



RISK MANAGEMENT COMMITTEE
Meeting of the Committee
Wednesday, 12 August 2020 at 9.30am
by videoconference



Risk Management Committee

Meeting of the Committee to be held on Wednesday, 12 August 2020 at
9.30am by videoconference

Attendees

<i>Committee:</i>	Jane Halton (Chair) Andrew Demetriou Michael Johnston Toni Korsanos
	Mary Manos (Secretary)
<i>By Invitation:</i>	Ken Barton (Crown Resorts) Helen Coonan (Crown Resorts– Chair) Barry Felstead (Australian Resorts, CEO) Lauren Harris (Crown Resorts) Alan McGregor (Crown Resorts) Harold Mitchell (Crown Resorts) Josh Preston (Australian Resorts, CLO) Anne Siegers (Crown Resorts, Group GM Risk & Audit) Nick Stokes (Group GM – AML)

AGENDA

1. **Minutes of Committee Meetings**
 - 1.1. [Minutes of Meeting held on 10 June 2020](#)
 - 1.2. [Minutes of Meeting held on 23 June 2020](#)
2. **Matters Arising**
3. **Junket Processes Review**
4. **Risk Reporting**
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 - 4.2. [Instrument and Payroll Compliance Review – PRIVILEGED AND CONFIDENTIAL](#)
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5. **Compliance Report**

6. **Anti-money Laundering**
7. **Directors Statutory Report – Risk Disclosure – PRIVILEGED AND CONFIDENTIAL**
8. **Insurance Renewal Strategy**
9. **Other Business**
 - 9.1. ASIC Special Purpose Committee Minutes – 9 July 2020
 - 9.2. Register of Contracts
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AGENDA ITEM 1:
Minutes of Committee Meetings



Risk Management Committee

Minutes of a Meeting of the Committee held on Wednesday, 10 June 2020
at 9.30am by videoconference

Members Present:

Jane Halton (Chair)
Andrew Demetriou
Michael Johnston
Toni Korsanos

Mary Manos (Secretary)

By Invitation:

Ken Barton (Crown Resorts Limited)
Barry Felstead (CEO – Australian Resorts)
Lauren Harris (Crown Resorts Limited)
Nick Kaldas (Stratium Global) (Agenda Items 1 and 2 only)
Alan McGregor (CFO – Australian Resorts)
Josh Preston (Australian Resorts, CLO)
Anne Siegers (Group GM Risk & Audit)
Nick Stokes (Group GM – AML)

BUSINESS

Minutes of Meeting:

Minutes of Meeting held on 12 February 2020

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

Minutes of Meeting held on 25 March 2020

It was **RESOLVED** that the Minutes of the Risk Management Committee Meeting held on 25 March 2020 be approved.

Matters Arising:

The Matters Arising paper was taken as read.

Jane Halton welcomed Nick Kaldas to the meeting.

Nick Kaldas provided the Committee with an update on the work he has been undertaking for the Company since his appointment.

It was noted that Mr Kaldas' focus was on the establishment of new relationships with relevant law enforcement bodies and the enhancement of existing relationships with the aim of improving

access to information and intelligence and further enhancing the Company's due diligence channels and processes.

Mr Kaldas also informed the Committee that:

- he was supportive of the Company's proposed Australian Casino Industry Group; and
- he had met with the various heads of Crown's properties security and surveillance teams for preliminary discussions and would be scheduling a further time to meet with them to understand and review current processes with a focus on crisis and risk management as it related to terrorism and crime matters.

The Committee requested that Mr Kaldas provide the Committee and the Board with a written report on his interim observations of the Company's practices at the next meeting.

COVID-19:

COVID-19 Update

The COVID-19 Update paper was taken as read.

Barry Felstead provided the Committee with an overview of the following matters included in the paper:

- Approximately 96% of employees had been stood down, with 10,300 employees receiving JobKeeper payments and approximately a quarter of employees having accessed the early release of superannuation Government initiative.
- The Company had received approximately 430 applications in respect of the Crown Hardship Fund.
- Management was continuing to work with the unions regarding the terms of the Enterprise Agreements in light of the impact of COVID-19.
- The Fair Work Act and the JobKeeper scheme were currently providing the Company with greater flexibility related to standing staff down and standing staff up.
- A number of Food & Beverage outlets had recently opened at Crown Melbourne and Crown Perth within the trading restrictions imposed by the respective state governments with positive uptake by customers and positive reengagement of employees.
- Discussions were continuing with the Victorian and Western Australian Governments and respective Chief Health Officers regarding recommencement of casino operations.
- Work was continuing on the possible gaming floor plan layouts to comply with any social distancing requirements.
- Two COVID-19 Response Managers had been appointed to

oversee the application of the Hygiene and Social Distancing Plans upon re-opening.

Business Interruption Insurance (PRIVILEGED AND CONFIDENTIAL)

The Business Interruption Insurance paper was taken as read.

Josh Preston and Mary Manos advised the Committee that MinterEllison had been engaged to [REDACTED]

The Committee discussed the advice and **RESOLVED** to approve that a claim be lodged with the insurer under the Company's Business Interruption Insurance policy in respect of COVID-19.

Mary Manos also advised the Committee that the Company had also considered the Company's position in relation to public liability claims in a COVID-19 environment.

Anti-money Laundering:

The AML/CTF Presentation was taken as read.

Nick Stokes informed the Committee that work continued on a number of enhancements to the AML/CTF framework , including:

- proactive reviews of key AML risk areas;
- new customer risk rating methodology and workflows;
- a refresh of the AML/CTF Risk Awareness training online module;
- the introduction of AML risk metrics and management information dashboards;
- the review and updating of AML/CTF Program, policies and procedures in support of the AML/CTF Framework; and
- the progress in transitioning from manual processes to automated systems.

Mr Stokes further noted, in line with the adopted three lines of defence model, AML/CTF roles and responsibilities had been clarified in the Joint AML/CTF Program and underlying policies and procedures across each line of defence.

Risk Reporting:

Annual Review of Risk Profile

The Annual Review of Risk Profile paper was taken as read.

Anne Siegers advised the Committee that:

- the Risk Profile was updated to align with the rest of the organisation's methodology, providing additional information for each risk; and
- a formal review of the Risk Profile was undertaken, resulting in

the following four proposed risk rating adjustments:

- Legislative / Regulatory Changes – Likelihood increased to a rating of 5, increasing the overall risk profile to Critical. This was on the expectation that there will be legislative or regulatory changes resulting from the ILGA Inquiry.
- Volatility of Gaming Revenue – Likelihood increased to a rating of 5, with the overall risk rating remaining as Critical. This was on the basis that as a result of COVID-19, there are lower expected gaming volumes resulting in greater volatility in the win rate.
- VIP Bad Debts – Likelihood increased to a rating of 4, with the overall risk rating remaining as High. This was on the basis that, in the current environment, it is expected that debt recovery will be harder.
- External Disruptors Out of Our Control – Likelihood increased to a rating of 5 and Consequence increased to a rating of 5, increasing the overall risk rating to Critical. This was adjusted having regard to the COVID-19 pandemic and the impacts on Crown and the economy.

The Committee considered the proposed risk rating changes and requested that regard be had to any feedback which Mr Kaldas may have, particularly around the listed controls in place for the Act of Terrorism on Crown Property risk.

It was **RESOLVED** that, subject to the Committee's feedback, the updated Risk Profile be approved.

Report Against Material Risks

The Report Against Material Risks was taken as read.

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

Annual Review of Risk Management Strategy and Risk Appetite

The Annual Review of Risk Management Strategy and Risk Appetite paper was taken as read.

Anne Siegers highlighted the following key proposed revisions to the Risk Management Strategy:

- the incorporation of references to Crown Sydney;
- the insertion of a new section on "Risk Culture"; and
- the alignment of Occupational Health & Safety and Responsible Gaming metrics with the relevant departmental frameworks.

Having regard to the above, it was **RESOLVED** that the revised Risk

Management Strategy be recommended to the Board for approval.

Emerging Risks

The Emerging Risks paper was taken as read.

Alan McGregor noted the decision in the *Workpac v Rossato* case and informed the Committee that management was undertaking a review of the Company's processes having regard to the facts and outcomes in that case.

Compliance Report:

The Compliance Report was taken as read.

It was **RESOLVED** that the Compliance Report be noted.

Other Business:

Delegations Policy

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

Anne Siegers advised that no changes were being recommended to the Delegations Policy which was recently updated in December 2019 as the current policy was well aligned with the Risk Appetite.

The Committee **RESOLVED** that, having conducted an annual review process, it be recommended to the Board that no amendments to the Policy be implemented at this stage.

Register of Contracts

The Register of Contracts paper was taken as read.

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

Future Meetings

The future meeting dates were noted.

Closure:

There being no further business, the meeting was declared closed at 11.01am.

Signed

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Jane Halton
Chairperson



Risk Management and Responsible Gaming Committees

Minutes of a Meeting of the Committees held on Tuesday, 23 June 2020
at 2.00pm by videoconference

**Risk Management Committee
Members Present:**

Jane Halton (Chair)
Andrew Demetriou
Michael Johnston
Toni Korsanos

**Responsible Gaming Committee
Members Present:**

John Horvath (Chair)
Andrew Demetriou
Toni Korsanos

Mary Manos (Secretary)

By Invitation:

Ken Barton (Crown Resorts Limited)
Sonja Bauer (Group GM Responsible Gaming – Australian Resorts)
Barry Felstead (CEO – Australian Resorts)
Lauren Harris (Crown Resorts Limited)
Alan McGregor (CFO – Australian Resorts)
Josh Preston (Australian Resorts, CLO)
Anne Siegers (Group GM Risk & Audit)
Matthew Young (Crown Resorts Limited)

BUSINESS

Opening Business:

It was noted that the meeting was a joint meeting of the Risk Management and Responsible Gaming Committees and the members of the Committees elected Jane Halton to chair the joint meeting.

Crown Perth – Debit Card Chip Facility:

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

Among the matters included in the paper, Ken Barton and Barry Felstead highlighted the following:

- In February 2020, the Committees considered the proposal to implement a debit card chip facility on gaming tables at Crown Perth (the **proposal**) and deferred consideration of the proposal

at that time.

- Having regard to the accelerated shift away from cash in favour of digital payment options, management was proposing to proceed with the proposal.
- The Board approved the proposal subject to the final review and approval of the Committees.
- The responsible gaming risks were reviewed and considered by management, in consultation with Professor Blaszczynski.
- On the recommendation of Professor Blaszczynski, a \$500 daily limit would be imposed on the use of the facility.
- The WA Regulator remains supportive of the proposal.
- The Committees would continue to be appraised of this matter at its standing meetings.

The Committees noted the responsible gaming aspects of the proposal which had been appropriately addressed as well as the health and safety benefits associated with limiting cash handling.

The Committees also discussed the benefits of the proposal from an anti-money laundering and fraud perspective.

Having regard to the above, it was **RESOLVED** that the Company be authorised to implement a debit card chip facility on gaming tables at Crown Perth.

Other Business:

The Committees discussed the recent rise in cases of COVID-19 in Victoria and it was noted that management was continuing to work with the Victorian Department of Justice on the re-opening plan for Crown Melbourne.

Closure:

There being no further business, the meeting was declared closed at 2.17pm.

Signed

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Jane Halton
Chairperson



AGENDA ITEM 2:
Matters Arising



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Mary Manos
Date: 7 August 2020
Subject: **Matters Arising**

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Dear Committee Members

At the June 2020 meeting of the Committee, the Committee requested that Nick Kaldas, Managing Director of Stratium Global, provide a written report on his interim observations of the Company's practices and review the controls in place for the Act of Terrorism on Crown Property risk. This work will resume when social distancing and travel restrictions ease.

Kind regards

Mary Manos
General Counsel and Company Secretary



AGENDA ITEM 3:
Junket Process Review



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 7 August 2020
Subject: Junket Review Update

Dear Committee Members

At the February Board meeting, the Board asked that management undertake a review of the process to on-board new junkets.

An initial review was undertaken internally, driven by the Group General Manager – Risk and Audit, with the collaboration of the AML, Compliance and Credit teams.

That internal review focused on confirming the existing process in place and proposing some enhancements. It was also tasked with developing a more systematic process to assess and document the decision-making process within the Persons of Interest (POI) Committee.

Once that was completed in mid-April, an external advisory firm (Deloitte), was asked to perform an independent assessment of the process and the new POI tool.

Deloitte has almost finalised their review, and provided management with an initial draft report which articulates 4 key areas under review:

- New Junket Operators – the process for assessing and approving prospective junket operators;
- Existing Junket Operators – the review of existing relationships and monitoring the probity and integrity of the program;
- Persons of Interest Process – effectiveness of the process undertaken to determine if the organisation wishes to continue a relationship with a patron when certain information is received, including the effectiveness of the new proposed POI decisioning tool; and
- Board Involvement – review of the governance role that the Board and its Risk Committee should have over the junket and POI programs.

Overall, the draft assessment acknowledges the process improvements that have been implemented by the business over the past 12 months but notes some areas for further maturity and enhancements. Crown continues to engage with Deloitte to finalise the review which we expect will include a range of

recommendations.

We will continue to update the Risk Management Committee on the progress of this process.

Kind regards

Anne Siegers
Group General Manager - Risk & Audit



AGENDA ITEM 4:
Risk Reporting



Crown Resorts Limited

Material Risk Update: August 2020

This Material Risk Update reports on the 'critical' and selected 'high' risks in the updated Crown Resorts risk profile (depicted as "material risks" in the Crown Resorts Risk Map set out on page 6 of this report).

Executive Summary

Since the last report in June 2020, a number of internal and external events have evolved or materialised, or continue to remain of material relevance, which have the potential to impact the overall risk profile of the organisation, and particularly its material risk exposures.

The key events that have taken place or remain relevant during the period include:

- On 23 March 2020, the Melbourne and Perth properties ceasing gaming activities and food & beverage, banqueting and conference facilities, due to the declared national COVID-19 pandemic, and at the direction of government authorities. Crown Perth re-opened on 27 June 2020, with a number of physical distancing and hygiene protocols in place.

During the closure period, limited activity continued in hotels along with minor food offerings and approximately 95% of staff were stood down. Security and Surveillance operations remained in place to ensure the security of the facilities, and a number of core staff remained active to handle critical activities and infrastructure, as well as plan for re-opening.

COVID-19 has presented a number of challenges for Crown, including restrictions on the ability to operate (social distancing measures, hygiene and other government imposed conditions); no international business whilst Australian borders remain closed; risk of further waves of transmission of the virus; and customer confidence in returning to our premises.

The Perth re-opening was successful, and some minor operational issues were handled effectively by the team as they arose. Since re-opening, business volume has been very good, and operations have successfully managed the additional physical distancing and hygiene standards and protocols. Refer to the last page of this report for further COVID-19 updates.

- Crown Melbourne and Crown Perth qualified for the JobKeeper program which has assisted Crown during the closure period. The government announced the continuation of the program past 27 September 2020, on slightly reduced terms. It is expected that Crown Melbourne will continue to receive the JobKeeper payment for its staff past 27 September 2020, but the current activity levels in Perth means that the payments will most likely cease for Crown Perth.
- Prior to the COVID-19 pandemic, local economic conditions in WA continued to be challenging with certain indicators showing a downward trend. The impact of the second wave in Victoria is expected to damage the local economy further. The full impact of the pandemic remains unknown, as the country enters its first recession in over 30 years.
- Crown Aspinalls also ceased operations on 20 March 2020 at the direction of government authorities as a result of the COVID-19 outbreak in the UK. A re-opening date of 1 August 2020

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had been communicated to management, but this date was pushed back by at least 14 days, with no further indication of a new date at this stage. Crown Aspinalls has been receiving Coronavirus Job Retention Scheme payments under the employee retention scheme in operation in the UK.

- Crown Aspinalls and DGN have been informed by their banking institutions, that their accounts will be closed. This is as a result of the banks choosing to no longer have gaming operators in their customer portfolios.
- Following approval from the Committee, the first phase of Crown Perth's implementation of EFTPOS on gaming tables commenced on 27 July 2020, comprising one device on one table, with limited local media interest. The implementation will continue to progress in a phased manner, in accordance with the implementation plan. Since the previous Committee meeting, a demonstration of the device has been given to the Chief Casino Officer and a subsequent demonstration to the Gaming & Wagering Commission.
- As reported previously, as a result of the allegations put by both the Nine Network (*60 Minutes* program, SMH and the Age) and Mr Wilkie, various investigations and inquiries are continuing involving AUSTRAC, ILGA and ACLEI. The ACLEI investigation (*Operation Angove*) will be carried out on the information gathered by ACLEI Investigators. REDACTED - SECRET INFORMATION
- The Terms of Reference for the ILGA Inquiry were amended on 24 June 2010. The hearing resumed on 27 July 2020 with Crown's Chief Legal Officer giving evidence over four full days.
- During the period, Crown has continued to address, and engage with the VCGLR on, the Recommendations made by the VCGLR as part of its Sixth Review of the Casino Operator and Licence. To date, 17 of the 20 Recommendations have been responded to by Crown by the required due date, with the 2 of the remaining 3 not yet due. The third, being the meeting that was set up to address Recommendation 20 was postponed due to the COVID-19 shutdown. It has now been rescheduled for 1 September 2020 via WebEx/Skype for Business.
- As previously reported, as a result of media allegations against Crown reported on or around 27 July 2019, the VCGLR wrote to Crown Melbourne on 23 September 2019, providing notice of its intention to continue its investigation into the China Matter. The VCGLR noted its intention to obtain information from former Crown staff who were involved in the media reports and the detentions in China. Crown and Minter Ellison continue communications with the VCGLR on this matter. There has been no further development since the last report.
- As previously reported, Crown Melbourne received a show cause notice from the Melbourne City Council relating to combustible cladding on the Metropool Hotel (dated 11 April 2019). In response, Crown submitted a report by fire engineers, DNT Engineering Services, on 12 September 2019. Crown met with the Building Appeals Board (**BAB**) on 7 April 2020, and several additional queries were raised. Crown lodged additional information on 22 May 2020 and the Victorian Building Authority filed their comments to the BAB on 12 June 2020. The BAB have not yet completed their final determination on this matter.

Crown is proactively replacing small sections of cladding along the Podium riverfront during this low traffic period.

- Crown's share price has seen limited fluctuations since the last report, and very little movement through the IGLA public inquiries. The movements are mostly in line with the rest of the ASX 200.

4.1

Proposed Adjustments to Risk Profile

The continued lack of revenue at Crown Melbourne, while some core operating costs are incurred, has created a situation where additional steps have been sought to secure liquidity and funding through the COVID-19 closure period. In addition, the proposed closure of accounts in our Crown Aspinalls and DGN operations appears to indicate that a number of banks are considering their relationships with casino and gaming entities.

Although this risk has in the past been included in risk #18 – *Suboptimal investment decisions*, it is proposed that it be separated out as its own risk #23 – *Treasury risk*, with an inherent risk rating of Almost Certain and Severe (or Critical overall), and a residual risk rating of Likely and Moderate (or High overall). This risk will most likely be adjusted in the medium term, as the banks' position with regards to gaming and casino entities evolves and as Crown recovers from the impacts of COVID-19.

See Risk map on page 5 for relative position of this new risk.

Below is a table summarising materialising events and current trends for each material risk. This table does not represent events that have not yet materialised:

MATERIAL RISKS	CURRENT TREND
1. Legislative / Regulatory Changes	Unchanged →
2. Volatility of Premium Gaming	Unchanged →
3. Act of Terrorism on Property	Unchanged →
4. Major Reputational Damage	Unchanged →
5. Litigation	Unchanged →
6. VIP Bad Debts	Unchanged →
7. Material Breaches of Gaming and other Relevant Legislation/ Regulations	Unchanged →
8. Data Misuse	Unchanged →
9. Breakdown in relationships with key government, legislative or regulatory bodies	Unchanged →
10. External disruptors outside our control	Unchanged →

Risk Appetite Dashboard

Category	Quantitative Metrics – RMC Reporting Triggers		New Reportable Events	Reference
Financial	Outside normal trading EBITDA losses (per event), and/or adverse to the current (normalised) forecast	>\$10M	Yes	COVID-19
Brand / Reputation	Internal event creating a sustained share price loss	>5%	No	
	Sustained negative national or international media coverage	Any event	No	
Regulatory/ Legal	Significant breaches that may have a financial or reputational impact	Any event	No	
	Material legal action or class action	Any event	No	
	Significant breach or event that has the potential to damage the relationship	Any event	No	
	Material responsible gaming issues including sustained adverse media	Any event	No	
	Material service of alcohol issues impacting the liquor licences	Any loss of licence and/or points	No	
People	Notifiable serious incidents with regulator involvement under workplace health and safety and other related legislation	Any event	No	
	Sustained staff turnover and/or unplanned absences above average	Any event	No	
	Loss or potential loss of key management personnel	Any event	Yes	COVID-19
	Imminent industrial action	Any event	No	
Customer/ Patrons	Negative event affecting segment of patrons (e.g. VIP, F&B, Hotel)	Over 20% or 20,000 patrons of segment type, or \$100M revenue	Yes	COVID-19
Infrastructure	Security incident that threatens people or property	Any event	No	
	Loss of other core IT infrastructure or multiple key systems	>24hrs	No	
	External or internal security breaches resulting in unauthorised access to, or loss of, customer data likely to result in serious harm	Any event	No	
	Loss of critical physical infrastructure	>24hrs	No	
	Unplanned loss of gaming floor in one property	>10% for up to 24 hrs	Yes	COVID-19
	Unplanned loss of non-gaming front of house facilities in one property	> 1 hotel or 50% F&B > 24hrs	Yes	COVID-19
Strategy / Business Sustainability	Critical event requiring mobilisation of resources and CMT/EMT activation	Any event	Yes	COVID-19
	Key strategic project delayed by 12 months or more	Any event	No	
	Change in ownership share of related or third party entity	Any Event	No	

4.1

Crown Resorts Corporate Risk Map – August 2020

		<i>MATERIAL RISKS</i>				
Likelihood	Almost certain	Harm to persons on property (16)		Major reputational damage (4) Legislative/regulatory changes (1)	External disruptors out of our control (10)	
	Likely		Treasury risk (23)	Litigation (5) VIP bad debts (6)	Volatility of gaming revenue (2)	
	Possible	Responsible business model (14)	System business disruption (11) Major Criminal Activity (12) Responsible provision of gambling (13) Responsible provision of alcohol (15) Poor people and safety management practices (17) Physical business disruption (20)	Material breaches of gaming and other relevant legislation / regulations (7) Data misuse (8) Breakdown in relationships with government, legislative or regulatory bodies (9)	Act of terrorism on Crown property (3)	
	Unlikely		Breakdown in strategic partnerships with third party providers (19) Industrial Action (21)			
	Rare				Suboptimal investment decisions (18) Aviation accident (22)	
		Insignificant	Minor	Moderate	Major	Severe
		Consequence				




Legend:

Critical Risk	Oversight by the RMC/Board
High Risk	Managed by CEO and relevant EGMs
Moderate Risk	Managed by BOT members
Low Risk	Managed as part of BAU

Materialising events against each material risk

1. LEGISLATIVE / REGULATORY CHANGES	
<p><i>Changes to legislation, regulation or Government policy covering the conduct of, and access to, gaming or broader operational and compliance processes in any jurisdiction in which Crown operates.</i></p> <p><i>Examples of changes include, but are not limited to:</i></p> <ul style="list-style-type: none"> • <i>Increases in tax or additional levies and taxes</i> • <i>Changes to restrictions (where applicable) on the number, type, speed and location of gaming machines</i> • <i>Changes to mandatory minimum "return to player" on gaming machines</i> • <i>Changes to approved table games and approved rules of the games (where applicable)</i> • <i>Changes to restrictions on advertising and marketing, including online advertising (where applicable)</i> • <i>Changes in laws or changes in interpretation of laws dealing with promotion of gambling in foreign countries</i> • <i>Visa restrictions (where applicable)</i> • <i>Changes to online wagering regulations, affecting product offering (including exchange betting)</i> • <i>Changes to pre-commitment system</i> • <i>Changes to smoking exemptions</i> 	
CROWN MELBOURNE	
<p><u>Anti-Money Laundering / Counter-Terrorism Financing (AML / CTF) (and CROWN PERTH)</u></p> <p>There have been no changes since the last report.</p> <p>The Financial Action Task Force (FATF) was expected to visit Australia during Q1-Q2 FY20 to complete an assessment of Australia's compliance with international AML standards. Any adverse outcomes are likely to impact the legislative/regulatory framework in Australia, which could ultimately affect the obligations of reporting entities.</p> <p>Crown was provided with a copy of AUSTRAC's draft Risk Assessment for review and comment, prior to its publication. Crown has reviewed the draft Risk Assessment and prepared and submitted its comments to AUSTRAC. We are yet to receive feedback on our comments.</p> <p>Crown has responded to s 167 Notices regarding an assessment of its AML/CTF Program, with a focus on High Risk Customers and PEPs.</p>	<p>TREND: Unchanged ➡</p>
<p><u>Section 25 Licence and Operator Review</u></p> <p>Crown is working with the VCGLR to address each of the 20 Recommendations made by the Sixth s 25 Review of the Casino Operator and Licence. Seventeen Recommendations have been responded to by Crown within the agreed timelines (with two of the remaining three not yet due and the third, the meeting for Recommendation 20, having been postponed as a result of the COVID-19 pandemic and rescheduled to 1 September 2020). We are providing additional information where requested.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Reputational damage and media coverage of any new issues arising from the resolution of the matters.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown is working through the remaining recommendations internally and engaging with the VCGLR as appropriate.</p>	<p>TREND: Unchanged ➡</p>

4.1

CROWN PERTH	
<u>Trackside and TAB Sale</u>	TREND: Unchanged 
<p>There have been no changes since the last report.</p> <p>The <i>TAB (Disposal) Bill 2019 (TAB Bill)</i> enabling the sale of the TAB passed State Parliament on 4 September 2019.</p> <p>As a result, the Government will now proceed with plans to select a private company to operate the TAB and has formally commenced the sale process through the release of an Expression of Interest to the market. It is expected that the new wagering operator will be appointed by mid-2020.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Although Trackside is not a material component of gambling revenue for Crown Perth, this will be first instance of gambling of this nature to be offered outside of the Crown Perth casino. It is not known what the exact impact of this change on Crown Perth's gambling revenue will be and also, more generally on the discretionary spending patterns of customers.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown Perth will continue to monitor the sale of TAB and ultimate impact of Trackside being permitted outside of the casino.</p>	
CROWN ASPINALLS	
There have been no material changes since the last report.	
BETFAIR	
<u>Implementation of National Consumer Protection Framework for Online Wagering (NCPF) Measures</u>	TREND: Unchanged 
<p>There have been no changes since the last report.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Should Betfair fail to comply with the New Requirements or allow a 'self-excluder' to gamble, this could lead to fines and potentially licence suspension/cancellation.</p> <p>CURRENT ACTION PLAN:</p> <p>Betfair will continue to liaise with the States/Territories in relation to the development of the New Requirements, and will participate in any consultation processes which are established. Betfair will also continue to liaise with ACMA in relation to the development of the Register.</p>	
CROWN RESORTS LIMITED	
<u>Crown Sydney Development</u>	TREND: Unchanged 
<p>Management has continued to engage with L&GNSW to liaise on opening requirements.</p> <p>A draft <i>Liquor Amendment (24-hour Economy) Bill 2020</i>, which includes proposed liquor law changes to help the NSW night time economy grow while managing alcohol-related harm, has been released by the NSW Government to the public for comment. Management is currently reviewing any proposed amendment that may impact Crown Sydney and is also engaging directly with L&G NSW.</p> <p><u>NSW Supervisory Levy</u></p> <p>The Minister for Customer Service has communicated an intention to impose a supervisory levy on the Crown Sydney casino, and has directed ILGA to progress. Crown has commenced engaging with ILGA in relation to a supervisory levy. Crown proposed that a protocol govern discussions in relation to a supervisory levy. A further update will be provided at the meeting.</p>	

2. VOLATILITY OF PREMIUM GAMING

Sustained unfavourable variations from theoretical win rates applicable to the gaming business (local and international). Whilst short term fluctuations are expected to occur, due to 'luck', reporting of theoretical over actual has normalised results over time.

AUSTRALIAN BUSINESSES

Premium Gaming Volumes

TREND: *Unchanged* ➔

As previously reported, Premium Gaming volumes must be maintained to mitigate the risk of prolonged negative deviations from theoretical win rates.

Due to the casino closures on 23 March 2020, as well as the earlier quarantine from China, there is currently no international gaming revenue.

Year on year turnover volumes and win rates are recorded as follows:

CROWN MELBOURNE	December 2017	June 2018	December 2018	June 2019	December 2019	June 2020
YTD International and Interstate Turnover (\$b)	19.5	43.8	15.4	32.7	9.3	16.7 (Budget 36.4)
Win Rate (%)	1.21	1.29	0.99	1.39	2.28	2.11 (Budget 1.40)

CROWN PERTH	December 2017	June 2018	December 2018	June 2019	December 2019	June 2020
YTD International and Interstate Turnover (\$b)	3.2	7.6	2.58	5.3	2.6	3.7 (budget 4.7)
Win Rate (%)	1.91	1.32	2.18	1.58	0.55	1.25 (budget 1.4)

POTENTIAL IMPACT TO CROWN:

Increased deviation between theoretical and actual win rates has the potential to impact overall business performance. Turnover is materially below budget, mostly due to the closure of the Chinese borders at the beginning of 2020, then the declared pandemic leading to the closure of the Crown properties on 23 March 2020 and the Australian borders for the foreseeable future. The win rate for the VIP activity that took place up to 23 March 2020 in Melbourne was higher than budget, somewhat offsetting the lower volumes.

CURRENT ACTION PLAN:

Management is to continue to monitor trends, and action as appropriate.

CROWN ASPINALLS

TREND: *Unchanged* ➔

No further development since the last report.

BETFAIR

TREND: -

Not applicable.

CROWN RESORTS LIMITED

TREND: -

See above.

4.1

3. ACT OF TERRORISM ON PROPERTY

The calculated use of violence (or the threat of violence) against Crown's properties, employees and/or customers in order to attain goals of a political, religious or ideological nature.

AUSTRALIAN BUSINESSES

TREND: **Unchanged** ➡

There has been no further development since the last report.

In Melbourne, Victoria Police Executive Command has advised that the PSO proposal for Crown Melbourne has been raised with the Police Minister by the Chief Commissioner of Police as part of a broader proposal for PSOs.

On 20 May 2020, Victoria Police and the Andrews government have proposed the continuation of the expanded PSO regime, which has led to officers being deployed across key Victorian public infrastructure during the isolation period. Crown is in discussion with relevant authorities to ensure the Crown Melbourne Property falls within the target locations for further PSO deployment.

The Risk Management Committee has also asked Mr Kaldas to review the robustness of the Crown Melbourne and Crown Perth response plans. Once interstate travel resumes, the review will begin.

The terrorism threat rating as set by ASIO for Australia remains at 'Probable', which is 3 out of 5 possible rating scale.

CROWN ASPINALLS

TREND: **Unchanged** ➡

No further development since the last report.

BETFAIR

TREND: **Unchanged** ➡

No further development since the last report.

CROWN RESORTS LIMITED

TREND: **Unchanged** ➡

No further development since the last report.

4. MAJOR REPUTATIONAL DAMAGE

Negative publicity/image of Crown and/or its affiliate businesses which may adversely impact Crown's reputation and/or performance and potentially jeopardise gaming licences.

CROWN MELBOURNE

LEGALLY PRIVILEGED - Allegations by Mr Andrew Wilkie MP

TREND: *Unchanged* 

There has been no further activity since the last report.

Following repeat allegations made on 24 July 2019, Mr Wilkie made additional claims referring to VCGLR inspectors and a Crown limousine driver as whistle-blowers. This is in the context of an ongoing Fairfax and Chanel Nine media campaign targeted at Crown.


POTENTIAL IMPACT TO CROWN:

Reputational impact as well as increased regulatory pressure from the VCGLR (and other regulators) to reinforce their strength as an independent regulator of Crown.

CURRENT ACTION PLAN:

Continue engagement with relevant stakeholders and ongoing enhancement of governance structures. Ongoing engagement with relevant senior management and board committees.

LEGALLY PRIVILEGED - 60 Minutes Report

TREND: *Unchanged* 

Following Channel 9's 60 Minutes story featuring Crown on Sunday 28 July 2019, additional media stories have been released with allegations against Crown. These media reports, compounded by Mr Wilkie's allegations, have led to a number of state and federal regulators pursuing investigations or inquiries regarding Crown.

To date the ATO, AUSTRAC, and the VCGLR have all undertaken reviews into, or related to, the allegations formulated in the media.

The ACLEI investigation continues however ACLEI has announced that there will no longer be a public hearing for this matter. Instead, the investigation will be carried out on the information gathered by ACLEI Investigators.

The most exhaustive review will be the ILGA Inquiry which resumed its hearings on 27 July 2020.


POTENTIAL IMPACT TO CROWN:

Reputational impact and increased regulatory inquiries from regulatory and enforcement agencies.

CURRENT ACTION PLAN:

Continue engagement with relevant stakeholders and ongoing enhancement of governance structures. Ongoing engagement with relevant senior management and the Board and its Committees.

LEGALLY PRIVILEGED – Dinner by Heston

TREND: *Unchanged* 

There has been no further development since the last report.

As previously reported, the Dinner by Heston Blumenthal outlet experienced financial difficulties and appointed a provisional liquidator on 20 December 2019, which received limited media coverage. Dinner by Heston Blumenthal was closed on Friday 14 February, with little media coverage and limited impact to Crown.





POTENTIAL IMPACT TO CROWN:

Reputational impact by association and financial impact from unpaid outstanding expenses, a working capital loan and unamortised capitalised and license fee expenses.




CURRENT ACTION PLAN:

Continue engagement with provisional liquidator to assess possibility of recovery of funds.

4.1

CROWN PERTH	TREND: Unchanged 
<p><u>Cashless Project</u></p> <p>The first phase of Crown Perth’s implementation of EFTPOS on gaming tables commenced on 27 July 2020, comprising one device on one table, with limited local media interest. The implementation will continue to progress in a phased manner, in accordance with the implementation plan. Since the previous Committee meeting, a demonstration of the device has been given to the Chief Casino Officer and a subsequent demonstration to the Gaming & Wagering Commission.</p> <p>As required by the Commission, a report will be provided to the Commission after 3 months of operation, in relation to “the use, take up and any issues from the conduct of cashless gaming”.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Reputational impact and community response.</p> <p>CURRENT ACTION PLAN:</p> <p>Continue monitoring the implementation of the project and liaise with regulators and relevant external bodies.</p>	
CROWN ASPINALLS	TREND: Increased 
<p><u>Employee Claim</u></p> <p>In January 2020, Crown Aspinalls was contacted by a lawyer acting on behalf of a long term table games employee, and made claims regarding sexist and racist behaviour by patrons of Crown Aspinalls toward their client and other black employees, which they say the business failed to adequately prevent or respond to. Crown Aspinalls’ lawyers have engaged with the claimant’s solicitors since that time.</p> <p>On 3 July 2020, Crown was contacted by a journalist from The Times newspaper in the UK, seeking comments as to the allegations of the employee, in particular, allegations that members of the casino are permitted to racially abuse black croupiers and to refuse to be served by them. The journalist alleges that the employee has filed a claim against Crown Aspinalls and is personally suing its General Manager – HR and Chief Operating Officer.</p> <p>The media article ran in the UK on 8 and 9 July 2020 in two affiliated newspapers and had limited exposure in Australia.</p> <p>As at 31 July 2020, no legal proceedings have been served on Crown Aspinalls or the two named individuals. The table games employee has returned to work at Crown Aspinalls to undertake training in preparation of the business reopening.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Media attention and related reputational damage.</p> <p>CURRENT ACTION PLAN:</p> <p>Continue monitoring the situation.</p>	
BETFAIR	TREND: Unchanged 
No further development since the last report.	
CROWN ASPERS	TREND: Unchanged 
No further development since the last report.	


4.1

5. LITIGATION	
<p><i>Crown is exposed to potential material litigation by:</i></p> <ul style="list-style-type: none"> • <i>Employees</i> • <i>Customers</i> • <i>Regulators</i> • <i>Shareholders (including potential class actions)</i> • <i>Other third parties.</i> 	
AUSTRALIAN BUSINESSES	TREND: <i>Unchanged</i> 
Significant legal matters have been reported to the Crown Melbourne and Crown Perth Boards throughout the reporting period via litigation updates in the CEO's Report.	
CROWN ASPINALLS	TREND: <i>Unchanged</i> 
No further development since the last report.	
BETFAIR	TREND: <i>Unchanged</i> 
No further development since the last report.	
CROWN RESORTS LIMITED	
Significant legal matters have been reported to the Crown Resorts Board throughout the reporting period through the Legal and Regulatory Update.	

6. VIP BAD DEBTS

Crown is exposed to the risk of default by customers across its affiliate businesses.

AUSTRALIAN BUSINESSES

TREND: *Unchanged* 

Both Crown Melbourne and Crown Perth have continued to suspend the extension of credit to Chinese domiciled players with credit granted to remaining players on a selected basis only. The casino shutdowns, as well as the ban on international travel, which is expected to last until at least the end of the year, has further impacted the VIP business.

The debt positions over the past 24 months for Crown Melbourne and Crown Perth is tabled below:

CROWN MELBOURNE	31 Dec 17 \$m	30 Jun 18 \$m	31 Dec 18 \$m	30 Jun 19 \$m	30 Dec 19 \$m	30 Jun 20 \$m
Gross debtors balance (net of safekeeping)	319.9	272.8	264.8	64.0	65.4	73.5
Provision for doubtful debts	(183.1)	(202.0)	(215.0)	(18.9)	(17.8)	(31.1)
Provision as a % of gaming debtors	57.2%	74.0%	81.1%	29.5%	27.2%	42.3%
Net debtors balance	136.8	70.7	49.8	45.1	47.6	42.4

CROWN PERTH	31 Dec 17 \$m	30 Jun 18 \$m	31 Dec 18 \$m	30 Jun 19 \$m	31 Dec 19 \$m	30 Jun 20 \$m
Gross debtors balance (net of safekeeping)	167.4	160.5	167.9	16.5	12.0	13.9
Provision for doubtful debts	(99.5)	(145.0)	(146.8)	(10.4)	(12.8)	(11.2)
Provision as a % of gaming debtors	59.4%	90.36%	87.44%	63.03%	106.21%	80.84
Net debtors balance	67.9	15.5	21.1	6.1	(0.7)	2.7

POTENTIAL IMPACT TO CROWN

The main impact to Crown is financial.

CURRENT ACTION PLAN

The appetite for credit risk has materially decreased across the Australian Businesses, and measures have been taken to reduce high exposure areas. Challenges with regards to processing of overseas transactions remains an issue.

CROWN ASPINALLS

TREND: *Unchanged* 

The debt positions over the past 4 years for Crown Aspinalls are tabled below:

CROWN LONDON ASPINALLS - Debtors	31 Dec 16 £m	30 Jun 17 £m	31 Dec 17 £m	30 Jun 18 £m	31 Dec 18 £m	30 Jun 19 £m	31 Dec 19 £m	30 Jun 20 £m
Gross debtors balance (net of safekeeping)^	62	59	53	59	61	44	51	53
Provision for doubtful debts*	(25)	(27)	(31)	(33)	(34)	(34)	(34)	(36)
Provision as a % of gaming debtors	40%	46%	58%	55%	56%	76%	67%	67%
Net debtors balance	37	32	22	27	27	10	17	17

^(after discounts & recoveries) / *(includes provision & bad debt w/off)

POTENTIAL IMPACT TO CROWN:

The UK operating environment is highly regulated, particularly in relation to third party money lending and source of funds, which can restrict acceptance of remitted funds and prohibits the business from engagement of junkets.

CURRENT ACTION PLAN:

The debt committee has temporarily suspended its bi-monthly meetings owing to a number of members being designated as furloughed. It is intended that greater contact with patrons will be possible when the business reopens, and patrons should show an improved willingness to engage in debt discussions although the economic impact of the pandemic on our customers is yet unknown. Similarly, the Courts should return to business as usual to continue legal action, as the business continues to proactively try to collect outstanding debts (noting that the provision of credit to casino patrons is unlawful in the UK and the debts arise from dishonoured cheques).

BETFAIR

TREND: -

CROWN RESORTS LIMITED

TREND: -


4.1

7. MATERIAL BREACHES OF GAMING AND OTHER RELEVANT LEGISLATION/REGULATIONS

Crown and its affiliate businesses operate in a highly regulated industry. There is a risk of systemic and/or serious breaches of regulatory requirements (including gaming, anti-money laundering, liquor, promotion of gaming and liquor, taxation or other regulatory/mandatory reporting requirements)

CROWN MELBOURNE

EGM Continuous Play

TREND: *Unchanged* 

There have been no changes since the last report.

On 6 November 2019, the VCGLR verbally noted that this matter is now with the Commission for its consideration. Crown further requested an update on this matter in July 2020, we await the VCGLR's response.

POTENTIAL IMPACT TO CROWN:

It is possible that the VCGLR may take disciplinary action against Crown under s 62AB.

CURRENT ACTION PLAN:

As a result of this issue, a range of audits and reviews of similar machines were undertaken and enhanced checking processes have been implemented.

Mercury Wheel

TREND: *Unchanged* 

There have been no changes since the last report.

An issue was identified with a number of Roulette wheels on the gaming floor. Thirteen years ago, the manufacturer delivered a version of the product that was different to the version approved by the Regulator and ordered by Crown. The difference was not visible to the eye, and Crown was not aware of being supplied different wheels until recently. The difference between the 2 versions was the inclusion of an additional in-rim sensor, which is not classified as regulated equipment and does not require individual approval, and does not affect the integrity of the game. However, the regulatory approval differed from the actual equipment which was in use.

The Regulator was notified and conducted a review of this matter.



POTENTIAL IMPACT TO CROWN:


It is possible that the VCGLR may take disciplinary action against Crown.






CURRENT ACTION PLAN:







Crown has removed all of the wheels in question from the floor (roulette wheels were in the process of being updated), and additional verification steps are now undertaken for all equipment. Crown will be seeking external legal advices on this matter.

4.1






CROWN PERTH	
<u>Rapid Fusion – Signature Checking Process</u>	TREND: Unchanged 
<p>In January 2020, Crown Perth was notified by the Regulator of a potential issue with respect to the Rapid Fusion product operating on the gaming floor. The Regulator advised that the Northern Territory Regulator had identified an issue with respect to the software signature checking process. The issue resulted in the inability to confirm whether the software in operation is the correct, approved version.</p> <p>Crown Perth contacted the manufacturer, Star Games (SG), who confirmed that the issue was applicable to Crown Perth’s version of Rapid Fusion. SG also advised Crown Perth of the following:</p> <ul style="list-style-type: none"> - The impact of the issue is limited to the software signature checking process – it does not undermine the security or integrity of the product’s operation. - As an interim measure to ensure the correct software signature checking outcome is generated, a terminal must be power cycled prior to actioning the software signature checking process. - SG is currently investigating the cause of the issue with a view to developing a fix to resolve it, following which the upgraded software will be ATF tested, and submitted to the Regulator for approval as per normal process. <p>Crown Perth has tested the interim measure and confirmed that it is effective and has continued to keep the Regulator apprised of the above. No further commentary or action has been taken by the Regulator at this time.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>There are 174 Rapid Fusion terminals in operation in the Casino. If a permanent fix to the issue is not developed within a reasonable timeframe, this may lead to further Regulator scrutiny of the product and manufacturer.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown Perth will continue to closely monitor SG’s progress with the development of a permanent fix (subject to ATF certification).</p>	
<u>Fusion “First 4 Bets” – payments error</u>	TREND: New 
<p>In July 2020, gaming manufacturer SG Gaming advised Crown Perth of an issue with Fusion’s betting option “First 4 Bets” available on Double Zero Roulette during the period 27 June 2020 and 23 July 2020. SG Gaming advised that payments for this betting option were not being correctly calculated, resulting in both overpayments and underpayments being made.</p> <p>During the period, the total amounts bet using this option were \$1,219, with revenue of \$204.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Reputational and compliance impacts.</p> <p>CURRENT ACTION PLAN:</p> <p>The Regulator has been advised and Crown Perth has requested a full report from SG Gaming regarding this issue, including why this issue was not detected through its own QA processes as well as the Authorised Testing Facility certification process. Double Zero Roulette has since been removed from Fusion, such that it is unavailable for customers to play on Fusion. Double Zero Roulette will not be available for play on Fusion until such time as the matter is resolved, and the Regulator has considered the matter. No customer complaints or comments regarding this matter have been received.</p> <p>Crown will endeavour to contact loyalty members who may have bet this option during this period.</p>	
CROWN ASPINALLS	TREND: -
No further development since the last report.	

<i>ASPERS (UK)</i>	<i>TREND: Increased</i> 
<p><u>LEGALLY PRIVILEGED and CONFIDENTIAL - KYC and Social Responsibility Requirements</u></p> <p>Aspers has been notified of an alleged breach of its KYC and social responsibility requirements under the LCCPs and UK legislation as well as a review of its ability to hold a casino license. The matter arose in connection with the self-harm of an Aspers' patron. The Regulator has investigated the matter and is seeking settlement with Aspers.</p> <p>Further details are provided in the compliance report (see agenda item 5).</p> <div style="background-color: black; height: 100px; width: 100%;"></div>	
<i>BETFAIR</i>	<i>TREND: -</i>
No further development since the last report.	
<i>CROWN RESORTS LIMITED</i>	<i>TREND: -</i>
No further development since the last report.	

8. DATA MISUSE	
<p><i>Sensitive information may be leaked or sold to external parties including customer information. Loss of confidential customer or commercially sensitive data is a growing risk as the online businesses expand and the use of 3rd parties and data volume increases.</i></p>	
CROWN MELBOURNE	TREND: <i>Unchanged</i> 
There have been no material accidental or intentional leaks of patron or other business sensitive data in the reporting period.	
CROWN PERTH	TREND: <i>Unchanged</i> 
There have been no material accidental or intentional leaks of patron or other business sensitive data in the reporting period.	
CROWN ASPINALLS	TREND: <i>Unchanged</i> 
There have been no material accidental or intentional leaks of patron or other business sensitive data in the reporting period.	
BETFAIR	TREND: <i>Unchanged</i> 
There have been no material accidental or intentional leaks of patron or other business sensitive data in the reporting period.	
CROWN RESORTS LIMITED	TREND: <i>Unchanged</i> 
There have been no material accidental or intentional leaks of patron or other business sensitive data in the reporting period.	

9. BREAKDOWN IN RELATIONSHIPS WITH KEY GOVERNMENT, LEGISLATIVE OR REGULATORY BODIES	
<i>Crown operates in many jurisdictions and has to engage with a large number of government, legislative and regulatory bodies. A breakdown in these relationships could lead to targeted reviews, investigations, or actions by these bodies.</i>	
CROWN MELBOURNE	TREND: Unchanged 
<p>Crown Melbourne's key government, legislative and regulatory bodies include the VCGLR, VRGF, AUSTRAC, ATO, and Law Enforcement agencies.</p> <p>Crown's work stream with the VCGLR is considerable taking into account the recommendations from the s 25 Review and other matters that the VCGLR is formalising. This is a shift in how such matters have historically been dealt with which is presenting some challenges internally.</p> <p>Further, Crown is aware that the Auditor General has re-engaged with the VCGLR to measure its progress against the matters identified in its 2017 Report. The Auditor General's Report triggered the significant change in the VCGLR's approach when dealing with Crown.</p> <p>The media allegations have also resulted in significant regulatory oversight and investigation from a range of state and federal agencies.</p> <p>Also of note is the resignation of Marlene Kairouz, Minister for Consumer Affairs, Gaming and Liquor Regulation and appointment of the Hon. Melissa Horne MP as Minister for Gaming and Liquor Regulation.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown continues to focus on engagement with the VCGLR in a positive manner. Crown also remains in close contact with its other key stakeholders to continue to develop and enhance those relationships. Crown has recently engaged, on a consultancy basis, the services of Stratium Global and Nick Kaldas to support Crown's engagement strategy with law enforcement and regulatory agencies.</p> <p>Due to the COVID-19 pandemic, Crown is also working closely with the Department of Health and Human Services and the State Government to monitor the situation and ensure safe patrons and staff conditions for re-opening.</p>	
CROWN PERTH	TREND: Unchanged 
<p>The relationship with the WA gaming regulator remains constructive and healthy.</p> <p>We understand that the WA regulator, along with all other state based gaming regulators, are considering the ILGA inquiry and media activity surrounding Crown in the formulation of their response to the media allegations made in July 2019.</p>	
CROWN SYDNEY	TREND: Unchanged 
<p>Crown is engaging with L&G NSW and ILGA in setting up Crown Sydney. Senior management is significantly involved in setting the foundations for effective engagement. Work continues on improving Crown's relationship at all levels of NSW Government.</p> <p>ILGA's Inquiry into media allegations and corporate transactional related matters continues.</p> <p>The Board has approved the appointment of Tanya Baini to the position of Director of Corporate Affairs, Crown Sydney to assist.</p>	
ASPINALS	TREND: Unchanged 
No further development since the last report.	
BETFAIR	TREND: Unchanged 
No further development since the last report.	
CROWN RESORTS LIMITED	TREND: Unchanged 
ATO: The GST matter in relation to the commissions for junkets is ongoing.	

4.1

10. EXTERNAL DISRUPTORS OUTSIDE OUR CONTROL	
<i>Unfavourable changes in Australian and international economic conditions, including change in government; global geopolitical event and hostilities, act of terrorism (outside Crown), natural disaster, pandemic, etc.</i>	
AUSTRALIAN RESORTS	TREND: <i>Unchanged</i> 
<p>Crown Melbourne and Crown Perth ceased gaming activities, food & beverage, banqueting and conference facilities on 23 March 2020, following directions received by the Government. Over 95% of all of Crown's staff were stood down, and only minimal activity remained, which was in Hotel operations, with assistance being provided by Crown for travellers being quarantined after their return from overseas.</p> <p>A second wave of infection spread through the Melbourne area in late June 2020, further pushing back the re-opening of the property. The Greater Melbourne Region has gone back into lock-down, including stage 4 in Metropolitan Melbourne and stage 3 in the rest of the state, the borders between Victoria and other Australian states are closed, and the wearing of masks in Victoria has been mandated. The situation remains fluid with regards to further restrictions as daily case numbers in the area remain high.</p> <p>The impact in Perth is reduced, and the property re-opened on 27 June 2020, with increased physical distancing and hygiene standards in place.</p> <p>This is unprecedented and re-opening dates in Victoria and conditions remain uncertain.</p> <p>POTENTIAL IMPACT TO CROWN:</p> <p>Material financial, people and customer impacts.</p> <p>CURRENT ACTION PLAN:</p> <p>Crown is working closely with the Victorian government to articulate what a re-opening strategy could look like, and what additional measures would need to be in place to ensure the safety and well-being for both staff and patrons at Crown.</p>	
CROWN SYDNEY	TREND: <i>Unchanged</i> 
Crown Sydney has continued to prepare for operations through the isolation period, with minimal impact to date on the opening date.	
ASPINALLS	TREND: <i>Unchanged</i> 
Aspinalls ceased operations on 20 March 2020 and at this stage has not yet re-opened.	
BETFAIR	TREND: <i>Unchanged</i> 
While the cancellation/suspension of a number of national/international sporting events did have an impact on Betfair's business and market offerings, many of Betfair's customers moved their betting activity to Australian racing events, and the pandemic did not have a material negative effect on Betfair's business. Conversely, Betfair's performance remains strong.	
CROWN RESORTS LIMITED	TREND: <i>Unchanged</i> 
See above	

4.1

COVID-19 Update - Australia

On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 a worldwide pandemic.

The Crown Melbourne and Crown Perth properties were closed on 23 March 2020, due to the declared national COVID-19 pandemic, and at the direction of government authorities.

On 27 June 2020, Crown Perth re-opened with enhanced physical distancing and hygiene protocols in place.

To prepare for re-opening, Crown has taken a number of steps to protect the health and safety of its staff and customers:

- Crown is actively working with the relevant Health Departments and the State Government to set out procedures that will allow for the re-opening of the property in conditions that ensure the safety and wellbeing of all.
- The Executive team, led by the CEO – Australia Resorts, has put together a project team that is working on the operational and strategic challenges that need to be considered and addressed for a successful re-opening process.
- Front of House and Back of House documents have been developed detailing the physical distancing and hygiene protocols to ensure the safety and wellbeing of our staff and patrons, as well as the articulation of the new procedures that are in place for all in the workplace.
- A COVID-19 Response Manager has been appointed in each property, supported by a team, to ensure the above protocols are adhered to and enhanced as appropriate.
- All staff are receiving adequate State-mandated and Crown specific training as they re-engage with work.
- A Rapid Response plan has been developed to ensure all staff can respond promptly and effectively to any case within the business.
- Crown is actively developing strategies for re-engagement with both its staff and its patrons, as activities slowly start again.
- Crown has developed a property re-commissioning plan to assist in its engagement with the gaming regulators on the gaming and re-commissioning activities.
- Internally, Crown Melbourne is also ensuring that as over 95% of staff have been stood-down and most departments across the organisation have materially stopped their day to day activities, it can re-activate its operations in a controlled and effective manner through the activation of its recovery plans, which have been prepared by all departments and are ready to progress with, once notice is received that the business can reopen.
- Crown Perth is also planning for its response should a second wave hit WA.

The situation in WA has allowed Crown Perth to re-open, using the tools developed above, and testing their effectiveness.

A number of considerations have resulted from that opening, including the availability and willingness of staff to resume their functions on a part time basis while the JobKeeper payment is in place, and the requirement for increased and widespread uniform adjustments for staff returning after a prolonged period of absence.

Please also note that Crown has filed an insurance claim under its Industrial Special Risk Policy, having taken into account insurance broker and legal advice. The main insurers have declined the claim, and next steps are being discussed.

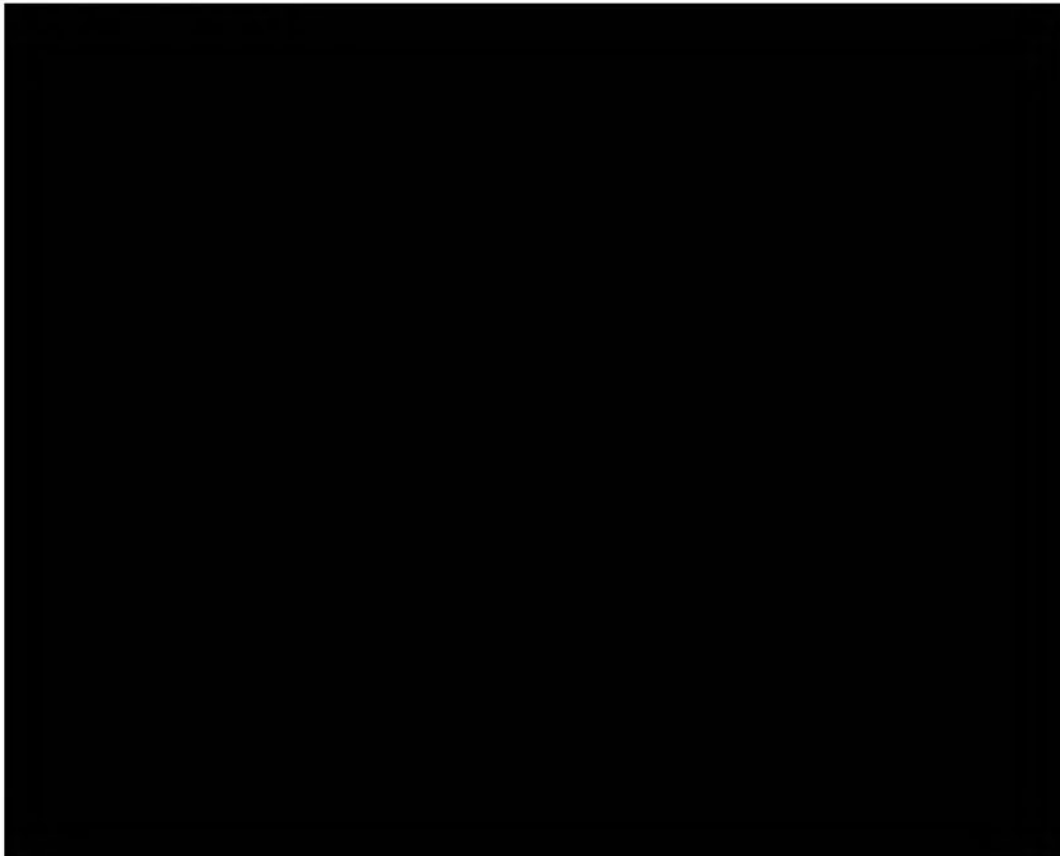


Risk Management Committee

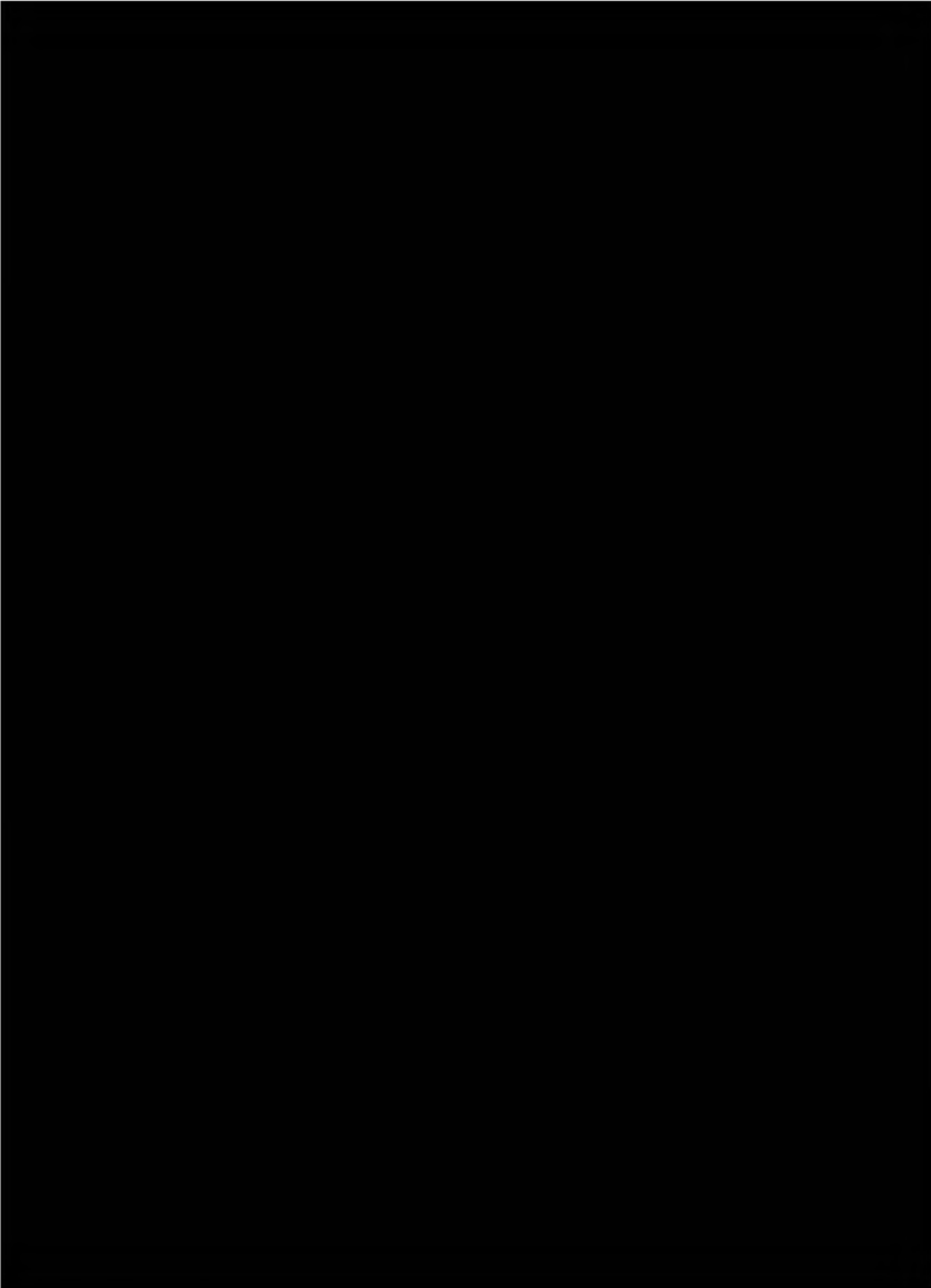
Memorandum

To: Risk Management Committee
From: Mary Manos
Date: 7 August 2020
Subject: Instrument and Payroll Compliance Review – PRIVILEGED AND CONFIDENTIAL

Dear Committee Members



4.2



4.2



A further update will be provided at the meeting.

Kind regards

Mary Manos
General Counsel and Company Secretary



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 7 August 2020
Subject: **Emerging Risks**

Dear Committee Members

The Corporate Responsibility Committee currently has oversight of the following emerging matters:

- Modern Slavery;
- Task Force on Climate-related Financial Disclosures; and
- Victorian EPA Laws.

An update on the status of each of these matters is set out in the relevant annexures to this paper.

Kind regards

Anne Siegers
Group GM – Risk and Audit

MODERN SLAVERY

Background

As Committee members will be aware, the Modern Slavery Act, which was enacted in late 2018, creates an obligation for entities with a consolidated annual revenue of at least A\$100 million, and that are either Australian entities or are carrying on business in Australia, to publish an annual statement on the risks of modern slavery in their operations and supply chains, and the actions taken to address those risks (**Modern Slavery Statement**).

For the purposes of the Modern Slavery Act, modern slavery practices include trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour.

Crown is required to submit its first Modern Slavery Report to the Australian Government's Online Register for Modern Slavery Statements by 31 March 2021 (the submission date has been extended as a result of COVID-19). The Statement will then be reviewed by the Australian Border Force to assess its compliance with the Modern Slavery Act. Crown intends to submit its Modern Slavery Statement at or around the time that it releases its 2020 Annual Report in September. A draft Statement is being progressed and will be presented to the Board for review and approval in September.

The Modern Slavery Statement must address the following:

1. identify the reporting entities;
2. describe reporting entities structure, operations and supply chains;
3. describe the risks of modern slavery practices in the operations and supply chains of the reporting entities, and any entities that the reporting entities own or control;
4. describe the actions taken by the reporting entities and any entity that the reporting entities own or control, to assess and address those risks, including due diligence and remediation processes;
5. describe how the reporting entities assess the effectiveness of such actions;
6. describe the process of consultation with any entities that the reporting entities own, or between reporting entities making a joint statement; and
7. include any other information that the reporting entity, or the entity giving the statement, considers relevant.

Crown's Program of Work

Following the introduction of the Modern Slavery Act, Crown commenced a program of work and engaged KPMG Banarra (KPMG's Human Rights & Social Impact Services arm) to assist Crown in preparing for public reporting under the Modern Slavery Act as set out below:

KPMG Banarra assisted Crown with the following:

- Assessing Crown's readiness of the organisation's operations and supply chain to effectively identify, assess and remediate modern slavery risks. To facilitate this, KPMG Banarra considered Crown's existing policies and procedures for managing modern slavery risks related to its operations and supply chain and conducted interviews with senior managers across the reporting entities.

- Assessing the potential high modern slavery risk areas within the operations of the reporting entities to consolidate the modern slavery risk hotspots.
- Understanding capabilities for recognising and responding to modern slavery practices facilitated on Crown premises by retail tenants, customers/patrons, or members of the public.
- Developing supplier risk assessment criteria, reviewing and updating key procurement policies, procedures and on-boarding documentation and developing a supplier data analytics tool to assess for suppliers with high risks of modern slavery.

In addition, the Risk team undertook a preliminary risk assessment of modern slavery risks within Crown's operations as well as high level risk assessment of Crown's supply chain based on categories and spend. The outputs of these assessments were shared with KPMG as part of readiness assessment.

Human Rights Policy

One of the recommendations from KPMG Banarra was for Crown to introduce a Human Rights Policy which outlines Crown's commitment to addressing Human Rights issues relevant to its operations and supply chain and demonstrates Crown's commitment for compliance with the reporting obligations under the Modern Slavery Act and *Modern Slavery Act 2015* (UK).

With the support of KPMG Banarra, Crown developed a draft Human Rights Policy based on the UN Guiding Principles for Business and Human Rights (**UNGPs**).

As Committee members are aware, a draft of the Policy was presented to the Board at its June 2020 meeting for consideration. The draft Policy contains an acknowledgement by Crown of the minimum international human rights standards and Crown's commitment to the UNGPs.

To satisfy this KPMG Banarra has been invited to present to the Crown Resorts, Crown Melbourne, Crown Perth and Crown Sydney Boards on these standards in September, prior to formal adoption of the Policy.

It is proposed that reference to the adoption of the Human Rights Policy be made in Crown's Modern Slavery Statement as this was one of the recommendations made by KPMG Banarra to enhance Crown's modern slavery readiness and to outline Crown's commitment to addressing Human Rights issues relevant to its operations and supply chain and demonstrate Crown's commitment for compliance with the reporting obligations under the Modern Slavery Act.

Next Steps

Crown will continue to progress its Modern Slavery program of work as appropriate and will report to the Corporate Responsibility Committee on any actions it takes to enhance its modern slavery risk processes.

Task Force on Climate-related Financial Disclosures

Background

In December 2015, the Financial Stability Board established a working group entitled Taskforce on Climate-related Financial Disclosures (**TCFD**) to create a set of comparable and consistent disclosures in relation to climate-related issues.

The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear and efficient, and provide decision-useful information to lenders, insurers and investors.

In consultation with the Corporate Responsibility Committee, it was agreed that Crown would continue to assess the systems in place to measure its climate related performance metrics as well as the potential risks and impacts of climate related matters so as to be in a position to adopt those recommendations should Crown elect (or potentially be required) to do so.

The Fourth Edition of the ASX Corporate Governance Principles, the ASX Corporate Governance Council encourages entities to consider whether they have a material exposure to climate change risk by reference to the TCFD recommendations and, if they do, to consider making the disclosures recommended by the TCFD.

In addition, ASIC has provided high level recommendations to listed companies in *ASIC Report 593: Climate Risk Disclosure by Australia's Listed Companies*, including to disclose meaningful and useful climate risk related information to investors. ASIC has expressed that the TCFD has emerged as the preferred standard in this regard and is strongly encouraging listed companies with material exposure to climate change to consider reporting voluntarily under the TCFD framework.

Crown's Program of Work

Crown has engaged the services of a specialist third party to assist in identifying its climate related risks, focusing on both transitional and physical risks and has taken a number of steps to prepare itself to be in a position to adopt and report on the Taskforce on Climate-related Financial Disclosures (**TCFD**) recommendations.

Crown will continue to report the Corporate Responsibility Committee in relation to this.

Disclosure

Having considered Crown's business model and core business activity, at this stage, Crown is not considered to have a material exposure to climate change. Notwithstanding, it is proposed that Crown include the following information in its 2020 Corporate Responsibility Report. Reference will also be made to this in the Crown's 2020 Directors' Statutory Report under the 'Business Risks' section.

Crown acknowledges the potential impact climate change and extreme weather events could have on its operations and its longer-term sustainability. This strategic consideration has been a focus of Crown's for some years now, and Crown has developed and implemented a number of initiatives to address these risks.

A full review of Crown's climate related risks is underway with the goal of aligning and embedding governance, strategy, risk management and metrics and targets in line with the recommendations set out by the Taskforce-of Climate Related financial Disclosures (TCFD).

Crown currently has systems in place to measure its climate and energy related performance metrics.

Crown has also engaged the services of a specialist third party to assist in identifying its climate related risks, focusing on both transitional and physical risks.

This risk identification process is being used to prioritise the additional considerations, measurements and enhancements that Crown will undertake in the near future.

An internal working group has been formed to identify, evaluate and mitigate Transitional risks including:

- *Reduced reliability of electrical and water supply*
- *Increased carbon related costs*
- *Cost and supply impact to food and beverage supply chains*

And Physical risks including:

- *Flooding*
- *Impact to building environmental control systems*
- *Increased asset maintenance costs*
- *Accelerated deterioration of building assets*

Crown will further consider its climate related risk mitigation strategies and is developing forward looking models using internal technical resources to apply the Intergovernmental Panel on Climate Change (IPCC) degrees scenarios to assess future impact on our business and cost structure.

EPA LAWS – VICTORIA

From 1 July 2021, environmental compliance obligations under *the Environment Protection Act 2018* (Vic) (**Environment Protection Act**) will be significantly expanded for companies whose activities may impact the environment or human health in Victoria.

These activities may include:

- a 'general environmental duty' (GED) requiring companies and individuals to minimise risks to human health and the environment from their activities 'so far as reasonably practicable';
- duties regarding pollution incidents requiring both notification to the Victorian Environment Protection Authority (EPA) of incidents and the reinstatement of affected areas;
- duties regarding pre-existing contamination in land and groundwater which may require notification to the EPA and management of the contamination; and
- duties relating to waste management including identifying opportunities for reuse or recycling of priority waste.

The new laws will require businesses (and people operating businesses) to understand the risks posed by their business and have adequate controls in place to minimise risk. A breach of the GED in the course of business will be an indictable offence in Victoria.

The amendments reflect an evolving regulatory focus on a 'culture of compliance' by requiring companies, directors and management take proactive steps to manage the risk of harm.

Prior to stand downs, Crown was in the process of engaging a specialist consultant to complete a risk assessment to identify and rate the likelihood and severity of environmental risks on-site. It is intended that this process recommence once the business of Crown Melbourne resumes. Crown will continue to report the Corporate Responsibility Committee in relation to this.



AGENDA ITEM 5:
Compliance Report



Crown Resorts Limited

Compliance Report: 12 August 2020

Subject to Legal Professional Privilege & Commercial in Confidence

REGULATORY AND COMPLIANCE DEPARTMENT ACTIVITY OVERVIEW

Following the closure of the property on 23 March 2020 as a result of the COVID-19 pandemic, the Compliance and Regulatory team was largely stood down from 30 March 2020. Compulsory maintenance level activity has been ongoing since that date (including employee licensing renewals, regulator reporting, law enforcement requests, etc.). Project work, such as preparation of a Re-commissioning Plan in anticipation of the opening of the Casino; submissions for the opening of Crown Sydney; a re-write of property based policies into a set of streamlined group business policies; Section 25 work etc. has been undertaken during the period.

COMPLIANCE FRAMEWORK STATUS

A planned review of the Requirements Register has been postponed due to the ongoing closure resulting from COVID-19.

An external review of the Compliance Framework will be commissioned during the next 18 months.

During the period, the Executive Risk and Compliance Committees of Crown Melbourne and Crown Perth met on the following dates:

	Compliance Officer Committee	Executive Risk and Compliance Committee
Crown Melbourne	N/A ¹	3 August 2020
Crown Perth	29 July 2020 ²	5 August 2020

MATERIAL CHANGES IN COMPLIANCE OBLIGATIONS

There were no material changes to compliance obligations during the period.

¹ Meetings of the Compliance Officer Committees ceased in Melbourne and Perth as a result of the COVID-19 shutdown in late March 2020.

² Compliance surveys for Perth recommenced in July 2020, with the reopening of the business. The Melbourne business remains closed and surveys have not recommenced. Crown Melbourne compulsory AML, Finance, s 25, product movement, Security, Surveillance and Compliance reporting continues as required. Privacy Act requests and law enforcement requests are being processed in a timely manner. Additionally, employee licence renewals are continuing to be processed as required. An obligation review of CURA is also being undertaken.

MATERIAL POTENTIAL NON-COMPLIANCES

Non-compliances across Crown's Australian Resorts are reported to the respective Compliance departments and discussed at each property's Compliance Officer Committee with material and other relevant issues reported to the Executive Risk and Compliance Committees.

During the closure, as a result of the workforce being largely stood down, the business was unable to complete their monthly compliance surveys and accordingly, updates were limited.

In recognition of the fact that there are a number of long standing compliance issues that have not been resolved, Michelle Fielding (Group General Manager – Regulatory and Compliance), engaged with Mr Stuart McClelland (VCGLR Compliance Manager - Casino) and Mr Adam Okwell (VCGLR Director – Compliance) to obtain updates on the progress of those issues. Mr Preston has also had discussions with Mr Scott May (VCGLR General Counsel), regarding reaching outcomes on a number of matters with Mr May and his team. Positively, a number of issues have now been brought to an end. Crown will continue to proactively engage with the VCGLR to seek more timely outcomes on compliance issues in order to, where relevant, make any necessary adjustments to its controls and processes to reflect findings and/or feedback from the VCGLR.

Potential material non-compliances, or other material matters, have been reported at Agenda Item 3.1 in the Report Against Material Risks, in particular within the risk "Material Breaches of Gaming and Other Relevant Legislation/Regulations". Below in this respect are the main high-level items for noting.

Crown Melbourne

- **Poker Tax** - There have been no further developments since the previous report.
- **EGM C8308 allegedly operating in 'Unrestricted Mode'** – Crown has contacted the VCGLR during the reporting period seeking an update on this matter. We await the VCGLR's response.
- **Roulette Wheels** - There have been no further developments since the previous report.
- **Service of Alcohol to a Minor** - There have been no further developments since the previous report.

OTHER COMPLIANCE RELATED MATTERS

Other compliance related matters which may result in regulatory intervention or monitoring, include the following:

- **China matter**: Refer Agenda Item 3.1: Material Risk Update.
- **VCGLR request for copies of minutes, papers and compliance reports** - There have been no further developments since the previous report.
- **Adverse media – Andrew Wilkie** - There have been no further developments since the previous report.
- **Adverse media** – As a result of the various allegations raised by Fairfax Media in July -2019, there are a number of regulatory actions taking place including:

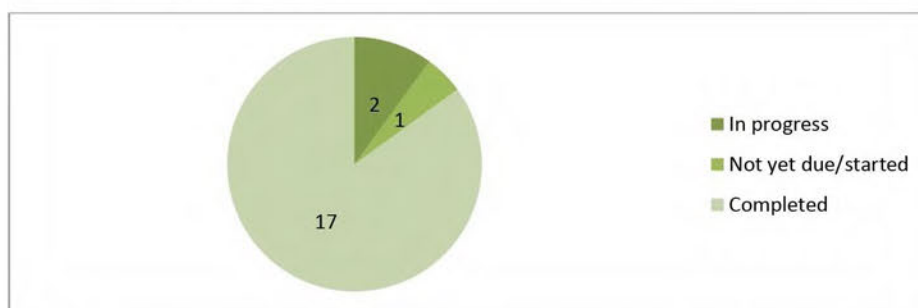
- An inquiry by ILGA, commenced on 21 January 2020. On 7 February 2020, Crown Resorts reported that it had been informed by CPH that it and Melco Resorts had entered into a deed to terminate the obligations under the Share Sale Agreement regarding completion of the sale of the second tranche of Crown shares to Melco. On 3 April 2020, ILGA announced that most of the work of the Casino Inquiry will be deferred as a result of the COVID-19 pandemic. On 29 April 2020, Crown Resorts released to the market that The Blackstone Group Inc. and its affiliates has purchased 67,675,000 shares in Crown, representing 9.99% of the issued capital of Crown, from Melco Resorts & Entertainment Limited. Melco's alleged ongoing association with Stanley Ho was an underlying matter in the ILGA Casino Inquiry, however, Stanley Ho passed away on 26 May 2020. The Inquiry's public hearings recommenced on Monday 27 July 2020 with Mr Joshua Preston giving evidence over 4 full days. Representatives of The Star, together with other industry experts are also scheduled to give evidence over the course of the week. Evidence related to the China matter is scheduled to commence on 17 August 2020, with a number of current and former Crown employees summonsed. All Crown Resorts Limited Directors have also been summonsed by the Inquiry;
- An investigation by ACLEI, which will now no longer include a public hearing;

REDACTED - SECRET INFORMATION

- A re-examination of the junket business at Crown Melbourne by the VCGLR;
- A VCGLR inspectorate audit of junkets and premium player programs in accordance with the internal controls; and
- An AUSTRAC AML/CTF Program Compliance Assessment focussed on high risk patrons and politically exposed persons (although not referenced as specific to the allegations, it is not unrelated).

SECTION 25 RECOMMENDATION STATUS

The graph below represents Crown's status with respect to the implementation of the 20 Recommendations of the Section 25 Review:



Crown Melbourne continues to work through the Recommendations, which require considerable resources and attention. Crown has responded to each Recommendation when due (with the exception of Recommendation 20, which requires a meeting between the VCGLR Commissioners and Crown Resorts Directors – the compliance date was 30 March 2020, however the meeting was scheduled for 22 April 2020, as a result of diary conflicts). Resultant upon the COVID-19 pandemic,

the Recommendation 20 meeting has been postponed and will now occur via video conference on 1 September 2020.

REGULATORY REPORTING AND CONTACT

Various matters have been reported as required to the applicable regulatory authorities, with no material matters to note.

Crown Melbourne

Section 167 Notices

(AUSTRAC's Risk Assessment of Junkets)

There have been no further developments since the previous report.

Technical Requirements – Gaming Machines

Crown Melbourne is currently engaged with the VCGLR on its proposed draft of the Technical Requirements Document for Gaming Machines, which will capture to a limited extent, Electronic Table Games. Crown Melbourne has also received a draft 'Baseline' document from the VCGLR, which seeks to amend the gaming and related systems that Crown requires approval for. Crown is in discussions with the VCGLR regarding the content of these documents; the Technical Requirements Document is almost complete, with a satisfactory outcome for both parties and a full review of the Baseline Document will follow.

Crown Sydney

Liquor and Gaming NSW

Crown continues to engage with L&GNSW on operational and commissioning aspects of Crown Sydney. Game rules, equipment, controlled contracts, bank account and employee licence submissions and notifications continue to be made and approvals are being received.

Crown Perth

Cashless – Use of EFTPOS

On 28 May 2019, the Gaming and Wagering Commission of Western Australia (**Commission**) resolved to approve the use of EFTPOS (debit only) for patrons to:

- purchase chips from designated areas within the casino or at a gaming table; and
- purchase tickets at ticket redemption terminals (or similar type facilities) for use on an electronic gaming machine.

The first phase of Crown Perth's implementation of EFTPOS on gaming tables commenced on 27 July 2020, comprising of one device on one table, with limited local media interest. The implementation will continue to progress in a phased manner, in accordance with the implementation plan. Since the previous Committee meeting, a demonstration of the device has been given to the Chief Casino Officer and a subsequent demonstration to the Gaming & Wagering Commission.

As required by the Commission, a report will be provided to the Commission after 3 months of operation, in relation to 'the use, take up and any issues from the conduct of cashless gaming'.

Crown Aspinalls

Employee Claim

In January 2020, Crown Aspinalls was contacted by a lawyer acting on behalf of a long term table games employee, and made claims regarding sexist and racist behaviour by patrons of Crown Aspinalls toward their client and other black employees, which they say the business failed to adequately prevent or respond to. Lawyers for Crown Aspinalls have engaged with the claimant's solicitors since that time.

On 3 July 2020, Crown was contacted by a journalist from The Times newspaper in the UK, seeking comments as to the allegations of the employee, in particular, allegations that members of the casino are permitted to racially abuse black croupiers and to refuse to be served by them. The journalist alleges that the employee has filed a claim against Crown Aspinalls and is personally suing its General Manager – HR and Chief Operating Officer.

The media article ran in the UK on 8 and 9 July 2020 in two affiliated newspapers and had limited exposure in Australia.

As at 3 August 2020, no legal proceedings have been served on Crown Aspinalls or the two named individuals. The table games employee has returned to work at Crown Aspinalls to undertake training in preparation of the business reopening.

Aspers

Gambling Commission Action

On 4 September 2019, the UK Gambling Commission wrote to Aspers to give notice of a review of its Operating Licence, alleging that activities have been carried out not in accordance with the conditions of the licence and that they suspect that the Licensee may be unsuitable to carry on the licensed activities. The letter follows the suicide of a patron after he consumed a number of complimentary drinks, lost funds and was subsequently removed by police from Aspers' Stratford Casino.

On 20 December 2019, the Commission provided its preliminary findings, indicating a number of policy and process failings and commencing the Regulatory Settlement process. Aspers' formal response to the Commission's preliminary findings was due to the Commission and submitted on Monday 3 February 2020, drafting was assisted by Harris Hagan Solicitors.

On 23 April 2020, without notice, Aspers received a second preliminary findings letter from the Gambling Commission, inconsistent with usual practice. The new letter set the matter in a more negative light than the original. Aspers responded strongly seeking that the second preliminary findings letter be withdrawn and that certain documents be provided to them, noting their intention to bring a claim for judicial review against the Gambling Commission should they not acquiesce.

The Gambling Commission responded on 28 May 2020, claiming that any judicial review would fail and setting out their reasons, which included that: judicial review is premature as a final decision for review has not been reached; that alternate remedies exist and judicial review is a last resort

remedy and thirdly, that there are no grounds for review that would succeed. The Gambling Commission further noted that its Officials did not consider that the regulatory settlement amount previously proposed by Aspers [of £750,000] was sufficient. The Gambling Commission concluded their response by noting:

'...the Commission does not agree to withdraw the Second Preliminary Findings Letter and it does not propose to provide you with the documents that you seek. In our view, the correct way forward is for you to respond to the substance of the points made in the Second Preliminary Findings Letter. The Commission will then properly consider any representations that you make before reaching any conclusions...'

Correspondence on the disputed matters above was exchanged between the parties throughout the reporting period.

On 10 July 2020, Aspers made an offer of Regulatory Settlement to the Gambling Commission of £650,000, citing a lower than anticipated quantum on the basis of the impact of the COVID-19 closure and noting 23 July 2020, as the deadline for acceptance by the Gambling Commission or a claim for judicial review would be filed with the High Court. The Gambling Commission responded requesting financial information to support the lower offer and stated that additional time was required to assess the financial information before they could comment on the offer. Although Aspers agreed to provide the additional financial information, on 23 July 2020 they proceeded to file their claim for judicial review in the High Court (a copy was also served on the Gambling Commission). Timing and administrative matters for the proceedings are now being negotiated between the parties.

WHISTLEBLOWER DISCLOSURES

Other than as previously disclosed, there has been one new disclosure formally received through the Whistleblowers framework during the reporting period and two matters that arose through other notification means:

1. An anonymous complainant contacted Stopline with allegations regarding an F&B employee at Crown Perth, concerning failure to show impartiality towards suppliers, receiving of sub-standard product from the company of a personal friend, over-supply and wastage and conflict of interest regarding the company of that personal friend. A meeting of the Internal Sources Management Committee in Perth was held on Tuesday 4 August 2020, and an investigation plan is being compiled.
2. Anonymous correspondence was received in May and June of this year, which alleged bribes being offered and received with regards to terminating existing tenancies in the Crown Melbourne food court, to secure several of these tenancies. The investigation team looked at recently terminated leases, of which there were four, all belonging to one individual. These tenancies were terminated at the end of their existing lease contract, renewal was impacted by an earlier incident, which was reported to and investigated by the Legal Department. The current investigation looked into the tender process that was followed to award the four tenancies, and found that the vigorous tender process normally required by Crown, was followed. Two of the vacancies have been awarded (although not yet announced) to well established organisations with long standing relationships with Crown, that match the brand and target objective of the space. Two remain un-awarded. None of the information reviewed indicated any wrongdoing by any staff member, and confirmed that Crown's processes had been followed throughout.

3. Information became known to the Group General Manager – Regulatory and Compliance (**GGM-R&C**), relating to an F&B employee in Crown Perth, who has been charged with very significant criminal offences (as confirmed by a search of publicly available information) but has not been notified to Crown by the employee. The GGM-R&C has called for the relevant employee's employment contract and is currently reviewing reporting and other obligations.

There has been one matter updated during the reporting period:

An anonymous complainant contacted Stopleveline with allegations that staff of Unified Security have been drinking beer whilst working (provided by a manager of Unified Security); of inappropriate sexual references, jokes and harassment of female Unified Security Officers; claiming payment for unworked hours; and getting into physical altercations amongst themselves on site with one guard choking another guard (the police were called to attend). As the contractors are employed by DHHS and not Crown, the matter was detailed to DHHS in April, who took carriage of it.

During the reporting period, the Victorian Government launched a judicial inquiry into security companies contracted to provide services to hotels housing returned quarantined travellers, that will be headed by former Family Court judge Jennifer Coate. MSS, Unified and Wilson were the three companies contracted to provide the security work. The Committee will be relevantly updated as the Review continues.



AGENDA ITEM 6:
Anti-money Laundering



Crown Resorts Limited

AML/CTF Update: 12 August 2020

1. ACTIVITIES DURING COVID-19 CASINO CLOSURE

With the closure of Crown Melbourne and Crown Perth, the majority of AUSTRAC reporting ceased due to no gaming and gaming related activity, noting that the AML Team continues to monitor any activity in order to report and comply with our AML/CTF legislative obligations.

The AML Team has continued during the period of closure to progress a number of key projects related to the Joint AML/CTF Program, various enhanced initiatives to support the AML framework and engagement with AUSTRAC on its industry wide Junket Risk Assessment.

With Crown Perth reopening on 27 June 2020, the AML Officer returned to five days a week and, from 27 July 2020, the AML Compliance Manager returned to three days a week.

2. AUSTRAC

(a) AUSTRAC Compliance Assessments

Melbourne

AUSTRAC commenced its AML/CTF Program Compliance Assessment in September 2019 on Crown Melbourne in the form of a s167 Notice which focused on Politically Exposed Persons and High Risk Customers active during FY16 and FY19. Crown Melbourne responded to the Notice on 19 October 2019, receiving a follow up Notice on 30 October 2019, with Crown's response completed on 12 December 2019.

In late March 2020, AUSTRAC advised of its intention to conduct an onsite visit as a follow up to the 2019 Compliance Assessment. Dates were agreed and accepted by the Crown AML Team, however AUSTRAC then advised that due to COVID-19 the visit would have to be postponed indefinitely.

AUSTRAC enquired as to whether the Crown AML Team would be available remotely to answer questions or further assist the AUSTRAC Assessment team in the interim period to which this undertaking was given. Crown confirmed that the AML Team would continue to be available remotely to continue to exercise vigilance over all customer transactions and comply with our reporting obligations. Crown has been in contact with Crown's AUSTRAC liaison officers during the shutdown and no new issues have been raised. The AML team will present an update to AUSTRAC over Teams by the end of August for the purposes of sharing the progress of recent AML/CTF enhancements.

Perth

AUSTRAC has advised that the Perth Compliance Assessment (AML/CTF Risk Awareness Training theme) has been postponed until 2020. Crown has yet to receive any further information as to the timing of this Assessment.

(b) Section 167 Notices – Risk Assessment of Junkets

As previously noted, Crown Melbourne and Crown Perth have been working with AUSTRAC regarding its industry wide Risk Assessment of Junkets providing a range of information and meeting with AUSTRAC to discuss Junkets generally and specifically with respect to Crown.

On 6 April 2020, Anna Lewkowicz, Director of Risk Assessments at AUSTRAC provided the Draft Risk Assessment for review and comment by the relevant stakeholders.

Crown prepared a response which was considered and endorsed by the Crown Resorts Limited Risk Management Committee and submitted to AUSTRAC on 13 May 2020.

As of 4 August 2020, Crown has not received any feedback or further correspondence from AUSTRAC on our response.

3. AUSTRAC Reporting and Program Matters**(a) Joint Program and AML/CTF Framework**

As previously reported, operational implementation of the components of the Joint AML/CTF Program will be progressively implemented during 2020. The new Group GM-AML has identified certain areas for focus and will table a detailed implementation plan, noting any proposed changes to the plan, at the next AML/CTF Compliance Committee.

During the current shutdown of the casino, Crown has taken the opportunity to make further enhancements to the Joint Program and AML/CTF Framework with view to have these operational, shortly after Crown's casinos reopen. As a result, the AML/CTF Policy and Procedures (formerly the draft AML Operations Manual) have been updated to include new and/or revised sections including:

- AML Risk Awareness Training;
- Record Keeping
- Employee Due Diligence
- Governance and oversight
- AUSTRAC Reporting
- Customer Screening
- Transaction Monitoring
- Unusual Activity/SMR process
- KYC and Customer Due Diligence
- Testing and Assurance
- Customer Risk Rating methodology

The AML Team will continue to monitor the progress of the NSW Casino Inquiry for further enhancement opportunities.

Subject to the progress of the implementation of the Joint AML/CTF Program, Crown was originally planning to have an Independent Review of Part A of the Joint AML/CTF Program conducted in mid-2020 by an international consulting/audit firm. With the current closure of the casinos, this review will likely be delayed until the second half of 2020.

(b) IFTI Reporting and Telegraphic Transfers

The AML Team is undertaking a fresh review of Crown's Threshold Transactions (**TTR**) and International Funds Transfer Instructions (**IFTI**) processes, including third party transfers. A number of control enhancements have been identified that will strengthen the existing reporting regime and improve Crown's ability to manage and mitigate ML/TF risk.

In this respect, as of 8 April 2020 Crown implemented a prohibition on third party payments (save for where senior management (including approval from the AML Team) approval is obtained).

AML has provided input into a FAQs document for the prohibition on third party payments which has also been circulated to the relevant teams.

(c) Training

The AML Team has reviewed the online training module with the Learning and Development Team and external training consultant PTA. The updated content is now with PTA who are developing the new online module. The AML Team is planning to go live with the updated module in August.

The AML Team will also look to use the new functionality within the Crown Learn platform to develop targeted periodic refresher training and specific targeted training for employees in high ML/TF risk roles.

Crown Melbourne's compliance rates for the AML Risk Awareness Module currently sit at 86.04%, a further drop of approximately 3.8% since the last meeting. This drop is likely attributed to the casino shutdowns with a significant number of employees currently stood down and unable to complete their training.

Crown Perth's compliance rates for the AML Risk Awareness Module currently sits at 94.73%, an increase of approximate 4% since the last meeting as employees return and are able to complete their training.

When Crown re-opens and employees return to work, follow up emails will be sent to the relevant department managers of the employees who have not completed their on-line courses for actioning.

The AML Team in Perth has provided some targeted training to the Perth Cage team in relation to the new Unusual Activity Report (**UAR**) process and provide some further information about money laundering red flag indicators.

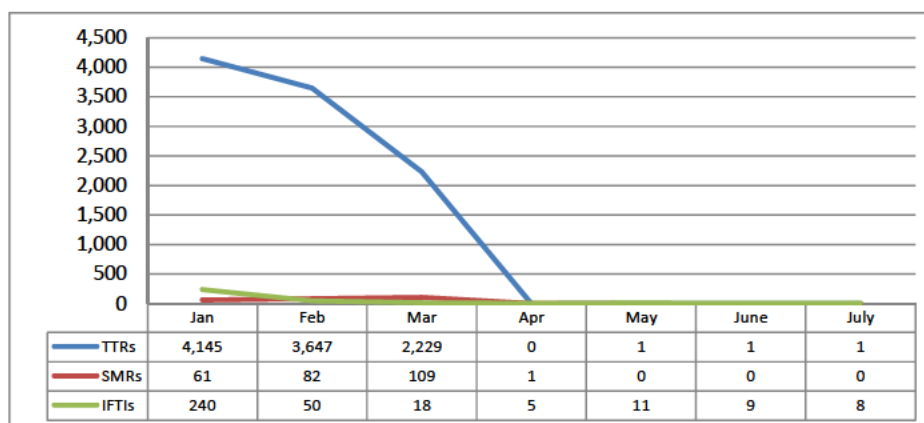
The AML Team continues to provide feedback to the Cage in relation to the data quality of Threshold Transaction Reports.

(d) Existing Designated Services – Risk Assessment

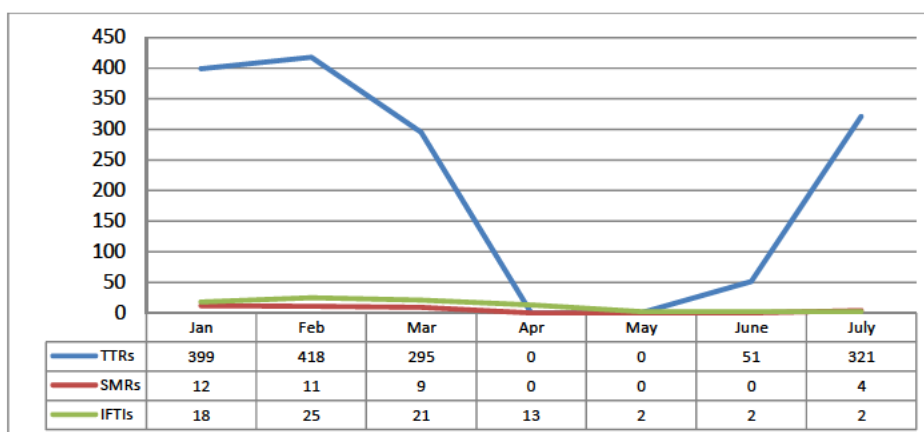
As part of the enhancements to the AML/CTF Framework, the AML Team will be undertake an assessment of the effectiveness of the control environment for each identified inherent risk. Due to the Covid-19 shutdown the Annual Risk Assessment will be postponed until in Q4 2020.

(e) Reporting statistics (1 January 2020 – 31 July 2020)

The below table details the number of Suspicious Matter Reports (SMR), IFTIs and TTRs reported to AUSTRAC by Crown Melbourne for calendar year 2020 (reported by transaction date):

Melbourne

Note Crown Melbourne did not submit any threshold transaction reports in May-July. This is a data issue and is currently being rectified with AUSTRAC.

Perth**4. AML Projects****(a) Case Management**

In September 2019, the decision was made to postpone the Case Management Project. The

responses to the RFP far exceeded the budget for the project.

The AML Team intended to engage the relevant stakeholders in early 2020 to revisit the case management solution, as this project is a critical tool for the AML Team to manage ML/TF risk under the Program. Due to the casino shutdowns, this project has been delayed. A workshop was recently held with Unifii, an existing Crown supplier, for developing a case manager. An updated RFP has been provided and are awaiting feedback.

(b) AML Sentinel Project

The AML Team is continuing to work with IT to develop AML Sentinel. Recently the Sentinel Team has developed a Risk Metrics Dashboard to capture:

- Threshold transactions broken down by customer segment and value;
- Melbourne SMRs by customer segment;
- Third party transactions; and
- Certain transactions by customers from heightened ML/TF risk jurisdictions.

The Sentinel and AML Teams will continue to test the Risk Metrics Dashboard when more customers return, and more data is ingested into the system.

The Sentinel and AML Teams held a half day discovery workshop recently and have also started development work on some additional rules that combine multiple factors to create a notification to be investigated by the AML Team. Following the IT development, testing and QA, user acceptance testing by the AML team on these new alerts is scheduled to start in September in phases.

In addition to the Risk Metrics dashboard and additional rules, the Sentinel team are also due to complete a revised dashboard to display management information which is to be used for reporting purposes (e.g. stats on TTRs, IFTIs, Cheques).

Live testing of AML Sentinel, alongside our existing Transaction Monitoring Program system (being largely a manual system) will continue when customers return to Crown, and data is ingested into Sentinel, to further refine the triggers for automated reports and create new appropriate triggers. When Crown becomes satisfied with the triggers, and the performance of the automation functionality, we will look to phase out the manual review of reports.

(c) Crown Program Play

Following the Crown Program Play (CPP) unification that occurred in November 2019, issues arose in relation to ID syncing between CC2 and SYCO which had a potential impact to the integrity of data being uploaded to AUSTRAC. IT worked with the relevant business units to fix issues as they arose and are also working on permanent fixes.

Once the integration issues are fixed, the AML Team expects that in the long term, the CPP unification will improve data quality and integrity.

(d) CURA – AML/CTF Customer Risk Register

The Melbourne element of CURA for AML is now operational, and the AML Team and IT department are working together to further develop CURA so that additional risk information can be captured in the database. Development is currently underway between Crown and CURA to add the ability to add attachments into a Customer risk profile, for

example ECDD reports, news articles, relevant decisions, emails, LEA requests and unusual activity reports. This will enable the AML team to have a centralised source of customer risk information.

Crown will continue investigating the integration of the CURA Customer Risk Register with Crown's source systems allowing automated updates on KYC, replacing the existing manual process.

With Crown's customer base increasingly becoming cross-property the AML Team is working on a Group-wide customer risk database (single customer view) so that all properties are aware of the potential ML/TF risks customers may present.

(e) eKYC Project

The AML Team is currently working with the Sydney project team on the digital onboarding journey in advance of Crown Sydney opening. Whilst as part of this process, Crown will collect KYC information via the digital process and utilise DVS checks to confirm Australian and New Zealand identification documents as genuine, Crown will still rely on the face to face verification of identification documents.

The AML team has provided input into a number of issues with the eKYC project, including:

- Background checks;
- Digital Verification Service; and
- Appropriate Identification.

(f) Updated SMR process

The AML team has been working on a new SMR process. Rather than employees completing an 'internal SMR', where an employee identifies any unusual activity or potentially suspicious behaviour relating to potential ML/TF matters, an UAR must be completed. The UAR will then be investigated by the AML Team taking into account all relevant information available. Following an investigation, the AML team will make a recommendation to a senior member of the AML team if they believe there are reasonable grounds for suspicion. If it is determined that there are reasonable grounds for suspicion an SMR will be submitted to AUSTRAC.

The IT and AML teams have begun work with existing Crown vendor 'Unifi' to digitize this process end to end. Some of the benefits of digitizing the process is expected to be:

- Ease of use for front line teams;
- Efficiencies across front line and AML teams;
- Consistency in reporting to AUSTRAC across the Crown group;
- Enhanced Management Information and metrics; and
- Enhanced record keeping.

5. Customer Due Diligence

Dow Jones Risk and Compliance Screening

Another issue that has arisen in relation to the CPP unification (and related merge project) was in relation to Dow Jones Risk and Compliance Screening. Each customer who was

unified or merged became “active” in Crown’s system regardless of whether they had been on site or not. This resulted in a significant number of additional customers being screened in through Dow Jones.

Whilst the majority of the new alerts created in the Dow Jones Risk and Compliance Screening tool are false positives, dispositioning of the alerts takes a considerable amount of time. The majority of confirmed matches of these new alerts are for customers who have not been active in the business for some time, some in over 10 years.

Since the beginning of April, the AML team has reduced this backlog by approximately 70% and we expect that the backlog will be cleared by mid-September.

The AML Team, taking a risk-based approach, has prioritised the clearing of any potential matches in the PEP, Sanctions and Other Exclusion List categories which has been completed with any matches actioned. Crown is currently in the process of sending relevant Special Interest matches to the POI Committee for consideration.

On Wednesday 29 July, the AML held a meeting with Crown’s local Dow Jones relationship managers and a product specialist from the UK for the AML team to provide feedback on the high number of false positive alerts generated through the Dow Jones tool.

Dow Jones took on Crown’s feedback and undertook to come back to us by the end of August with an update on possible enhancements and/or solutions.

As part of the enhancements to the AML Framework, the AML Team has developed a detailed procedure on how Crown Entities conduct name screening and watch list filtering using the Dow Jones Risk and Compliance tool.

6. New Designated Services (or new methods of delivery of existing) – Risk Assessment

There were no Gaming Initiative Forms received since the Covid-19 shutdown, and therefore no updates to the ML/TF Risk Register.

7. Employee Due Diligence

There have been no issues raised to the AML Team in relation to Employee Due Diligence issues.

8. Countries

During the period no new countries have been added to the following lists:

- Department of Foreign Affairs (DFAT) – Australia’s Implementation of UN Security Council sanctions (<https://dfat.gov.au/international-relations/security/sanctions/pages/sanctions.aspx>);
- DFAT – Autonomous Sanctions; or
- FATF – High-Risk Jurisdictions subject to a Call for Action (<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/>).

9. Compliance Breaches

AML/CTF Program compliance breaches are reported:

- on the monthly Legal Compliance Certificates to the Crown Melbourne Property Compliance Committee by the AML Team and by each individual Business Unit (as applicable); and
- directly to the Group General Manager – AML, which is then escalated to the AML/CTF Compliance Officer.

There was one compliance breach in Perth during the reporting period 1 January to 24 July 2020.

Type of Error	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	YTD
TTR processed with inappropriate identification	-	1*	-	-	-	-	-	-	-	-	-	-	1
Foreign exchange transaction (of >AUD1,000) completed without valid ID	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange transaction (of >AUD1,000) completed without sufficient KYC information collected	-	-	-	-	-	-	-	-	-	-	-	-	-

*A Cage supervisor completed a TTR and failed to notice the WADL was expired. The transaction was completed by a third party, his ID was correct, but the owner of the chips' ID was not current. This is not a breach of the AML/CTF Act or Rules as his ID was current when his identity was originally verified. A note has been placed on his account to obtain updated ID.

Crown Melbourne and Crown Perth will continue to address non-compliance matters in the form of training 'Alerts' to the relevant Business Units.

10. Legislative Changes and other relevant information

(a) Updates to the AML/CTF Act

There has been no update to the AML/CTF Act since the last meeting of the Committee.

On 14 November 2019 the Senate referred the provisions of the Anti-Money Laundering and Counter-Terrorism Financing and Other Legislation Amendment Bill 2019 to the Legal and Constitutional Affairs Legislation Committee for inquiry and report by 10 March 2020. The Committee recommended the Bill be passed.

We will continue to monitor the progress of the Bill.

(b) Updates to the AML/CTF Rules

There has been a recent amendment to the AML/CTF Rules updating a procedure to follow where a customer cannot provide satisfactory evidence of identity that in limited and exceptional cases where a person does not possess, and is unable to obtain, the necessary information or evidence of identity reporting entities may rely on. The amendment comprises as follows:

Reporting entities may rely on Part 4.15 in limited and exceptional cases where a person does not possess, and is unable to obtain, the necessary information or

evidence of identity. This may include: individuals whose birth was not registered, people who are homeless, those who are experiencing or have experienced family and domestic violence, undocumented arrivals in Australia, people living in remote areas, people who are transgender or intersex, people affected by natural disasters, people with limited access to identity documents (for example because they were raised in institutional or foster care), people with limited participation in society, and young people or those over 18 who have not established a 'social footprint' in the community.

Reporting entities may also rely on Part 4.15 where a person possesses, but is unable to produce or provide, the necessary information or evidence of identity due to measures implemented or recommended by government, or reasonable measures that a person or reporting entity has adopted, to prevent the spread of COVID-19. This may include customers who are in self-isolation, businesses that have temporarily shut down, and reporting entities that have closed offices/branches and restricted customer visits to limit face-to-face interaction with customers.



AGENDA ITEM 7:
Directors Statutory Report – Risk Disclosure
PRIVILEGED AND CONFIDENTIAL



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Mary Manos
Date: 7 August 2020
Subject: Directors' Statutory Report – Risk Disclosure – PRIVILEGED AND CONFIDENTIAL

PRIVILEGED AND CONFIDENTIAL

Dear Committee Members

Under section 299A of the *Corporations Act 2001* (Cth), a listed entity is required to include an Operating and Financial Review (**OFR**) in its annual Directors' Statutory Report which includes reporting on the entity's business strategies and the prospects for future financial years. ASIC has provided companies with guidance under ASIC Regulatory Guide 247 (**RG247**) in preparing an OFR and provides that a discussion about future prospects be balanced by including material risks that could adversely affect the achievement of financial prospects.

Consistent with Crown's risk disclosure in its 2019 Directors' Statutory Report, it is proposed that Crown report on its material risks identified on Crown's Risk Map in its 2020 Directors' Statutory Report. The material risks to be disclosed for 2020 are consistent with those disclosed in 2019 other than the addition of the 'External disruptors out of our control' risk which has received an increased risk rating as a result of COVID-19.

Attached is a table setting out the risk descriptions and key controls for the material risks from the Company's Risk Profile together with a draft proposed summary form of those risks and controls for consideration for inclusion in the 2020 Directors' Statutory Report. The form of the disclosure may be refined in the coming weeks as we finalise the 2020 Annual Report.

Kind regards

Mary Manos
General Counsel and Company Secretary

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>Legislative/ Regulatory Changes</i></p> <p>Changes to legislation, regulation or Government policy covering the conduct of, and access to, gaming or broader operational and compliance processes in any jurisdiction in which Crown operates.</p>	<p>Negotiation of regulatory certainty agreements with governments and regulators.</p> <p>Ongoing communication with Government and regulators in relevant jurisdictions (including those that do not licence a Crown entity).</p> <p>Maintenance and positive promotion of Crown's corporate profile.</p> <p>Ongoing monitoring of legislative, regulatory and policy changes across all aspects of the Crown business to ensure responsiveness.</p> <p>Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable).</p> <p>Obtaining expert legal advice in local and foreign jurisdictions.</p> <p>External advisory panels in place in key areas: RG, OSH.</p> <p>Legal, governance and compliance frameworks at property and online operator level and for staff involved in</p>	<p><i>Legal and Regulatory Changes</i></p> <p>Crown operates in a highly regulated industry and is subject to regulatory approvals in the jurisdictions in which it conducts gaming operations.</p> <p>Systematic and/or serious breaches of legal or regulatory requirements may result in enforcement action in jurisdictions in which Crown has activities. This may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place legal, governance and compliance frameworks at each of its operations and continuously monitors its legislative and regulatory requirements in the jurisdictions in which it operates.</p> <p>In addition, Crown's internal control framework is designed to ensure effectiveness of, and compliance with, relevant legislative and regulatory requirements.</p> <p>Crown provides relevant employees and contractors with training on Crown's compliance obligations, policies and procedures (where applicable).</p> <p>Crown obtains legal advice in appropriate circumstances and jurisdictions as required.</p> <p>Internal audit periodically reviews the effectiveness of the controls and processes in place to manage Crown's compliance frameworks and the overall internal control framework.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
	<p>VIP sales.</p> <p>Extensive RG practices in place and proactive engagement with stakeholder groups to enhance framework and pre-empt issues, including the Responsible Gaming Advisory Panel.</p> <p>Ongoing monitoring of local and foreign legislative, regulatory and political environments where Crown operates or has staff operating.</p>		
<p><i>Volatility of Gaming Revenue</i></p> <p>Sustained unfavourable variations from theoretical win rates applicable to the gaming business (local and international). Whilst short term fluctuations are expected to occur, due to 'luck', reporting of theoretical over actual has normalised results over time.</p>	<p>Management monitoring and review of international commission business strategy including maximum bet limits and customer programs.</p> <p>Increased data analytics on historical betting patterns.</p> <p>Ad-hoc review by external experts of theoretical model and performance.</p> <p>Strategies in place to ensure sustained turnover, meant to decrease impact of single large wins or losses.</p> <p>Ongoing review of VIP operating model.</p>	<p><i>Volatility of Gaming Revenue</i></p> <p>Crown's gaming operations may experience variations from theoretical win rates due to the element of chance in gaming activities.</p> <p>Sustained unfavourable variations in the actual win rate compared to the theoretical win rate would be likely to have an adverse impact on Crown's financial performance.</p>	<p>Crown monitors and reviews its gaming businesses and reports on the basis of its actual and long-term theoretical win rates in its results.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>Act of terrorism on Crown property</i></p> <p>The calculated use of violence (or the threat of violence) against Crown's properties, employees and/or customers in order to attain goals of a political, religious or ideological nature.</p>	<p>Emergency and crisis management and planning framework including:</p> <ul style="list-style-type: none"> • Emergency management planning • Corporate crisis planning • IT disaster recovery planning • Terrorist risk assessments undertaken at property level • Counter terrorism escalation planning • Tailored training across all operational areas. <p>Ongoing assessments and enhancements of deterrent measures on property, including by third parties.</p> <p>24/7 monitoring by security and surveillance of relevant FOH and BOH areas for suspicious behaviours.</p> <p>Facial recognition technology in use.</p> <p>Maintenance of close and productive relationships with key law enforcement agencies and other authorities in relevant jurisdictions for intelligence gathering.</p>	<p><i>Terrorism</i></p> <p>As Crown's properties are places where large crowds may congregate, they may be the target of a terrorist attack or the calculated use or threat of violence.</p> <p>Any such event may have an adverse impact on Crown's customers, employees and operational and financial performance.</p>	<p>Crown has in place security and surveillance technology and procedures at each of its properties which monitor for suspicious behaviours.</p> <p>In addition, Crown has a framework in place for responding to major incidents and works with key law enforcement agencies for coordinated and rapid responses.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>Major reputational damage</i></p> <p>Negative publicity/image of Crown and/or its affiliate businesses which may adversely impact Crown's reputation and/or performance and potentially jeopardise gaming licences.</p>	<p>Positive promotion of Crown's businesses.</p> <p>Engagement of external advisers to assist with communications strategies and proactive management of negative media attention.</p> <p>Consideration of community expectations.</p> <p>Adherence to, and awareness of, relevant legislative and/or regulatory policy, adoption of group wide and property level Anti-bribery and Corruption and other integrity related Policies and training of relevant employees/contractors where applicable.</p> <p>Employee/contractor/supplier probity checks and performance monitoring and regulator licensing for relevant staff.</p> <p>Maintenance of close and productive relationships with key stakeholders, including with key law enforcement agencies and other authorities in relevant jurisdictions.</p> <p>Focus on corporate responsibility</p>	<p><i>Reputation</i></p> <p>Negative publicity of Crown may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place legal, governance and compliance frameworks at each of its operations and provides relevant employees and contractors with training on Crown's compliance obligations, policies and procedures (where applicable).</p> <p>Crown's Australian resorts have in place the following set of values which apply across the properties:</p> <ul style="list-style-type: none"> • we act respectfully; • we are passionate; • we work together; and • we do the right thing. <p>In addition, Crown proactively engages with key stakeholders, including relevant regulators and governments.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
	<p>function and reporting.</p> <p>External advisory panels in place in key areas: RG, OSH.</p> <p>Business continuity management and planning.</p> <p>Corporate crisis planning.</p> <p>Development and adherence to Media Protocols and policy.</p> <p>Monitoring all customer facing online channels and advertising for disruptions or events that may be damaging to reputation.</p> <p>Privacy program and strict confidentiality protocols in place and staff training on privacy awareness.</p> <p>Cyber security program in place and staff training on cyber security awareness.</p> <p>Escalation of material matters to the Board for oversight and guidance.</p> <p>Brand strategy, including engagement of external advisers.</p> <p>Establishment of Brand Committee - replaced with ongoing management by the CEO - Crown Resorts, with</p>		

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
	regular updates provided to the Chair and Deputy Chair and the full Board.		
<p><i>Litigation</i></p> <p>Crown is exposed to potential material litigation by:</p> <ul style="list-style-type: none"> • Employees • Customers • Regulators • Shareholders (including potential class actions) • Other third parties. 	<p>Effective engagement from advice functions (Legal, Compliance, AML, RSG, WHS, Risk) to ensure proactive consideration of key risks in decision-making.</p> <p>Management monitoring of, and response to, legal issues in relevant jurisdictions.</p> <p>Engagement of internal/external legal advisors as required.</p> <p>Adherence to, and awareness of, relevant legislative and/or regulatory policy including training of relevant employees/contractors where applicable.</p> <p>Employee/contractor/supplier probity checks and performance monitoring.</p> <p>Legal, governance and compliance frameworks in place.</p> <p>Insurance programs as appropriate.</p>	<p><i>Litigation</i></p> <p>Any potential material litigation brought against Crown by third parties may have an impact on Crown's financial performance.</p>	<p>Crown proactively monitors and responds to legal issues and engages legal advisors as required.</p> <p>In addition, Crown has in place legal, governance and compliance frameworks at each of its operations which are supported by insurance programs as appropriate.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>VIP bad debts</i></p> <p>Crown is exposed to the risk of default by customers across its affiliate businesses.</p>	<p>Credit approval processes, including enhanced due diligence and validation of patrons through Central Credit Reports.</p> <p>Management monitoring of financial performance and trends.</p> <p>Management monitoring and review of credit policy.</p> <p>Engagement of external debt collectors and/or initiation of legal action (in authorised jurisdictions only).</p> <p>Hedging to manage any potential foreign currency loss.</p>	<p><i>Third Party Default</i></p> <p>The potential material default by those with whom Crown has a business relationship may have an adverse impact on Crown's financial performance.</p>	<p>Crown has in place credit approval and recovery processes and procedures.</p> <p>Crown maintains a provision for doubtful debts which is monitored on an ongoing basis and is audited by its external auditors.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>Material breaches of gaming and other relevant legislation/ regulation</i></p> <p>Crown and its affiliate businesses operate in a highly regulated industry.</p> <p>There is a risk of systemic and/or serious breaches of regulatory requirements (including gaming, anti-money laundering, liquor, promotion of gaming and liquor, taxation or other regulatory / mandatory reporting requirements).</p>	<p>Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable).</p> <p>Obtaining expert local and foreign legal advice in appropriate circumstances as required.</p> <p>Employee / contractor / supplier probity checks and performance monitoring.</p> <p>Extensive compliance training to relevant staff groups.</p> <p>VIP operating model protocols in place for foreign jurisdictions.</p> <p>Maintaining appropriate relationships with governments and regulators.</p> <p>Legal, governance and compliance frameworks in place in each business.</p> <p>Layers of operational auditing and compliance checks in place across critical areas (particularly gaming).</p> <p>AML/CTF program.</p> <p>Periodic internal audit reviews of the effectiveness of controls and processes in place to manage</p>	<p><i>Legal and Regulatory Compliance</i></p> <p>Crown operates in a highly regulated industry and is subject to regulatory approvals in the jurisdictions in which it conducts gaming operations. Crown's operations, financial performance and future prospects are dependent on the legal and regulatory frameworks in which it operates.</p> <p>Legislative and regulatory changes may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown proactively engages with relevant stakeholders and has in place legal, governance and compliance frameworks at each of its operations. Crown monitors for legislative and regulatory changes on an ongoing basis.</p> <p>From time to time, Crown makes submissions relating to proposed legislative and regulatory changes which may impact the Crown group.</p> <p>Crown provides relevant employees and contractors with training on legislative and regulatory changes (where applicable).</p>

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Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>Data misuse</i></p> <p>Sensitive information may be leaked or sold to external parties including customer information.</p> <p>Loss of confidential customer or commercially sensitive data is a growing risk as the online businesses expand and the use of 3rd parties and data volume increases.</p>	<p>IT policy and security, with dedicated in-house IT data governance focus.</p> <p>Cyber security program in place with 24/7 monitoring performed by third party and staff training on cyber security awareness.</p> <p>Periodic penetration testing of IT systems, website and apps.</p> <p>External review regarding integrity of security systems such as source code scanning.</p> <p>Employee/contractor/supplier probity checks and performance monitoring.</p> <p>Employee confidentiality agreements and restrictive covenants.</p> <p>Intellectual Property Register.</p> <p>User access management processes in place to key applications, data and reports.</p> <p>Data loss prevention tools.</p> <p>Privacy program and strict confidentiality protocols in place and staff training on privacy awareness.</p> <p>Whistleblower Policy and hotline.</p> <p>CDW and TM1 reporting systems. staff training on privacy awareness.</p>	<p><i>Data Security</i></p> <p>Crown maintains confidential customer and commercially sensitive data.</p> <p>The leak or unauthorised use of confidential customer and commercially sensitive data may have an adverse impact on Crown's operational and financial performance.</p>	<p>Crown has in place IT policies, procedures and training programs which are further supported by a cyber security program.</p> <p>Crown also has in place legal and compliance frameworks at each of its operations and confidentiality arrangements in place with its employees and contractors.</p> <p>In addition, Crown has adopted a management framework for responding to data breach incidents, should they occur</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
<p><i>Breakdown in relationships with government, legislative or regulatory bodies</i></p> <p>Crown operates in many jurisdictions and has to engage with a large number of government, legislative and regulatory bodies. A breakdown in these relationships could lead to targeted reviews, investigations, or actions by these bodies.</p>	<p>Dedicated senior management and Directors engaging with relevant government stakeholders</p> <p>Continuous reporting to the Board.</p> <p>Strong compliance culture reinforced by the legal, governance and compliance frameworks.</p> <p>Employee due diligence procedures and regulator licensing for relevant staff.</p> <p>Training and awareness.</p> <p>Brand Strategy, including engagement of external advisers.</p>	<p><i>Relationships with Key Stakeholders</i></p> <p>A breakdown in Crown's relationships with key stakeholders, including regulators and governments, may have an adverse impact on Crown's operational and financial performance</p>	<p>Crown professionally and proactively engages with relevant stakeholders and has in place legal, governance and compliance frameworks at each of its operations.</p>
<p><i>External disruptors out of our control</i></p> <p>Unfavourable changes in Australian and international economic conditions, including change in government; global geopolitical event and hostilities, act of terrorism (outside Crown), natural disaster, pandemic, etc.</p> <p>Loss of international commission business to competitors in South East Asia and Las Vegas.</p>	<p>Annual strategic planning and business planning processes.</p> <p>Contingency planning, including business continuity plans.</p> <p>Appropriate and targeted marketing campaigns.</p> <p>Management monitoring of:</p> <ul style="list-style-type: none"> • international competitors; • the VIP program and relationships; • local and domestic competitors in 	<p><i>External Events</i></p> <p>Unfavourable changes in local and international economic conditions and other events outside of the control of Crown, including pandemics and natural disasters, may have an adverse impact on Crown's customers and employees, and operational and financial performance.</p>	<p>Crown has in place strategic, business and contingency planning processes and proactively engages with relevant stakeholders as required.</p> <p>Crown also reviews and manages its capital structure.</p>

Crown Risk Profile		Directors' Statutory Report	
Risk and Description	Key Controls	Proposed Risk and Description	Proposed Mitigation Strategies
Increase in local competition (both gaming and non-gaming).	<p>all jurisdictions in which Crown operates; and</p> <ul style="list-style-type: none"> financial performance and trends. <p>Appropriate capital structure.</p> <p>Capital investment in VIP facilities.</p> <p>Effective escalation framework ensures matters are provided with adequate level of management oversight and response effort.</p> <p>Targeted initiatives in product development, marketing, technology and people management to consistently demonstrate capability to differentiate gaming brands in a crowded market.</p> <p>Revised operating plans.</p> <p>Engagement with medical experts.</p>		



AGENDA ITEM 8:
Insurance Renewal Strategy



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Mary Manos / Anne Siegers

Date: 7 August 2020

Subject: Insurance Renewal Strategy

Dear Committee Members

Crown's insurance program expires on 30 November of each calendar year. In the next 4 months, Crown and its broker, Marsh, will begin the renewal of the program.

There are two main components to the program, one is the D&O cover, the other is the general lines. Below are updates on each of those elements.

D&O Insurance Renewal

Following Crown's D&O insurance renewal strategy meetings, it is expected that the annual D&O insurance premium [REDACTED]

It is proposed that Marsh be engaged to provide an analytical assessment of Crown's D&O Side C exposure. The model will provide a quantitative assessment of Crown's risk through a severity model and will allow us to consider our options in relation to D&O risk.

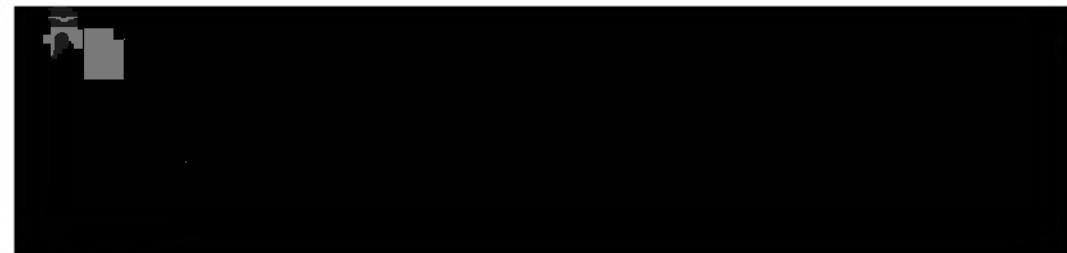
General Lines Insurance Renewal

The insurance market is continuing to harden, with a large number of natural disasters (fires, droughts, floods in Australia alone) in recent times materially impacting the financial health of the sector. This is resulting in both a strategic refocusing of each insurer on their overall capacity, as well as a tightening of the underwriting criteria, and is resulting in less capacity on the market, and increased prices. This means [REDACTED]

It is anticipated that the market will continue to harden over the next couple years. With this in mind, Crown [REDACTED]

[REDACTED]

[REDACTED]



Resolution

It is recommended that the Committee note the update on the insurance renewal strategy for the period to 30 November 2021.

Kind regards

Mary Manos
General Counsel and Company Secretary

Anne Siegers
Group General Manager - Risk & Audit



AGENDA ITEM 9:
Other Business



ASIC Special Purpose Committee

Meeting of the Board of Directors held on Thursday, 9 July 2020
at 12.00pm by videoconference

Present:

Helen Coonan (Chair)
John Horvath
Jane Halton
Michael Johnston
Harold Mitchell

Mary Manos (Secretary)

By invitation:

Ken Barton
Lauren Harris
Garry Besson (Ashurst)
Phil Breden (Ashurst)

RESTRICTED AGENDA

ASIC Corporate Governance Taskforce Review – Chronology: The paper with respect to this item was taken as read and the Members noted the chronology of events as set out in the paper.

ASIC Corporate Governance Taskforce – Feedback Review: The ASIC Corporate Governance Taskforce – Feedback Review paper and the Ashurst comments paper were taken as read.

Helen Coonan noted the table prepared by Mary Manos setting out the position that applied at the time of the ASIC review, the Company's current practice and the further enhancements which could be made and invited the Members to provide their observations.

Harold Mitchell addressed the Committee with his views as Chair of the People, Remuneration and Nomination Committee, noting that it appeared that the three main areas for further consideration were as follows:

- the level of detail in the Company's Minutes of Meeting;
- input from other Committees and functions when determining

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remuneration outcomes; and

- the appropriateness of a look back process coupled with a deferred variable remuneration regime.

The Committee acknowledged the enhancements made to the remuneration processes outside of the ASIC review period, including the introduction of formal scorecards which are approved by the Committee for each member of the Company's key management personnel.

In relation to the Minutes of Meeting, it was noted that further consideration would be given to the appropriate level of detail for inclusion in the Minutes including in relation to the rationale for the award or non-award of short-term incentives, having regard to the level of detail contained in the Committee papers relating to remuneration matters.

It was noted that going forward, input from the Risk Management Committee would be sought as part of the People, Remuneration and Nomination Committee's review of performance for the Company's Key Management Personnel.

The Committee considered the concept of a look back process at length, noting that this was not part of Crown's current remuneration structure.

The Committee agreed that consideration should be given to the introduction of a component of deferred short-term incentive for key management personnel with vesting to be considered in light of conduct and risk events over the look back period, however considered that any such process should not apply retrospectively.

It was **RESOLVED** that the enhancements set out in the paper to the Committee be progressed.

The Committee requested that:

- Management undertake a benchmarking exercise in relation to deferred short term incentives and identify a remuneration consultant to advise on remuneration structure and review processes for the Company for consideration by the People, Remuneration and Nomination Committee.
- The Minutes of this Meeting be presented to the People, Remuneration and Nomination and Risk Management Committees.

The Committee noted that a description of changes and enhancements to the Company's remuneration review processes would be included in the Company's Remuneration Report and that it would consider further engagement with ASIC as appropriate.

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Closure: There being no further business, the meeting was declared closed at 12.53pm.

Signed as a correct record

.....
Chair

DRAFT

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Risk Management Committee

Memorandum

To: Risk Management Committee

From: Mary Manos

Date: 7 August 2020

Subject: Register of Contracts

Dear Committee Members

There were no contracts entered into with a value of between \$5 million and \$10 million in the period 1 June 2020 to 1 August 2020.

The Crown Sydney Property Pty Ltd Board approved entry into a Licence and Management Agreement with [REDACTED] with an initial term of 10 years. Under the Agreement, Crown Sydney will pay a Licence Fee [REDACTED] [REDACTED] in consideration of [REDACTED] procuring [REDACTED] consulting services for Crown Sydney.

Set out below for noting by the Committee is information regarding contracts that are expected to be entered into by Crown with a value of between \$5 million to \$10 million during the next quarter.

SUPPLY / SERVICE	TERM	EXPECTED VALUE
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

9.2

Kind regards

Mary Manos
General Counsel and Company Secretary



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Mary Manos
Date: 7 August 2020
Subject: **Future Meetings**

Dear Committee Members

The remaining 2020 meeting of this Committee is scheduled as follows:

Date	Time (Melb time)
Wednesday, 2 December*	9.30am

*It is proposed that this meeting be rescheduled to late November, prior to insurance renewal.

Kind regards

Mary Manos
General Counsel and Company Secretary

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AGENDA ITEM 10:
"In Camera" Session – Remuneration



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Harold Mitchell
Date: 7 August 2020
Subject: 'In Camera' Session

Dear Committee Members

At its 7 August 2020 meeting, the People, Remuneration and Nomination Committee considered the F20 remuneration reviews for the Key Management Personnel and for the Senior Executives whose Total Employment Cost (TEC) is above \$500,000 and the F20 Short Term Incentive recommendations in respect of those individuals and the wider Crown Group.

Having regard to the overall Group's F20 financial performance, the People, Remuneration and Nomination Committee is recommending that no STI payments be made in respect of F20, other than in limited pre-approved one-off arrangements. Notwithstanding, the recommendations of the People, Remuneration and Nomination Committee are being presented to the Risk Management Committee as a standard new practice. This follows the recommendations of ASIC in relation to listed companies' remuneration processes that it reviewed as part of the ASIC review of governance practices in which Crown participated in.

Attached of the Committee's reference is a copy of the paper which was presented to the People, Remuneration and Nomination Committee.

Kind regards

Harold Mitchell
Chair – People, Remuneration and Nomination Committee



People, Remuneration and Nomination Committee

Memorandum

To: People, Remuneration and Nomination Committee

From: Ken Barton

Date: 31 July 2020

Subject: **F20 Remuneration Reviews – Other KMP and Senior Executives**

Dear Committee Members

This paper asks the Committee to consider the F20 remuneration reviews for the Key Management Personnel (other than myself) and for the Senior Executives whose Total Employment Cost (TEC) is above \$500,000 and approve the FY20 Short Term Incentive recommendations in respect of those individuals and the wider Crown Group.

F20 Performance Reviews

Consistent with past practice, the remuneration arrangements for selected Senior Executives is to be reviewed by this Committee for recommendation to the Board.

In relation to the Key Management Personnel (other than myself), being Barry Felstead and Todd Nisbet, I have undertaken performance reviews with each of them in respect of their F20 performance. In undertaking those performance reviews, the scorecards which were approved by this Committee were populated and are **attached** for the Committee's consideration.

Furthermore, performance reviews were also undertaken in respect of each of the Senior Executives whose TEC is above \$500,000 with no unsatisfactory performance issues having been identified.

The Committee is requested to consider the performance of each of Barry Felstead and Todd Nisbet and the other Senior Executives.

F20 STI Recommendations

In F20, the overall Group's financial performance objectives were not met. The only businesses that did achieve their performance objectives were Betfair and DGN. However, some important financial and non-financial outcomes were achieved during the financial year. These included:

- dealing with the disruption arising from the forced property closures, implementing appropriate hygiene and distancing policies and recommencing Crown Perth's operations in late June 2020;
- stabilising the business and balance sheet/liquidity in response to the forced property closures;

- working closely with Governments and health authorities throughout this period;
- managing a range of regulatory issues including those arising from the NSW ILGA Inquiry, AUSTRAC's ongoing review of the casino industry, various ASIC inquiries and other ongoing regulatory discussions, including with the VCGLR and ILGA;
- obtaining favorable concessions in both Melbourne and Perth (particularly in Perth given the softness in the market) and continued compliance with a range of key regulatory obligations;
- finalising key legal issues including the BDA sight lines matter and Cannery ATO and GST matters and continuing to manage other legal matters including the class action; and
- progressing the delivery of Crown Sydney on schedule.

Despite the achievement of the above outcomes, it is proposed that no STI payments be made for F20 having regard to the overall Group's F20 financial performance. While it is proposed that overall no STI payment be made, there are two instances where the Committee has approved one-off arrangements for bonus/incentive payments. These are as follows:

- Project related bonuses arrangements which have been communicated to the Sydney project Team in line with approval of the Committee at the 4 June 2020 Committee meeting. It is expected that delivery of Sydney on time and on budget will result in these payments being made through F21.
- In September 2019, the Committee approved a one-off discretionary bonus to be made available to key executives involved in the ILGA Inquiry. It was noted at the time that while there was no clear indication of how the Inquiry process will be conducted, it was expected that the process would require the oversight of a number of executives for at least the duration of F20. The ILGA Inquiry process has involved, among other things, the extensive gathering of information, preparing submissions and preparing for the provision of testimony at the Inquiry.

In recognition of the expected substantial increase in work effort and intensity through the Inquiry process, it was proposed that a one-off supplementary discretionary bonus arrangement be put in place for a small number of key executives. It was intended that this would be determined at the conclusion of the Inquiry and be assessed by the then Executive Chairman and recommended to the Committee. On account of the proposed focus of the Inquiry at the time, only two executives at the time were proposed for the incentive plan, Mary Manos and Lauren Harris.

With the benefit now of experience with the Inquiry and the expansion of its scope, there are additional executives who have been required to dedicate significant time to matters arising from the Inquiry. In particular Josh Preston and Matthew Young have been heavily involved in the ILGA Inquiry process.

Despite the delays in conducting the Inquiry, during F20, much of the preparation for the Inquiry and preparing for appearance at the Inquiry was performed by the executives.

As a result, it is proposed that the discretionary bonuses be paid to the executives in accordance with the Committee's approved arrangements, [REDACTED] of each executive's TEC. For each of Mary Manos and Josh Preston, this would be approximately [REDACTED]

Feedback from the ASIC Corporate Governance Taskforce

As the Committee is aware, ASIC made some comments and recommendations in relation to listed companies' remuneration processes that it reviewed as part of the ASIC review of governance practices in which Crown participated in.

A special purpose Committee was established by the Chairman (subject to Board ratification) to carefully consider the feedback received by Crown as a result of this process. Implementation of the proposed enhancement opportunities presented to the ASIC Special Purpose Committee is progressing. In the papers presented to the ASIC Special Purpose Committee it was proposed, among other things: that:

- in relation to those Senior Executives who are also Key Management Personnel, detailed information assessing annual performance against established non-financial objectives be provided together with a summary of key risk/regulatory issues which the Company has experienced during the financial year; and
- remuneration recommendations of the Committee in relation to those Senior Executives who are also Key Management Personnel be the subject of review by the Risk Management Committee given its closer knowledge of events which may be relevant to the assessment of Senior Executive performance.

As noted above, the populated scorecards for those members of Key Management Personnel other than myself which are in a form approved by this Committee have been provided for the Committee's consideration.

The key risk/regulatory issues which the Company has experienced during the financial year have also been summarised as including issues arising from the NSW ILGA Inquiry, AUSTRAC's ongoing review of the casino industry, various ASIC inquiries and other ongoing regulatory discussions, including with the VCGLR and ILGA. As at the date of this paper, these processes are ongoing. At their conclusion, it will be necessary to consider the outcomes in the context of variable remuneration for relevant members of the Key Management Personnel.

Notwithstanding that it is proposed that no STI payments be made to members of Key Management Personnel for F20, having regard to the overall Group's F20 financial performance, it is proposed that the recommendations of this Committee nevertheless be presented to the Risk Management Committee as a standard new practice. We have added an "in-camera" agenda item to the matters to be considered by the Risk Management Committee at its meeting on 12 August 2020 for this purpose.

Proposed Resolution

The Committee is requested to note the F20 performance reviews which were undertaken for the Key Management Personnel (other than myself) and for the Senior Executives whose Total Employment Cost (TEC) is above \$500,000 and subject to any suggested amendments this Committee or the Risk Management Committee may have, to recommend to the Board that the Short Term Incentive arrangements for the Crown Group as set out in this paper be approved.

Kind regards

Ken Barton
Chief Executive Officer

Schedule 1

Employee Number	First Name	Last Name	Position Title	Current TEC P.A.	FY 2020 INCENTIVE PLAN	
					Bonus Opportunity (%TEC)	Recommended STI Payment (%TEC)
362627	Ken	Barton	CEO – Crown Resorts		60%	0%
379042	Barry	Felstead	CEO – Australian Resorts		40%	0%
352446	Todd	Nisbet	EVP – Strategy and Development		50%	0%
021566	Peter	Crinis	COO - Sydney		40%	0%
374102	Karl	Bitar	EVP - Corp Affairs		35%	0%
357397	Xavier	Walsh	Chief Operating Officer		35%	0%
377287	Alan	McGregor	Chief Financial Officer		35%	0%
368976	Lonnie	Bossi	Chief Operating Officer		35%	0%
013150	Ishan	Ratnam	President - Int. VIP Development		30%	0%
381486	Andre	Ong	Group Chief Information Officer		40%	0%
351914	Mary	Manos	Gen Counsel & Cmpy Secretary		40%	
037359	Joshua	Preston	Chf Lgl Officer - Aus Resorts		35%	
351766	Andrew	Carr	EVP - Business Development		40%	0%
399369	Nic	Emery	Chief Marketing Officer		35%	0%
007301	John	Salomone	Group Financial Controller		30%	0%
016535	Jason	O'Connor	Director – Innovation & Strategy		35%	0%

Schedule 1

Employee Number	First Name	Last Name	Position Title	Current TEC P.A.	FY 2020 INCENTIVE PLAN	
					Bonus Opportunity (%TEC)	Recommended STI Payment (%TEC)
381043	Sean	Knights	EGM - Gaming (Sydney)		35%	0%
381955	Ari	Lee	Senior Vice President		20%	0%
000072	Roland	Theiler	SVP - International Business		30%	0%
015961	Ricky	Lee	Senior Vice President		20%	0%
377716	Mark	Holmes	EGM - Non Gaming (Sydney)		35%	0%