planning and governance matters.

We also note that the Executive Chairman, Mr John Alexander, is in regular contact with various members of Crown Melbourne's Executive team.

CHANGE PROGRAM ELEMENTS:

- *The appointment of Toni Korsanos, who has extensive financial and management experience, having previously acted as Chief Financial Officer of Aristocrat Leisure Limited, as Chair of the Crown Melbourne Audit Committee [Completed].*

Crown Melbourne Board

Crown Melbourne is a public company. It has a formal Constitution. As noted earlier, it is proposed that this Constitution be modernised while maintaining regulatory protections and that a Board Charter, which summarises the key concepts embodied in the new Constitution, be adopted.

Crown Melbourne has recently appointed an additional Independent Director, Toni Korsanos, who as noted above, will also Chair the Crown Melbourne Audit Committee. The Crown Melbourne Board therefore currently has three Independent Directors and is comprised as follows:

Name	Position	Status
John Alexander	Executive Chairman	Non-Independent
Ken Barton	Director	Non-Independent
Rowena Danziger	Director	Independent
Barry Felstead	Director	Non-Independent
Professor John Horvath AO	Director	Independent
Toni Korsanos	Director	Independent

As noted above, a biography for each member of the Crown Melbourne Board is set out at **Annexure B**.

The Crown Melbourne Board formally meets four times a year. Formal papers and minutes are prepared in respect of each Crown Melbourne Board meeting.

A typical Agenda for a Crown Melbourne Board meeting will include the following items:

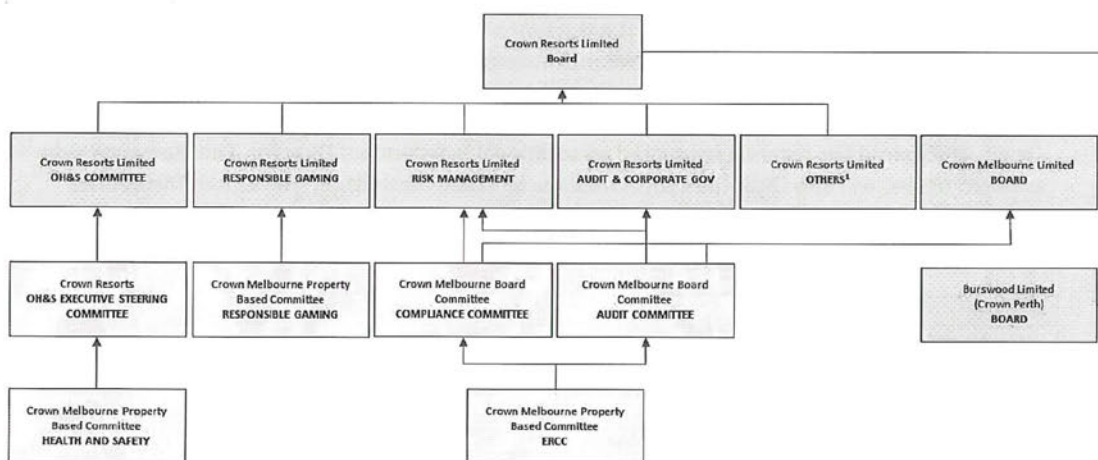
- Matters for approval, which are recommended by the Crown Melbourne Board Committees for approval by the Crown Melbourne Board following their consideration of the matter;
- An update on the financial performance of the Crown Melbourne business;
- Detailed summaries of current issues at Crown Melbourne, extending to property initiatives (including in relation to human resources, marketing and security) as well as updates on current trading;
- A stand-alone agenda item in relation to Audit and Compliance and includes a regulatory and governance update on matters such as AML, Risk, legal and regulatory matters;
- A stand-alone agenda item in relation to responsible gaming matters;
- An update on development matters;
- An update on occupational, health and safety matters; and

- Ad hoc items of business as required.

There is direct information flow from the property based Committees through to the ERCC, the Crown Melbourne Board Committees and then ultimately through to the Crown Melbourne Board.

ELEVATION OF GOVERNANCE TO THE GROUP BOARD AND COMMITTEES

Set out below is a structure diagram which summarises the relationships between the Crown Melbourne property based Committees, the ERCC, the Crown Melbourne Board Committees, the Crown Melbourne Board and its ultimate shareholder, Crown Resorts Limited.



1. The other Crown Resorts Board Committees are Nomination and Remuneration, Finance, Investment, Corporate Social Responsibility.

As is depicted in the above diagram, information flows from Crown Melbourne operational Committees through to the Crown Melbourne Limited Committees, the Crown Melbourne Limited Board and to the Crown Resorts level Board Committees.

Those Crown Melbourne Board Committees in turn report through to the Crown Resorts Board at each scheduled Board meeting.

The Chief Executive Officer – Australian Resorts, attends all scheduled Crown Resorts Board meetings and provides the full Crown Resorts Board with updates on operations at Crown Melbourne and Crown Perth.

The Crown Resorts Board papers also include a detailed Crown Resorts ‘CEO’s Report’, which includes comprehensive updates on current issues at Crown Melbourne.

Crown Resorts Independent Directors, John Horvath and Toni Korsanos, each sit on both the Crown Resorts and Crown Melbourne Boards. They respectively act as Chairs of the Crown Melbourne Compliance Committee and the Crown Melbourne Audit Committee and are well placed to communicate issues arising at the Crown Melbourne level, with the full Crown Resorts Board.

John Alexander (Crown Resorts Executive Chairman), Ken Barton (Chief Financial Officer and CEO Digital) as well as Barry Felstead (Chief Executive Officer – Australian Resorts), who all attend the Crown Resorts Board meetings, are also Directors of Crown Melbourne. This provides a natural

vehicle for the two Boards to share insights and communicate the strategic direction of Crown Resorts.

CONCLUSION

Crown Melbourne has a layered framework for decision making and the escalation of key issues to the Crown Melbourne Board and the Crown Resorts Limited Board.

The Independent Directors of Crown Melbourne have formal access to key members of Crown Melbourne's Executive Team, which allows them to fully engage in the proactive strategic oversight of the operations of the Melbourne Casino.

Outside the formal setting of the Crown Melbourne Board Committees, the Independent Directors have also established working relationships with key members of both the Crown Melbourne Executive and management teams, as well as the Crown Resorts Executive.

The change program elements discussed in this paper have and will continue to enhance Crown Melbourne's governance.

It is proposed that a version of this paper be presented to the Crown Melbourne Board for its information at a future meeting of the Board, as part of its ongoing supervision of progress of the VCGLR's recommendations following its Sixth Review for Crown Melbourne.

Crown Melbourne Limited
24 December 2018



Crown Melbourne Limited Board Charter

Crown Resorts Limited ACN 006 973 262
A public company limited by shares

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1. Introduction and Background

The Board is responsible for guiding and monitoring Crown Melbourne Limited (**Crown Melbourne or Company**) on behalf of its shareholders. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

2. Composition of the Board

2.1. Structure

The Board will be made up of a minimum of five Directors. The maximum number of Directors is to be twelve Directors.

2.2. Independence

A Director will be considered independent if they are a non-Executive Director who is not a member of management and who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally.

When assessing independence, regard will be given to whether the Director:

- is, or has been, employed in an Executive capacity by the Company, its parent companies or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, Director or senior employee of a provider of material professional services to the Company, its parent companies or any of its child entities;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company, its parent companies or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the Company or its parent companies or an officer of, or otherwise associated with, a substantial security holder of the Company or its parent companies;
- has a material contractual relationship with the Company, its parent companies or its child entities other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that his or her independence may have been compromised.

The test of whether an interest, position, association or relationship is 'material' will be based on the nature, circumstances and activities of the Director having regard to the guidelines

above. Materiality will be considered from the perspective of the Company, the persons or organisations with which the Director has an affiliation, and from the perspective of the Director.

2.3. Compensation

Each Director is entitled to remuneration out of the funds of the Company as the Directors determine, in accordance with, and subject to, the Constitution of the Company.

2.4. Expertise

Members of the Board must have appropriate skills and experience. The following procedure will be followed when considering potential Board candidates:

- the skills and experience appropriate for an appointee will be determined, having regard to those of the existing Directors and any other likely changes to the Board;
- upon identifying a potential appointee, their competencies and qualifications, independence, other Directorships, time availability and the effect that their appointment would have on the overall balance of the composition of the Board, will be considered; and
- the proposed appointee must be approved by all existing Board members.

3. Duties, Responsibilities and Powers of the Board

3.1. Management of the Business of the Company

The Directors are responsible for overseeing the management of the business of the Company and they may exercise all the powers of the Company which are not required, by the *Corporations Act* or the Constitution to be exercised by the Company in general meeting.

3.2. Management of the Crown Melbourne Casino Licence

Subject to all other duties and legal obligations imposed on Directors in the exercise of their powers, the Directors must use their best endeavours and take all reasonable steps:

- (a) to ensure the continuance of the Crown Melbourne Casino Licence;
- (b) to not cause or permit any material contravention of a condition attaching to the Crown Melbourne Casino Licence; and
- (c) to undertake all necessary action to ensure compliance with the conditions attaching to the Crown Melbourne Casino Licence.

3.3. Matters Reserved for the Board

Matters which are reserved for the Board include:

- in conjunction with management, establishing a vision and strategies for Crown Melbourne;
- approving Crown Melbourne's annual business plan and budget;

- approving specific items of capital expenditure and investments and disinvestments;
- appointing and approving the terms and conditions of appointment of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO);
- appointing Directors to the Board;
- approving the half-year and full-year financial statements;
- approving the interim and final dividends to shareholders;
- approving any significant changes to accounting policies;
- approving the terms of reference and membership of Board Committees; and
- if required, approving Crown Melbourne Company policies, which may be developed from time to time.

3.4. Compliance with Laws and Internal Codes of Conduct

The Directors must comply with all relevant requirements of law, including those set out in relevant casino legislation and the *Corporations Act* and relevant common law duties.

In addition, all Directors must comply with the Code of Conduct developed and approved by the Board or the Board of Crown Resorts Limited, from time to time.

3.5. Delegation of Powers

The Directors may resolve to delegate any of their powers to an officer, agent or attorney and the officer, agent or attorney must exercise the powers delegated in accordance with any directions of the Directors.

3.6. Establishment of Committees

The Directors may resolve to delegate any of their powers to a Committee or Committees consisting of such number of Directors as they think fit.

A Committee to which any powers have been so delegated must exercise the powers delegated in accordance with any directions of the Directors.

4. Role of the Company Secretary

The company secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The decision to appoint or remove a company secretary must be made or approved by the Board.

The role of the company secretary includes:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and Committee papers;

- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

5. Proceedings

5.1. Meeting Frequency

The Directors may hold meetings for the despatch of business and adjourn and otherwise regulate their meetings as they think fit.

5.2. Board Papers

Relevant documents to be considered at Board meetings will be compiled and distributed by the Company Secretary to all Directors as well as to any invitees to relevant Board meetings.

5.3. Attendance at Board Meetings

The Board may extend an invitation to any person to attend all or part of a scheduled Board meeting. This invitation may extend to management attending future meetings. Only Board members shall be eligible to vote.

5.4. Quorum

A quorum for a meeting of the Board is three Directors.

5.5. Minutes

Minutes of proceedings and resolutions of meetings of the Directors and resolutions passed by Directors without a meeting, are to be recorded and entered in the Company Register within one month after the meeting is held or the resolution passed.

Minutes of a meeting must be signed by the Chair of the meeting or the Chair of the next meeting within a reasonable time after the meeting.

A resolution may be made if a document containing the relevant resolution is assented to by all Board members eligible and willing to participate in the making of the resolution.

The resolution will be taken to have been passed when the document is last assented to by a Board member. Where a Board member has assented by means other than writing, that Board member must sign the document containing the relevant resolution within a reasonable time after having provided their assent.

5.6. Amendment and Review

The Board must review this Charter on an annual basis to ensure it remains consistent with its objectives, the Constitution and existing regulatory requirements and recommendations.

Crown Melbourne Limited

[] 2018

**Annexure B:
Crown Melbourne Board and Committee Members' Biographies**

JOHN H ALEXANDER, BA
Chairman



John Alexander is the Executive Chairman of Crown Resorts and is also a Director of a number of companies, including Seven West Media Limited. Mr Alexander is also Chairman of the Crown Melbourne Limited and Burswood Limited Boards.

Mr Alexander was the Executive Chairman of Consolidated Media Holdings Limited (CMH) from 2007 to November 2012, when CMH was acquired by News Corporation. Prior to 2007, Mr Alexander was the Chief Executive Officer and Managing Director of Publishing and Broadcasting Limited (PBL) from 2004, the Chief Executive of ACP Magazines Limited from 1999 and PBL's group media division comprising ACP Magazines Limited and the Nine Network from 2002.

Before joining the PBL Group, Mr Alexander was the Editor-in-Chief, Publisher and Editor of The Sydney Morning Herald and Editor-in-Chief of The Australian Financial Review.

KENNETH M BARTON, BEC



Ken Barton has been Chief Financial Officer of Crown Resorts Limited since March 2010 and CEO Crown Digital since February 2017. Mr Barton also sits on the Crown Melbourne Limited, Burswood Limited and Crown Resorts Foundation Boards.

He was previously Chief Financial Officer of Boral Limited for seven years having also held roles at Pioneer International and Arthur Andersen.

Mr Barton holds a Bachelor of Economics degree from the University of Sydney, is an Associate of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia. He also joined the Male Champions of Change program in 2017.

ROWENA DANZIGER, AM, BA, TC, MACE



Mrs Danziger's professional experience spans over 30 years in various Australian and American educational institutions. Mrs Danziger was the Headmistress at Ascham School in Sydney from 1973 to 2003.

Mrs Danziger is a Director of Crown Melbourne Limited and was previously a Director of Crown Resorts Limited. Mrs Danziger also sits on the Crown Resorts Foundation Board.

BARRY J FELSTEAD



Barry Felstead has been Chief Executive Officer - Australian Resorts since August 2013. Mr Felstead sits on the Crown Melbourne Limited and Burswood Limited Boards.

Prior to August 2013, Mr Felstead was Chief Executive Officer of Crown Perth (formerly Burswood) since March 2007, after holding the position of Chief Operating Officer - Gaming of Crown Perth from 2005. Mr Felstead has held multiple management positions at Crown Melbourne.

Mr Felstead is Chairman of FutureNow, a Board member of Burswood Park Board, Alumni of Celebrate WA and a Board Member of Australasian Gaming Council (AGC).

PROFESSOR JOHN S HORVATH AO, MB, BS
(SYD), FRACP



Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He is currently continuing to advise the Department of Health and the School of Medicine, University of Sydney, and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath previously sat on the Board of the Garvan Research Foundation and was a Governor of the Centenary Institute of Medical Research until January 2016. He was a member of the Advisory Council to the Australian Organ and Tissue Donation Agency. He is a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney. Professor Horvath was a member of the Ministerial Advisory Council to the Minister of Health.

Professor Horvath was previously Clinical Professor of Medicine at the University of Sydney. He is also known as a leader in a range of medical training and workforce organisations and is a former President of the Australian Medical Council and the New South Wales Medical Board.

Professor Horvath is currently the Global Strategic Medical Advisor to the Chief Executive Officer of Ramsay Health Care and a Director of the Ramsay Hospital Medical Research Institute.

Professor Horvath sits on the Crown Melbourne Limited and the Crown Resorts Foundation Boards.

ANTONIA KORSANOS, BEC, CA



Antonia Korsanos was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. She has over 20 years' experience in financial and general management at companies including Kellogg's Australia and New Zealand, Goodman Fielder Limited and Coopers & Lybrand in Sydney.

Mrs Korsanos brings to the Board extensive experience in the gaming industry and experience in the areas of technology, finance, strategy, mergers and acquisitions, risk management and financial and regulatory compliance.

Mrs Korsanos has a Bachelor of Economics (Accounting & Finance) from Macquarie University, is a Graduate of the Australian Institute of Company Directors GAICD and is a Member of the Institute of Chartered Accountants. Mrs Korsanos is also a Member of Chief Executive Women and a Non-Executive Director of Webjet Limited and Ardent Leisure Group Limited.

Mrs Korsanos is a Director of Crown Melbourne Limited.

ATTACHMENT 2

Crown Melbourne
Executive Risk and Compliance Committee Charter

Purpose

The Executive Risk and Compliance Committee (**Committee**) shall assist the Chief Executive Officer – Australian Resorts, Board of Directors of Crown Melbourne Limited (**Crown Melbourne**) and relevant Crown Melbourne Board Sub-Committees in:

1. Assessing and providing oversight for the identification and evaluation of material risks involved in the business operations of Crown Melbourne (**Company**);
2. Reviewing and evaluating the Company's actions to mitigate and manage business and compliance/regulatory risks;
3. Assessing and providing oversight for the effective implementation and ongoing maintenance of the Company's compliance program; and
4. Fulfilling their responsibilities relating to legal compliance matters and practices of the Company.

The Committee will also assist the Board of Directors of Crown Resorts Limited (**Crown Resorts**), the Company's parent company in meeting its responsibilities listed in the *ASX Corporate Governance Principles and Recommendations*, in particular Principle 7 "Recognise & Manage Risk".

The Committee is supported by a number of senior management committees related to risk, compliance, responsible service of alcohol, responsible service of gambling, health & safety and any other relevant committee.

The Executive Committees will supply the Committee with information relevant to the Committee's functions to allow the Committee to oversee Crown Melbourne's achievement of effective management of material business and compliance risks.

Composition

The Committee shall comprise:

- Chief Legal Officer – Australian Resorts (Chair);
- Chief Executive Officer – Australian Resorts;
- Chief Financial Officer – Australian Resorts;
- Chief Operating Officer;
- Chief Operating Officer – Hotels, Retail & F&B;
- Group Chief Information Officer – Crown Resorts;
- Chief Marketing Officer;
- Executive General Manager – F&B;
- Executive General Manager – Table Games;
- Executive General Manager – Gaming Machines;
- Executive General Manager – Human Resources;
- Group General Manager – Risk & Audit; and
- Group General Manager – Regulatory & Compliance (**Committee Executive Officer**).



The Committee may request that any other employee of the Company, or such other invited guests as may be required, attend any meeting of the Committee.

Meetings

The Committee shall meet quarterly or at such other time as agreed by the Committee.

Minutes of meetings will be recorded, retained and approved as being an accurate record of Committee meetings.

Responsibilities and Duties

To fulfil its purpose, the Committee shall:

- Provide risk and compliance oversight to the Company;
- Determine the objectives of the Enterprise Risk Management (**ERM**) and Compliance frameworks at Crown Melbourne;
- Oversee the Company's implementation and ongoing administration of the ERM and Compliance program, and monitor performance;
- Review and evaluate management's identification of all major compliance and business risks to the business and their relative weight;
- Review and assess any material risks or exposures, and the steps management has taken to minimise such risks and exposures;
- Review and assess any significant compliance breaches or issues, and the steps management has taken to address those breaches or issues to ensure ongoing compliance with obligations;
- Assess the effectiveness of management policies, procedures and practices relating to risk and compliance;
- Review and approve the Corporate Risk Profile, prior to presentation to the Chief Executive Officer – Australian Resorts and Board of Directors;
- Monitor the progress of actions plans identified in the Corporate Risk Profile;
- Monitor and assess the Company's adherence to its Compliance Manual (and annual Compliance Plans);
- Review a summary of Internal Audit report findings and recommendations regarding the adequacy and effectiveness of internal controls, at each meeting;
- Provide a legal, risk and compliance update to each meeting of the Board of Directors (and/or applicable Board sub-committee), reporting on instances of material non-compliance, changes to the corporate risk profile, emerging risks, and the status of the Company's ERM and Compliance programs;
- Report as required to applicable sub-committees of the Crown Resorts Board of Directors; and
- Conduct a review of this Charter on an annual basis to ensure it remains consistent with its objectives and existing regulatory requirements.

31 July 2018

**ATTACHMENT 3**

Contact: Barry Felstead / Joshua Preston
Direct Line: [REDACTED]
E-mail: [REDACTED]
Document No: COMPLIANCE_433462.3

24 December 2018

Ms Catherine Myers
Chief Executive Officer
Victorian Commission for Gambling and Liquor Regulation
49 Elizabeth Street
RICHMOND VIC 3121

cc: Rowan Harris

By Email

Dear Ms Myers

Sixth Review of the Casino Operator and Licence (Sixth Review) - Recommendation 2

I refer to Recommendation 2 of the Sixth Review, which provides:

"The VCGLR recommends that, by 1 January 2019, Crown undertake a review of the required qualifications for committee chairs set out in the charters and ensure that these appointees' actual qualifications match."

Crown has now completed its review of the chair for both the Crown Melbourne Board Audit Committee and Crown Melbourne Board Compliance Committee.

As a result of that review, on 5 September 2018, Mrs Antonia Korsanos was appointed as the Chair of the Crown Melbourne Board Audit Committee, replacing Mrs Rowena Danziger, who resigned from her position as chair of that Committee.

A copy of Mrs Korsanos' professional profile summarising her extensive financial experience and key appointments is attached. She is comprehensively qualified to perform the role of Chair of the Audit Committee.

Crown found that no change was required to the position of chair of the Crown Melbourne Board Compliance Committee, as Crown is entirely satisfied that the holder of that position, Professor John Horvath AO, is extensively qualified to perform the role. I also note that prior to his appointment as chair of the Compliance Committee in 2017, Professor Horvath had been a member of that Committee since 2010 and therefore has an extensive understanding of the regulatory framework and obligations related to Crown Melbourne. A copy of Professor John Horvath's professional profile is also attached.

Crown considers that the completion of its review of the qualifications for committee chairs, as against the Charters, has been completed in satisfaction of Recommendation 2 of the Sixth Review.

Please let me know if you would like to discuss this matter or if there is any further information that can be provided to assist.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Barry Felstead', written in a cursive style.

Barry Felstead
Chief Executive Officer – Australian Resorts

End

PROFESSIONAL PROFILE - ANTONIA KORSANOS, BEC, CA

Antonia Korsanos was the Chief Financial Officer (2009 to 2018) and Company Secretary (2011 to 2018) of Aristocrat Leisure Limited. She has over 20 years' experience in financial and general management at companies including Kellogg's Australia and New Zealand, Goldman Fielder Limited and Coopers & Lybrand in Sydney.

Mrs Korsanos brings to the Board extensive experience in the gaming industry and experience in the areas of technology, finance, strategy, mergers and acquisitions, risk management and financial and regulatory compliance.

Mrs Korsanos has a Bachelor of Economics (Accounting & Finance) from Macquarie University, is a Graduate of the Australian Institute of Company Directors GAICD and is a Member of the Institute of Chartered Accountants. Mrs Korsanos is also a Member of Chief Executive Women and a Non-Executive Director of Webjet Limited and Ardent Leisure Group Limited.

Mrs Korsanos is a Director of Crown Melbourne Limited and a member of the Crown Resorts Limited Audit and Corporate Governance, Finance and Responsible Gaming Committees.

PROFESSIONAL PROFILE - PROFESSOR JOHN S HORVATH AO, MB, BS (SYD), FRACP

Professor John Horvath was the Australian Government Chief Medical Officer from 2003 to 2009 and principal Medical Consultant to the Commonwealth Department until January 2016. He is currently continuing to advise the Department of Health and the School of Medicine, University of Sydney, and holds the position of Honorary Professor of Medicine.

Professor Horvath is a Fellow of the Royal Australasian College of Physicians and is a distinguished practitioner, researcher and teacher. Professor Horvath previously sat on the Board of the Garvan Research Foundation and was a Governor of the Centenary Institute of Medical Research until January 2016. He was a member of the Advisory Council to the Australian Organ and Tissue Donation Agency. He is a member of the Finance and Administration Committee of the School of Medicine at the University of Sydney. Professor Horvath was a member of the Ministerial Advisory Council to the Minister of Health.

Professor Horvath was previously Clinical Professor of Medicine at the University of Sydney. He is also known as a leader in a range of medical training and workforce organisations and is a former President of the Australian Medical Council and the New South Wales Medical Board.

Professor Horvath is currently the Global Strategic Medical Advisor to the Chief Executive Officer of Ramsay Health Care and a Director of the Ramsay Hospital Medical Research Institute.

Professor Horvath sits on the Crown Melbourne Limited and the Crown Resorts Foundation Boards.



ATTACHMENT 4

Contact: Barry Felstead / Joshua Preston
 Direct Line: [REDACTED]
 E-mail: [REDACTED]
 Document No: COMPLIANCE_437868.2

24 December 2018

Ms Catherine Myers
 Chief Executive Officer
 Victorian Commission for Gambling and Liquor Regulation
 49 Elizabeth Street
 RICHMOND VIC 3121

cc: Rowan Harris

By Email

Dear Ms Myers

Sixth Review of the Casino Operator and Licence (Sixth Review) - Recommendation 8(b)

I refer to Recommendation 8(b) of the Sixth Review of the Casino Operator and Licence, which provides:

"The VCGLR recommends that Crown Melbourne proceed with development and implementation of comprehensive data analytics tools for all patrons, to proactively identify for intervention patrons at risk of harm from gambling. These tools would utilise both historical data (with parameters developed from the second player model), and real-time monitoring of play periods. Crown Melbourne should look to models in other jurisdictions, and consult with external data analytics experts, with a view to implementing world-class, proactive approaches with real-time (or near-real time) operational effectiveness. In particular—

(a)...

(b) for uncarded play (that is, all other player activity), Crown Melbourne will, by 1 January 2019, commence a comprehensive study of all the practical options for a real time player data analytics tool, with a view to reporting in detail (including legal, technical and methodological issues) to the VCGLR by 1 January 2020 and the tool being in operation by 1 July 2022."

By way of update, Crown Melbourne Limited (**Crown Melbourne**) advises that it has commenced its study on exploring options available to it and will be assessing and analysing the research and expert evidence available which supports data analytics tools on uncarded play that may enhance Crown's responsible gaming framework.

Please let me know if you would like to discuss this matter or if there is any further information that can be provided to assist.

Yours sincerely

A handwritten signature in black ink, appearing to read 'BF', with a long horizontal flourish extending to the right.

Barry Felstead
Chief Executive Officer – Australian Resorts