



CROWN MELBOURNE LIMITED

MEMORANDUM

To: Crown Melbourne Limited Board

From: Mary Manos

Date: 6 August 2020

Subject: Crown Melbourne Limited Board Charter

CROWN MELBOURNE LIMITED BOARD CHARTER

Background

As part of its Sixth Review of the Casino Operator and Licence (**Sixth Review**), the Victorian Commission for Gambling and Liquor Regulation (**VCGLR**) recommended that Crown develop and submit to the VCGLR for approval, a change program to fully engage its Independent Directors in proactive strategic oversight of the operations of the Melbourne Casino (**Recommendation 1**).

The VCGLR requested that particular consideration should be given to—

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

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

Crown comprehensively addressed each of these matters in its Recommendation 1 submission to the VCGLR, dated 24 December 2018. In March 2019, the VCGLR wrote to Crown Melbourne acknowledging that *'...in relation to Recommendation 1, Crown has provided a change program to fully engage its independent directors in proactive strategic oversight of the operations of the Melbourne casino and this change program was approved by the Commission.'*

This paper addresses the next step for one of the elements of Recommendation 1, being the formulation of a charter for the Crown Melbourne Board.

As part of Crown's Recommendation 1 submission, Crown proposed that subject to any comments the VCGLR has, it would present a Draft Charter to the Crown Melbourne Board at one of its early 2019 meetings. This occurred at the 12 February 2019 meeting of the Crown Melbourne Board, through the provision of the full Recommendation 1 submission, including the draft Charter.



Crown has recently contacted the VCGLR to confirm whether it did have any comments regarding the content of the Draft Charter, to enable Crown to propose to the Board that it resolve to adopt the Charter in its current form. On Wednesday 5 August 2020, the VCGLR responded, confirming that the Commission does not intend to provide any comment on Crown Melbourne's proposed Board Charter.

Charter for the Crown Melbourne Board

The Board Charter defines the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and management in setting the direction, the management and the control of the company. The proposed Board Charter replicates the key requirements of the Crown Melbourne Constitution, which requires Directors to use their best endeavours and take all reasonable steps:

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

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

A copy of the proposed Charter is attached as **Annexure A**.

Proposed Resolution

The Directors **RESOLVE** to approve the Crown Melbourne Limited Board Charter.

Kind regards

Mary Manos
General Counsel & Company Secretary – Crown Resorts



Crown Melbourne Limited Board Charter

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

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1. Introduction and Background

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

2. Composition of the Board

2.1. Structure

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

2.2. Independence

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

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

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

The test of whether an interest, position, association or relationship is 'material' will be based on the nature, circumstances and activities of the Director having regard to the guidelines above. Materiality will be considered from the perspective of the Company, the persons or

organisations with which the Director has an affiliation, and from the perspective of the Director.

2.3. Compensation

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

2.4. Expertise

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

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

3. Duties, Responsibilities and Powers of the Board

3.1. Management of the Business of the Company

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

3.2. Management of the Crown Melbourne Casino Licence

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

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

3.3. Matters Reserved for the Board

Matters which are reserved for the Board include:

- in conjunction with management, establishing a vision and strategies for Crown Melbourne;
- approving Crown Melbourne's annual business plan and budget;
- approving specific items of capital expenditure and investments and disinvestments;

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

3.4. Compliance with Laws and Internal Codes of Conduct

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

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

3.5. Delegation of Powers

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

3.6. Establishment of Committees

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

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

4. Role of the Company Secretary

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

The role of the company secretary includes:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and despatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and

- helping to organise and facilitate the induction and professional development of Directors.

5. Proceedings

5.1. Meeting Frequency

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

5.2. Board Papers

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

5.3. Attendance at Board Meetings

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

5.4. Quorum

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

5.5. Minutes

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

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

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

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

5.6. Amendment and Review

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

Crown Melbourne Limited
August 2020