

Royal Commission into the Casino Operator and Licence

STATEMENT OF ANTONIA KORSANOS

Name: Antonia Korsanos

Address: Crown Towers, Level 3, 8 Whiteman Street, SOUTHBANK VIC 3006

Occupation: Director

Date: 27 Apr 2021

Introduction

1. I make this statement on behalf of Crown Resorts Limited (**Crown Resorts**) in response to the Royal Commission's Request for Statement – RFS-Crown-002-Corporate Governance (**Request for Statement**).
2. Before joining the Crown Resorts Board, I was the Chief Financial Officer and Company Secretary of Aristocrat Leisure Limited (**Aristocrat**). I was at Aristocrat for nearly 11 years and in the role of Chief Financial Officer from July 2009 and Company Secretary from March 2011. Prior to Aristocrat I held senior finance roles at Kegg's Australia and New Zealand, Goodman Federal Limited and Coopers & Lybrand. I hold a Bachelor of Economics degree from Macquarie University, I am a member of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors.
3. I am currently a director of Crown Resorts and have been since 23 May 2018. My other current roles at Crown Resorts are as follows:
 - (a) Member, Responsible Gaming Committee (since 20 June 2018);
 - (b) Member, Risk Management Committee (since 23 October 2019);
 - (c) Chair, Audit and Corporate Governance Committee (since 18 February 2020);
 - (d) Member, Safety and Sustainability Committee (since 5 March 2021); and
 - (e) Chair, People, Remuneration and Nomination Committee (since 5 March 2021).
4. I am currently Chair of Crown Melbourne Limited (**Crown Melbourne**), having recently being appointed to that position on 17 February 2021. I am also Chair of the Crown Melbourne Audit Committee and have been since 5 September 2018.
5. I have adopted the same definitions as those provided in the Request for Statement.
6. I have endeavoured to respond to all questions based on my knowledge however, where questions extend to the period before I joined the Boards or to matters outside my knowledge, I have sought information and documents through management and lawyers. I believe the information I have received to be correct.

Corporate governance framework

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| 1. | Describe the current corporate governance framework of Crown Resorts. |
| 4. | Outline the current corporate governance framework of Crown Melbourne. |
7. The Crown Resorts Corporate Governance Statement, published September 2020, summarises the company's corporate governance framework. A copy of the Crown Resorts 2020 Corporate Governance Statement is at **CRW.507.001.5511**.
8. Following the resignation of the CEO and a number of the Non Executive Directors from the Crown Resorts board since early February 2020, the following revisions have been made to committee structures and membership.

Crown Resorts Board composition

Directors (as at 2020 Annual Report)	Directors (as at 17 February 2021)	Directors (as at 5 March 2021)	Directors (as at 14 April 2021)
He en Coonan	He en Coonan	He en Coonan	He en Coonan
John Horvath	John Horvath	John Horvath	Anton a Korsanos
Anton a Korsanos	Anton a Korsanos	Anton a Korsanos	Jane Ha ton
Jane Ha ton	Jane Ha ton	Jane Ha ton	N ge Morr son
Andrew Demetrou	Haro d Mtche		
John Alexander	John Poynton		
Guy Ja and			
M chae Johnston			
Ken Barton			
Haro d Mtche			
John Poynton			

Crown Resorts Committee composition

Members (as at 2020 Annual Report)	Members (as at 17 February 2021)	Members (as at 5 March 2021)	Members (as at 14 April 2021)
<i>Audit and Corporate Governance Committee</i>			
Anton a Korsanos (Chair)	Anton a Korsanos (Chair)	Anton a Korsanos (Chair)	Anton a Korsanos (Chair)
Jane Ha ton	Jane Ha ton	Jane Ha ton	Jane Ha ton
M chae Johnston	John Horvath	John Horvath	N ge Morr son
<i>Corporate Responsibility Committee</i>			
Haro d Mtche (Chair)	<i>Dissolved on 17 February 2021</i>	<i>Dissolved</i>	<i>Dissolved</i>
He en Coonan			
John Horvath			

Members (as at 2020 Annual Report)	Members (as at 17 February 2021)	Members (as at 5 March 2021)	Members (as at 14 April 2021)
<i>Finance Committee</i>			
He en Coonan (Cha r) M chae Johnston Anton a Korsanos	<i>Dissolved on 19 November 2020</i>	<i>Dissolved</i>	<i>Dissolved</i>
<i>Investment Committee</i>			
Guy Ja and (Cha r) Ken Barton M chae Johnston	<i>Dissolved on 19 November 2020</i>	<i>Dissolved</i>	<i>Dissolved</i>
<i>People Remuneration and Nomination Committee</i>			
Haro d M tche (Cha r) John Horvath M chae Johnston	Haro d M tche (Cha r) John Horvath Anton a Korsanos	Anton a Korsanos (Cha r) Jane Ha ton John Horvath	Anton a Korsanos (Cha r) Jane Ha ton N ge Morr son
<i>Safety and Sustainability Committee</i>			
John Horvath (Cha r) M chae Johnston John Poynton	John Horvath (Cha r) John Poynton Haro d M tche Note: Renamed <i>Safety and Sustainability Committee</i> previously <i>Occupational Health and Safety Committee</i>	He en Coonan John Horvath Anton a Korsanos Jane Ha ton Note: Run concurrently with <i>Crown Resorts board meetings</i>	He en Coonan Anton a Korsanos Jane Ha ton N ge Morr son
<i>Responsible Gaming Committee</i>			
John Horvath (Cha r) Andrew Demetr ou Anton a Korsanos	John Horvath (Cha r) Anton a Korsanos	He en Coonan John Horvath Anton a Korsanos Jane Ha ton Note: Run concurrently with <i>Crown Resorts board meetings</i>	He en Coonan Anton a Korsanos Jane Ha ton N ge Morr son
<i>Risk Management Committee</i>			
Jane Ha ton (Cha r) Andrew Demetr ou M chae Johnston Anton a Korsanos	Jane Ha ton (Cha r) Anton a Korsanos John Poynton	Jane Ha ton (Cha r) Anton a Korsanos He en Coonan	Jane Ha ton (Cha r) Anton a Korsanos He en Coonan

9. These changes are considered interim. There are currently four independent non executive directors on the Crown Resorts board with a fifth (Bruce Carter) appointed on 12 April 2021 and pending regulatory approvals.
10. The corporate governance framework of Crown Melbourne is limited to the Crown Melbourne board and two committees as prescribed by regulatory requirements. As a subsidiary of Crown Resorts, Crown Melbourne also operates within the Crown Resorts governance framework.
11. The following revisions have been made to Crown Melbourne board and committee membership following recent resignations. These changes are also considered interim pending further appointments to the Crown Resorts board and appointment of a CEO.

Crown Melbourne Board composition

Directors (as at 2020 Annual Report*)	Directors (as at 17 February 2021)	Directors (as at 5 March 2021)	Directors as at 23 April 2021)
John Horvath	John Horvath	John Horvath	Rowena Danzger
Rowena Danzger	Rowena Danzger	Rowena Danzger	Anton a Korsanos
Anton a Korsanos	Anton a Korsanos	Anton a Korsanos	Xavier Walsh
Andrew Demetrou	Xavier Walsh	Xavier Walsh	He en Coonan
Barry Festead	He en Coonan	He en Coonan	Nge Morrison
Ken Barton			

Crown Melbourne Committee composition

Members (as at 2020 Annual Report)	Members (as at 17 February 2021)	Members (as at 23 April 2021)
<i>Crown Melbourne Audit Committee</i>		
Anton a Korsanos (Chair) John Horvath Ken Barton	Anton a Korsanos (Chair) John Horvath	Anton a Korsanos (Chair) Nge Morrison He en Coonan
<i>Crown Melbourne Compliance Committee</i>		
John Horvath (Chair) Rowena Danzger Ken Barton Barry Festead	John Horvath (Chair) Rowena Danzger	Nge Morrison (Chair <i>pending</i>) Rowena Danzger He en Coonan

2. Describe the roles and responsibilities of the Chair of the Crown Resorts board, the Crown Resorts board and Crown Resorts management, identifying the matters expressly reserved to the Crown Resorts board and those delegated to Crown Resorts management.

5. Outline the roles and responsibilities of the Chair of the Crown Melbourne board, the Crown Melbourne board and Crown Melbourne management, identifying the matters expressly reserved to the Crown Melbourne board and those delegated to Crown Melbourne management.

12. The Crown Resorts Corporate Governance Statement references the board's role as an oversight role, guiding and monitoring on behalf of the shareholders.
13. In the current environment, the Boards' oversight, particularly oversight by the Chair who is currently an Executive Chair, is occurring through a higher level of involvement in the business. In response to the deficiencies identified in the Bergin Inquiry, the Boards are currently exercising an increased oversight role that will adjust once the reform agenda is delivered and structures, policies and procedures are in place and proven sustainable.
14. The Crown Resorts board's engagement is at an enterprise-wide level as the reform agenda is being implemented across Crown's Sydney, Melbourne and Perth operations and entities.
15. The Crown Resorts board is engaged in contributing to and overseeing the reform agenda and ensuring appropriate structures and resources are in place to support this effort. The board is also engaged in progressing the rebuild of the Boards and recruitment of key executive roles as well as supporting and overseeing management's efforts. The Crown Resorts Executive Chair is engaging with management, external advisors, gaming regulators and investors. The Crown Resorts board members are also engaged with the executive team through weekly meetings.
16. There has been and continues to be an increased level of communication from the Boards. The Boards are focussed on keeping employees informed and providing direction, encouragement and support.
17. The Crown Resorts and Crown Melbourne Board Charters provide further detail of the oversight and monitoring role of each board.
- (a) See sections 3.1 and 3.2 of the Crown Resorts Board Charter dated February 2020, a copy of which is at **CRL.627.001.0021**.
- (b) See sections 3.1 and 3.2 of the Crown Melbourne Board Charter dated August 2020, a copy of which is at **CRW.505.001.1186**.

3. Provide a copy of the Crown Resorts board charter and any agreement or document that evidences the terms of each director's appointment.

6. Provide a copy of the Crown Melbourne board charter and any agreement or document that evidences the term of each director's appointment.

18. Crown Resorts and Crown Melbourne board charters are provided at **CRL.627.001.0021** and **CRW.505.001.1186**.
19. I understand that the terms of appointment for each director have been provided to the Commission as part of RFI-010.

7. Identify the senior executives of Crown Resorts who report directly to or are regularly invited to attend meetings of the Crown Resorts board and/or any Crown Reports board committees and:

- (a) provide a brief description of their role and responsibilities;
- (b) identify when they were appointed and any other previous roles at Crown Resorts;
- (c) identify their direct reports and provide a brief description of their role and responsibilities.

8. Identify the senior executives of Crown Resorts or Crown Melbourne who report directly to or are regularly invited to attend meetings of the Crown Melbourne board and/or any Crown Melbourne board committees and:

- (a) provide a brief description of their role and responsibilities;
- (b) identify when they were appointed and any other previous roles at Crown Resorts;
- (c) identify their direct reports and provide a brief description of their role and responsibilities.

20. From January 2020 and prior to recent changes in executive positions since February 2021, Ken Barton (CEO, Crown Resorts), Allan McGregor (CFO, Crown Resorts), Mary Manos (Company Secretary and General Counsel, Crown Resorts), Barry Festead (CEO, Australian Resorts) and Todd Nisbett (Executive Vice President Strategy & Development, Crown Resorts) regularly attended standing Crown Resorts board meetings.
21. Similarly, for the same timeframe, Ken Barton (CEO, Crown Resorts), Allan McGregor (CFO, Crown Resorts, previously CFO, Australian Resorts), Mary Manos (Co-Company Secretary, CML), Joshua Preston (Co-Company Secretary, CML and CLO, Australian Resorts), Barry Festead (CEO, Australian Resorts), Todd Nisbett (Executive Vice President Strategy & Development, Crown Resorts) and Xavier Walsh (COO, Crown Melbourne at the time) regularly attended standing Crown Melbourne board meetings.
22. Set out below is a table that identifies senior executive and management attendees (and the roles) at all or part of standing Board and committee meetings since the start of 2020. This table has been prepared based on a review of the minutes of those meetings undertaken at my request.

Board / Committee	Regular Attendees
Crown Resorts Board	<ul style="list-style-type: none"> • Allan McGregor (CFO, CRL, previously CFO, Australian Resorts) • Todd Nisbett (Executive Vice President Strategy & Development, CRL) • Karl Birt (Executive Vice President, Group Corporate Affairs, CRL) • Xavier Walsh (CEO, CML previously COO, CML) • John Samone (CFO, Australian Resorts) • Steven Blackburn (Chief Compliance and Financial Crime Officer, CRL) • Barry Festead (CEO, Australian Resorts) • Mary Manos (Company Secretary & General Counsel, CRL) • Ken Barton (CEO, CRL) • Lauren Harris (Legal Counsel, CRL; Assistant Company Secretary, CRL)

Board / Committee	Regular Attendees
Crown Resorts Audit Committee	<ul style="list-style-type: none"> • A an McGregor (CFO, CRL, previous y CFO, Austran Resorts) • Ange na Bowden Jones (Global Head of Tax, CRL) • John Sa omone (CFO, Austran Resorts) • Mary Manos (Company Secretary & General Counsel, CRL) • Ken Barton (CEO, CRL) • Lauren Harr s (Legal Counsel, CRL; Assistant Company Secretary, CRL)
Crown Resorts Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Mary Manos (Company Secretary & General Counsel, CRL) • Ken Barton (CEO, CRL) • Lauren Harr s (Legal Counsel, CRL; Assistant Company Secretary, CRL)
Crown Resorts Occupational Health and Safety Committee	<ul style="list-style-type: none"> • Tony Graham (GM Health & Safety) • A an McGregor (CFO, CRL) • Dam r Kucan (EGM Human Resources) • Cra g Morr s (GM Property Services) • Mary Manos (Company Secretary & General Counsel, CRL) • Ken Barton (CEO, CRL) • Barry Fe stead (CEO, Austran Resorts) • Lauren Harr s (Legal Counsel, CRL; Assistant Company Secretary, CRL)
Crown Resorts Responsible Gaming Committee	<ul style="list-style-type: none"> • Sonja Bauer (Group GM Responsible Gaming, Austran Resorts) • Dav d Skene (Head of Legal, Betfair) • Me an e Stre en (General Manager Responsible Gaming, Crown Perth Limited) • A an McGregor (CFO, CRL) • Rowan Cameron (GM Responsible Gaming Sydney) • Luke Overman (GM Responsible Gaming Melbourne) • Barry Fe stead (CEO, Austran Resorts) • Lauren Harr s (Legal Counsel, CRL; Assistant Company Secretary, CRL) • Josh Preston (CLO, Austran Resorts) • Mary Manos (Company Secretary & General Counsel, CRL) • Ken Barton (CEO, CRL)
Crown Resorts Risk Management Committee	<ul style="list-style-type: none"> • A an McGregor (CFO, CRL) • Anne Segers (Chief Risk Officer, previous y Group GM Risk & Audit) • Steve Blackburn (Chief Compliance and Financial Crime Officer, CRL) • Andre Ong (Group Chief Information Officer) • Cra g Preston (Group General Manager IT Governance) • John Sa omone (CFO, Austran Resorts) • Nick Stokes (Group GM AML) • Michele Fed ng (Group GM Regulatory and Compliance) • Mary Manos (General Counsel CRL; Company Secretary, CRL)

Board / Committee	Regular Attendees
	<ul style="list-style-type: none"> • Ken Barton (CEO, CRL) • Barry Fe stead (CEO, Austra an Resorts) • Lauren Harr s (Lega Counse , CRL; Ass stant Company Secretary, CRL) • Josh Preston (CLO, Austra an Resorts)
Crown Me bourne Board	<ul style="list-style-type: none"> • A an McGregor (CFO, CRL, prev ous y CFO, Austra an Resorts) • Todd N sbet (Execut ve V ce Pres dent Strategy & Deve opment, CRL) • Xav er Wa sh (CEO, CML prev ous y COO, CML) • John Sa omone (CFO, Austra an Resorts) • Ken Barton (CEO, CRL) • Barry Fe stead (CEO, Austra an Resorts) • Joshua Preston (Co Secretary, CML) (CLO, Austra an Resorts) • Mary Manos (Company Secretary & Genera Counse , CRL) (Co Secretary, CML)
Crown Me bourne Aud t Comm ttee	<ul style="list-style-type: none"> • A an McGregor (CFO, CRL, prev ous y CFO, Austra an Resorts) • Anne S egers (Ch ef R sk Off cer, prev ous y Group GM R sk & Aud t) • John Sa omone (CFO, Austra an Resorts) • Xav er Wa sh (CEO, CML) • Ken Barton (CEO, CRL) • Joshua Preston (Co Company Secretary, CML) (CLO, Austra an Resorts) • Mary Manos (Company Secretary & Genera Counse , CRL) (Co Company Secretary, CML) • Barry Fe stead (CEO, Austra an Resorts)
Crown Me bourne Comp ance Comm ttee	<ul style="list-style-type: none"> • M che e Fe d ng (GGM Regu atory & Comp ance) • A an McGregor (CFO, CRL, prev ous y CFO, Austra an Resorts) • John Sa omone (CFO, Austra an Resorts) • Shannon Byrne (Lega Counse , CML) • Joshua Preston (Co Company Secretary, CML) (CLO, Austra an Resorts) • Mary Manos (Company Secretary & Genera Counse , CRL) (Co Company Secretary, CML) • Ken Barton (CEO, CRL) • Barry Fe stead (CEO, Austra an Resorts)

23. At **CRW.512.041.0079** are organ sat ona structures prov d ng deta s of the d rect reports to each of the fo ow ng sen or execut ves.

- (a) He en Coonan, Execut ve Cha rman
- (b) Xav er Wa sh, CEO Crown Me bourne
- (c) A an McGregor, CFO Crown Resorts

- (d) John Samone, CFO Australian Resorts
- (e) Steven Blackburn, Chief Compliance and Financial Crime Officer
- (f) Anne Segers, Chief Risk Officer
- (g) Todd Nesbet, Executive Vice President Strategy and Development

24. The above attachment was provided to me.

Strategic objectives

9. Outline Crown Resorts' strategic objectives and any current strategic plan.

25. Crown Resorts' core strategic objectives are focussed on enhancing enterprise-wide regulatory compliance, risk management and governance standards as represented through the company's detailed regulatory reform agenda. Driving cultural change is a key strategic focus that will support the delivery and sustainability of the reforms. Significant resources and effort are being invested in support of implementing the reform agenda.
26. Other key strategic objectives include:
- (a) The reopening of properties following COVID mandated closures and ensuring COVID restrictions are adhered to and safe operating environments are provided for patrons and employees.
 - (b) The recovery of operations over the medium to long term given the changes in the operating environment and market as impacted by COVID.
 - (c) The completion and opening of Crown Sydney, from construction handover to commencing operations at the property.
27. The reform agenda and the key strategic objectives of the business are focussed on meeting the requirements of our regulators and the community, supporting our employees and customers, and driving sustainable returns for shareholders.

10. Outline Crown Melbourne's strategic objectives and any current strategic plan.

28. Crown Melbourne's core strategic objectives are aligned with Crown Resorts', being:
- (a) Regulatory compliance and governance through the efforts focussed on implementing the company-wide regulatory reform agenda.
 - (b) The recovery of operations following a period of closure (from 23 March 2020 to 12 November 2020) and operating within COVID mandated restrictions.
 - (c) Restructure of operations in response to changes that have been undertaken as part of the reform agenda which have included ceasing dealings with junkets, restructuring and on-shoring of the VIP International team and mode and cessation of indoor smoking.

11. Explain how Crown Resorts, Crown Melbourne and the Boards measure whether and how their objectives have been met.

29. The Boards have visibility to the progress and measurement of strategic objectives through the presentation of various reports, updates and discussion at the Crown Resorts and Crown Melbourne board meetings as well as across the various board committees.

30. Coordination and management of the reform agenda is being led by the Executive General Manager Transformation & Regulatory Response. A governance structure and detailed scope of works have been developed, accountable resources assigned to executive and board members and delivery timelines defined for a significant number of the workstreams. The Crown Resorts board receives regular updates on the reform agenda through board meetings, weekly executive meetings, updates from the Executive Chair, and engagement with respective executive accountable for the various workstreams.
31. Other reports to the Boards that support the oversight over the company's strategic objectives include:
- (a) *Crown Resorts and Crown Melbourne CEO reports* – provide trading and operational updates, details of property activities, regulatory and compliance matters, HR and employee matters
 - (b) *CFO Reports Financial Summary and IR Reports* – provide performance, capital expenditure, cash and debt management updates
 - (c) *Transformation updates* – focussed on the regulatory reform agenda
 - (d) *AML/CTF updates Legal and Compliance updates Material Risk and Emerging Risk reports* – provide insights to progress on key reform agenda initiatives
 - (e) *Development Reports* – covering the Crown Sydney project for Crown Resorts and property capital works for Crown Melbourne
 - (f) *Section 25 Updates* – covering progress on the recommendations from the Sxth Review of Casinolicense
 - (g) *Annual Plan and Strategic Plan presentations Sensitivity Analysis*
32. These reports enable the Boards to assess overall progress of the strategic objectives on a financial and non-financial basis through the finance reports and other reporting updates received.

12. Provide any current statement of values and any statements that have applied to the Boards, Crown Resorts employees and Crown Melbourne employees in the past 10 years.

33. A copy of the Crown Resorts Code of Conduct dated July 2020 is at **CRW.512.012.0133**.

13. Provide any current code of conduct and any codes of conduct that have applied to the directors, senior executives and employees of Crown Resorts and Crown Melbourne in the past 10 years.

34. A copy of the Crown Resorts Code of Conduct dated July 2020 is at **CRW.512.012.0133**.
35. A copy of the Crown Resorts Code of Conduct for Directors dated February 2008 is at **CRL.590.001.0067**.
36. A copy of the Crown Resorts Code of Conduct for Employees dated August 2008 is at **INQ.010.003.0082**.

14. Explain how Crown Resorts, Crown Melbourne and the Boards have satisfied themselves that Crown Resorts' and Crown Melbourne's remuneration policies and structures are aligned with their purpose, values, strategic objectives and risk appetite.

37. The Boards have sought to align remuneration policies with Crown's purpose, values, strategic objectives and risk appetite through the CEO's key performance objectives (**KPOs**) with the intent that senior executive KPOs were aligned to the KPOs agreed and approved for the CEO.
38. As provided in the 2020 remuneration report, the remuneration of the CEO and senior executives was based on performance against KPOs that represented the company's purpose, values, strategic objectives and risk appetite.
39. CEO KPOs covered financial and non-financial deliverables (operational, strategic, governance, risk and compliance, health and safety and people and culture objectives). The CEO's KPOs were reviewed and recommended by the People, Remuneration and Nominations committee and approved by the board.
40. Fixed remuneration is determined on the basis of role, geographical location, experience and for the purpose of annual reviews, the executive's performance against the KPOs.
41. Reviews to fixed remuneration and short-term incentives (**STIs**) are determined on the basis of performance against KPOs.
42. Senior executive remuneration and STI recommendations are reviewed by the People, Remuneration and Nominations committee and approved by the board.
43. It was agreed that from 2021 onwards, 50% and 25% of CEO and senior executive STIs would be deferred to allow consideration of circumstances that may not have materialised at the time of payment.
44. Crown's financial performance is the threshold for paying STIs across the company. Risk and compliance metrics are being considered as additional entry gates for the qualification of incentives going forward.

Appointments

15. Do the Boards seek to address the composition of the Boards by reference to a skills matrix?

45. The Crown Resorts board has adopted a skills matrix which is used to consider the mix of skills and diversity in experience the board seeks to achieve through its membership.
46. The Crown Melbourne board does not have a separate skills matrix.

16. If yes, provide a copy of the skills matrix and any skills matrix that has existed in the last 10 years.

47. A copy of the skills matrix is set out in the Crown Resorts 2020 Annual Report at **CRW.512.012.1461** at pages **.1495** to **.1497**.

17. Do the Boards currently meet the objectives of the skills matrix? If not, why not?

48. The Crown Resorts board currently meets the skills objectives however we are seeking to build broader and deeper coverage of the skills objectives through the continued renewal of the board.

18. If no to paragraph 15, how do the Boards seek to ensure that they have the appropriate balance of skills, knowledge, experience, independence and diversity to enable them to discharge their duties and responsibilities effectively? How has this process changed in the last 10 years?

49. The Crown Melbourne board has been mainly comprised of members from the Crown Resorts board and Crown Resorts executive team. As a result, the skills matrix adopted by Crown Resorts has supported the selection of board members that have also joined the Crown Melbourne board.
50. The Melbourne board charter also requires that consideration be given to candidates' skills and experience and how they affect the overall balance of the composition of the board.
51. As part of the board renewal process, the Crown Resorts board has been focussed on finding candidates with appropriate skills and experience to serve on the Crown Melbourne board. The appointments of Nigel Morrison and Bruce Carter are representative of this.

19. Does the current composition of the Boards achieve the Boards' objectives as set out in answer to paragraph 18? If not, why not?

52. I believe the composition of the Crown Melbourne board currently meets the objectives set out in question 18.

20. Do the Boards have a nominations and remuneration committee? If yes, outline the role and responsibilities of the nominations and remuneration committee, including the chair and members of the committee and when they were appointed.

53. The Crown Resorts board has a People, Nomination and Remuneration (**PRN**) committee. The Crown Melbourne board does not have a separate PRN committee. The efforts of the PRN committee at the Crown Resorts effectively oversee company-wide PRN initiatives.
54. The PRN committee is responsible for ensuring appropriate board composition, succession and development through implementing appropriate processes and review of board performance. The committee is also responsible for the review of board fees and CEO and senior management executive fixed and variable remuneration structures. Aligned to these responsibilities, the PRN is also responsible for the review of the Remuneration Report and respective stakeholder communications.
55. The following directors are current members of the PRN committee:
- (a) Antonia Korsanos (chair since 5 March 2021, member since 17 February 2021)
 - (b) Jane Hatton (member since 5 March 2021)
 - (c) Nigel Morrison (member since 14 April 2021)
56. A copy of the PRN Committee charter dated February 2021 is at **CRW.512.010.0345**.

21. Outline the process the nominations and remuneration committee or the Boards follow in appointing new directors of the Boards. Outline any changes to that process in the last 10 years.

24. Explain the process of selection, the preferred skill set of new nominees or appointees to the Boards and the role such nominees or appointees are intended to fill.

25. Outline the processes Crown Resorts and Crown Melbourne employ to address board succession issues and to ensure that the Boards have the appropriate balance of skills, knowledge, experience, independence and diversity to enable them to discharge their duties and responsibilities effectively.

57. The current board renewal strategy is focussed on rebuilding the board with a full complement of independent non executive directors, achieving at least 3 appointments by the 2021 AGM and ensuring required skills in support of Crown's reform agenda.
58. The targeted size of the board is six to seven directors (plus the role of the Chief Executive Officer) to allow for orderly succession going forward.
59. Korn Ferry (**KF**) were selected to support the Crown Resorts board with the process of board renewal. KF were briefed by Helen Coonan (Crown Resorts Chair), Harold Mitchell (Chair of PRN) and myself. The selection criteria are based on the reform agenda and the board skills matrix, availability and location of individuals. Each candidate is also considered for his or her executive and board experience.
60. KF have supported the Crown Resorts board in searching for and assessing candidates against the defined criteria as well as the fit and suitability to the current environment which the company is operating in. Candidates have been interviewed by various members of the board and KF have also undertaken reference checks prior to the PRN committee reviewing and recommending their appointment for board approval.
61. As provided in my response to question 18 above, as part of the board renewal process, the Crown Resorts board has also been focussed on finding candidates with appropriate skills and experience to also serve on the Crown Melbourne board.
62. Nigel Morrison and Bruce Carter are the most recently appointed directors to the Crown Resorts board in line with the board renewal strategy outlined above.
63. I have not had visibility to the process adopted by the PRN committee with respect to board appointments prior to joining the Crown Resorts board therefore cannot comment on processes adopted in the past.

22. Outline the process by which the current directors of the Boards were appointed including but not limited to the process of selection, assessment of skills and experience and the objectives behind each appointment. Did Mr James Packer have any role in their appointment?

64. The process I have outlined above was applied to the appointment of Nigel Morrison and Bruce Carter. To the best of my knowledge, Mr James Packer had no role in their appointment.
65. I cannot comment on the process adopted in appointing Helen Coonan and Jane Ha ton.
66. As part of my appointment to the Crown Resorts board I had no engagement with an executive search firm. I was approached by John Alexander following the announcement of my intended

resignation from Aristocrat. I am not aware of whether Mr James Packer had any involvement in my appointment, but I have never met or spoken with him.

67. To the best of my knowledge, the engagement of an executive search firm commenced with the current board renewal strategy.

23. Outline the process by which the former directors of the Boards, John Alexander, Michael Johnstone, Guy Jalland, John Poynton and Harold Mitchell, were appointed. Were they appointed at the request or direction of Mr Packer?

68. I cannot comment on the process adopted in appointing the above former directors as these appointments occurred prior to my receipt of regulatory approvals and commencement on the Crown Resorts board.
69. Michael Johnstone, Guy Jalland and John Poynton were nominees of the major shareholder, CPH.

26. Outline the remuneration structure for the directors of the Boards including whether it includes performance based remuneration.

70. Non executive directors do not receive performance based remuneration. The table below summarises the current fee structure for directors on the Crown Resorts and Crown Melbourne boards.

Director fees	
Executive Chair	\$1,800,000 (plus Non Executive Chair fee of \$700,000)
Non Executive Chair	\$700,000
Base Non executive Director Fees	\$170,000
Active Board Committees	
Chair	\$25,000
Member	\$15,000
Crown Melbourne Board	
Chair	\$115,000
Member	\$60,000 ¹
Crown Perth Board	
Chair	\$115,000
Member	\$60,000
Crown Sydney Board	
Chair	\$115,000
Member	\$60,000

¹ All board fees are inclusive of superannuation except for Rowena Danziger's fees which are exclusive of superannuation

27. Outline the process that exists to assess and evaluate each director's performance and the tenure of appointment.

71. The PRN committee is responsible for developing and implementing an evaluation process for the board, its committees and its directors. This is undertaken by way of a confidential questionnaire following the completion of each financial year. Since I joined the Crown Resorts board in May 2018 there has been an evaluation questionnaire completed by board members in July of each year.
72. From my review of the PRN committee minutes, the results of the survey were summarised and reviewed by the PRN committee with commentary provided by individual directors reviewed by the PRN committee chair and shared with the committee. The results of the survey were also provided to and discussed at the Crown Resorts board. The results of the July 2020 survey were considered by the Crown Resorts board at the meeting held on 18 August 2020.
73. The questionnaire has not specifically referenced tenure however they have covered satisfaction of the skills matrix and success on plans.
74. The Crown Resorts Constitution does not specify any tenure requirements on directors however it requires a third of the directors to stand for re-election every year.
75. This is my first year as the Chair of the PRN Committee. I will raise any issues about directors performance coming out of this year's survey with the Crown Resorts Chair and ensure there is appropriate follow up.

28. Outline the process that exists to assess and evaluate each senior executive's performance and the tenure of appointment.

76. Senior executives are annually assessed on their performance against set KPOs. Tenure is not separately considered.
77. Please also refer to Q14.
78. One of my objectives as recently appointed PRN Chair is to work with the Chief People and Culture Officer to review current performance review processes as well as short term and long term incentive structures.

Risk appetite

29. Outline the current risk appetite adopted by the Boards for the Crown Companies, Crown Resorts and Crown Melbourne.

30. Provide a copy of any risk appetite statement.

31. Outline how the risk appetite for the Crown Companies, Crown Resorts and Crown Melbourne has changed in the past 10 years.

79. The Boards overall has a low risk appetite particularly for legal, regulatory, safety, security and surveillance risks with higher tolerance on risks to finances, services or infrastructure.
80. Prior to December 2018, Crown Resorts did not have a documented risk appetite statement. The risk appetite in its current format was approved in December 2018. Revisions made since include the approval of an overarching risk appetite statement and the addition of subcategories and metrics associated with those subcategories.

81. The risk appetite is now represented through an overarching risk appetite statement and seven impact categories aimed at guiding the various operations and functions across Crown as to the risk to erance and reporting triggers across operations, regulatory and legal requirements. Reporting triggers aim to ensure risks are appropriately identified and escalated. Qualitative statements and quantitative metrics representing reporting triggers have been defined for each impact category and sub-category.
82. Other than financial metrics set at levels of appropriate materiality, non-financial risk to erance levels and the thresholds to escalate are low across the impact categories such as brand, regulatory and legal, safety, security, protection of information, strategic projects and business continuity.
83. On 14 April 2021, the Crown Resorts board considered a separation of the “regulator/legal” and “people” risk categories and in particular, providing for a specific AML risk to erance. It was also agreed at this meeting that an overarching risk appetite statement should be developed. These revisions were approved by the Crown Resorts board on 23 April 2021 and will be presented to the Crown Melbourne board in the same form for approval at its next meeting.
84. The Crown Resorts Limited Risk Management Strategy approved on 23 April 2021 is at **CRW.512.041.0055**.
85. The history of amendments to the risk appetite were summarised in a document presented to the Risk Management Committee on 25 March 2021, prepared by the Chief Risk Officer.
86. Please refer to the memo from Anne Segers to the Risk Management Committee dated 15 March 2021 titled 'Crown Resorts Limited – Risk Management Framework Progress and Update' at pages **.0025 to .0034** of the meeting pack for the Risk Management Committee meeting on 25 March 2021, a copy of which is at **CRW.512.004.0001**.

Sixth Casino Review

32. Outline the consideration given by the Boards in relation to the following matters raised in the Sixth Casino Review before July 2019:

(a) the risks associated with Mr Packer’s influence over Crown Resorts arising from the 46 per cent of the voting power he controls through CPH;

87. I do not specifically recall any consideration given by the Boards to the risk associated with Mr Packer's influence over Crown Resorts arising from the 46 per cent holding as raised by the Sixth Casino Review. In its review the VCGLR made no recommendations regarding this matter and concluded that it was appropriately managed through the governance framework and the Crown Resorts board.
88. The board was aware of and considered the risks associated with Mr Packer's influence over Crown Resorts arising from his shareholding through CPH. This included the separate protocols developed around the provision of information in the second half of 2018 and consideration in the first half of 2019 to separate the role of the Executive Chair, Mr John Alexander and appoint an independent CEO.
89. Following the departure of Mr Packer from the Crown Resorts and CPH boards, CPH requested an extension of the CPH services agreement to allow for the sharing of information. Crown sought legal advice and following receipt of that advice the PRN committee recommended to the board to implement the Controlling Shareholder Protocol.

90. The protocol applied to Mr Packer, CPH and CPH executives and protected the confidentiality of information provided. The protocol also applied to Crown Resorts directors, officers and key senior management personnel and limited the provision of information on the basis that it was in the best interest of shareholders.

(b) the recommendation that, by 1 January 2019, Crown Resorts 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;

(c) the recommendation that particular consideration be given to formulating a charter for the Crown Melbourne board;

(d) the recommendation that particular consideration be given to 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

(e) the recommendation that particular consideration be given to elevation of governance to the Crown Resorts board and committees;

(f) the recommendation that, by 1 January 2019, Crown Resorts undertake a review of the required qualifications for committee chairs set out in the charters and ensure that the appointees' actual qualifications match;

(g) the recommendation that, by 1 July 2019, Crown Resorts assess the robustness and effectiveness of its risk framework and systems, including reporting lines in the chain of command, and upgrade them where required.

33. Outline the changes Crown Resorts made, before July 2019, to its corporate governance framework, risk management framework and any other systems and procedures as a consequence of the Sixth Casino Review and the recommendations made by the VCGLR.

91. I have addressed the response to the above questions by reference to documents.
92. The Boards gave the following consideration to the above recommendations prior to July 2019:
- (a) The draft Sixth Review of the Casino License report was provided to Crown Melbourne on 22 May 2018.
 - (b) The draft report and a draft response prepared by management were provided to the Boards at the 20 June 2018 meetings. The draft response considered by the Boards expressed support for each of the above recommendations.
 - (c) Crown Melbourne responded to the VCGLR on 2 July 2018 accepting the above recommendations.
 - (d) At the 8 August 2018 Crown Resorts board meeting it was noted that the Responsible Gaming Committee would monitor the effort and progress in support of the responsible gaming recommendations and the Crown Melbourne board would oversee the delivery of a recommendation.
 - (e) The Crown Resorts board also received regular updates of the program of work in support of the recommendations.

93. The following changes were made before July 2019 in response to the above recommendations:

Recommendation 1

- (a) On 24 December 2018, Crown lodged a submission to the VCGLR outlining its proposal to address the matters set out in Recommendation 1 (***the submission***). John Horvarth, as Chair of the Crown Melbourne Compliance committee and I, as Chair of the Crown Melbourne Audit committee, reviewed the submission prior to it being lodged.
- (b) On 12 February 2019, the Crown Melbourne board was presented with a proposed board charter.
- (c) On 19 February 2019, the Crown Resorts board adopted revised board and committee charters for Crown Resorts.
- (d) On 12 June 2019, the Crown Resorts board adopted a Delegations Policy.

Recommendation 2

- (e) On 5 September 2018, I was appointed as the Chair of the Crown Melbourne Board Audit Committee in response to the review.

Recommendation 3

- (f) On 26 November 2018, the Crown Melbourne board approved the Risk Appetite.
- (g) On 11 December 2018, the Risk Appetite was adopted by Crown Resorts. The board also considered a revised risk matrix.
- (h) In February 2019, Crown Melbourne engaged Deloitte Risk Advisory Pty Ltd to conduct an assessment of Crown's risk management framework.
- (i) On 7 June 2019, the Crown Resorts board resolved to adopt the Risk Management Strategy.

Deloitte review

- 34. Outline the nature and scope of the review undertaken by Deloitte in late 2020 in relation to the governance and operations of Crown Resorts or Crown Melbourne.**
- 35. Outline the findings or recommendations made by Deloitte as a consequence of the Deloitte review. If the review is not yet complete, outline its status and identify any interim findings or recommendations.**
- 36. What changes have been or will be implemented as a result of the Deloitte review?**

- 94. Deloitte have been engaged to conduct an organisational culture review in support of assessing the current culture. This effort will provide a baseline and insights that will be used to develop responses in support of driving the culture reform program.
- 95. The program of work will be undertaken in four phases with the first phase consisting of a desktop review and consultations to assess the company's culture framework. Phase 2 of the Deloitte work involves the development and rollout of an organisational wide culture survey which was launched on 22 April 2021. Phase 3 will involve detailed analysis and assessment of the data to support Phase 4 which will focus on the development of a roadmap for change.

96. Based on the scope of work undertaken, the objectives of the first 2 phases were aligned to delivering the culture survey that will provide a current measure and understanding of Crown's culture today.
97. Recommendations and the development of our culture change program will be led by the CEO when appointed and the newly appointed Chief Culture and People Officer with the support of the executive team and the Board.
98. Deloitte has identified findings from the recent desktop review. No recommendations have been made at this stage of the engagement. A copy of Deloitte's draft Phase 1 Report is at **CRW.512.008.0009**.

Corporate governance reviews and advice

<p>37. What changes have been made to Crown Resorts' corporate governance framework since the Bergin Inquiry commenced?</p>
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99. Since the Bergin Inquiry commenced, the following steps have been taken by Crown to improve its corporate governance framework:
- (a) Changes to the composition of the Board and the commencement of a board renewal strategy. The majority of the board resigned including a three CPH nominees and the CEO. Membership of the board today consists of 5 independent directors, one of whom is awaiting regulatory approvals.
 - (b) Changes to the Crown Resorts organisational structure, separating operating and compliance functions as well as introducing reporting lines to the board and various committees. These revisions include:
 - (i) Creation of a new Compliance and Financial Crime department with new leadership and increased resources.
 - (ii) Creation and appointment of a Chief Compliance and Financial Crime officer to lead the Compliance and Financial Crime department reporting to the Executive Chair (CEO when appointed) and the board.
 - (iii) Separation of the Risk and Audit function.
 - (iv) Creation and appointment of Chief Risk Officer role to lead the Risk function reporting to the Executive Chair (CEO when appointed) and the Risk Management Committee.
 - (v) Creation and appointment of an Internal Audit Manager role to lead the Internal Audit function reporting to the CFO and the Audit and Governance Committee.
 - (vi) Separation of the General Counsel and Company secretary roles.
 - (vii) Creation of a Chief Culture and People Officer role reporting to the Executive Chair (CEO when appointed).
 - (viii) The operating structure has also been flattened with the removal of the role of the CEO Australian Resorts and the Chief Legal Officer Australian Resorts.
 - (ix) A new appointments will have enterprise-wide responsibilities and oversight.
 - (c) Continued improvements have been made to the risk management framework over this period:

- () The Risk Management Strategy has been updated to include a section on risk culture.
- () A Risk and Compliance Culture Framework has been developed, reviewed by the Risk Management committee and approved by the board.
- () The Risk Appetite has been expanded and approved by the board, with an overarching risk appetite statement developed and expansion of risk categories, in particular providing for a specific AML risk tolerance.
- (v) Increased frequency and length of Risk Management committee meetings.
- (v) Additional and enhanced reporting to the Risk Management committee. These include enhanced reporting of emerging risks and updates on material risks, risk appetite dashboards and adjustments to the risk profile.
- (v) Additional resourcing has been and is being added to the team.
- (d) Termination of the Controlling Shareholder Protocol and CPH Services Agreement.
- (e) Restructuring of the VIP International mode and team to an onshore mode to operate from Melbourne under the leadership of Xavier Walsh, CEO Melbourne. Overseas offices were closed and all overseas domiciled employees were made redundant.
- (f) Appointment of new external independent auditor.
- (g) Appointment of new company legal adviser and separate legal adviser to the board.

38. Outline the nature of any advice that has been sought or obtained and reviews that have been undertaken, since the Bergin Inquiry commenced, in relation to:

- (a) Crown Resorts' corporate governance framework;**
- (b) board succession or board renewal;**
- (c) the composition of the Crown Resorts board.**

In relation to any reviews, outline its findings and recommendations.

- 100. Crown Resorts sought legal advice in late 2020 from Herbert Smith Freehills in the context of restructuring its internal corporate governance structure from a decentralised mode to a centralised mode.
- 101. As noted in response to question 25, Korn Ferry were engaged in November 2020 to support the Crown Resorts board with its board renewal strategy.
- 102. The Chair of Crown Resorts sought legal advice in late February 2021 from Arnold Bloch Leibler regarding the resignation of directors from the Crown Resorts board following the Bergin report.

39. What changes have been or will be made to Crown Resorts' corporate governance framework as a consequence of any advice or reviews referred to in paragraph 38?

- 103. No changes have been made to transition to a decentralised governance structure. This remains under consideration and will need to be supported through a change management program as we as required regulatory approval.

40. Since the Bergin Report, has Crown Resorts replaced its subsidiary boards and committees with one listed company board and one set of listed company committees?

104. No, please refer to my response to Q39.

41. Outline the nature of the legal advice or any other advice obtained by Crown Resorts in relation to the proposed reform in paragraph 40, including whether it may require regulatory approval in any States in which Crown operates.

105. Please refer to the responses I have provided to Q38(a) and Q39.

42. To the extent not addressed elsewhere, outline the advice that has been sought or obtained and reviews that have been undertaken since the Bergin Report in relation to:

- (a) Crown Resorts' corporate governance framework;**
- (b) board succession or board renewal.**

In relation to any reviews, outline the findings and recommendations of such reviews.

106. With respect to Crown Resorts' corporate governance framework, I am not aware of any further reviews, findings or undertakings other than the advice referred to in Q38.

43. What changes have been made or will be made as a consequence of any advice that has been obtained or reviews that have been undertaken since the Bergin Report?

107. Please refer to the response I have provided to Q39.

Bergin Report

44. What deficiencies in Crown Resorts' corporate governance framework contributed to the failures identified in the conclusions in the Bergin Report?

108. In my view, deficiencies in how the corporate governance framework operated were caused by the following:

- (a) confused and hurried reporting lines;
- (b) poor culture underpinned by a drive for profits;
- (c) organisational structures that created silos and compromised competence and escalation of risks to the board;
- (d) lack of capability and insufficient resourcing in support of risk management and competence; and
- (e) deficiencies in the risk management framework.

109. Taking the three areas that the Bergin Inquiry focussed on (China arrests, anti-money laundering, junkets), I believe the causes of failure across each tie back to what I have summarised above.

China Arrests

110. Risk was not escalated to the Board. This was influenced by the buffering of reporting lines and leadership that ignored formal reporting lines. Management were influenced by a commercial driven culture over risk management and compliance at a level beyond acceptable risk in line with maintaining the safety of employees and gaining regulatory requirements. The VIP business operated in its own silo separate from the rest of the business. I don't believe the risk appetite for Crown's operations in China was appropriately set or monitored.

Anti-Money Laundering

111. The risk associated with cash deposited into the Southbank and Riverbank bank accounts was either not understood or not recognised. The reporting structure did not support the risk management framework as operations and compliance functions were combined under the same leadership. This would have created conflict between compliance and commercial outcomes. Based on the evidence provided at the Bergin Inquiry, management did not disclose to the board the underlying concerns relating to these bank accounts when raised by the banks. I believe this was either driven by a culture focused on profits and maintaining the status quo or a lack of understanding, both are a concern. There was also a lack of capability and resources across the risk and AML functions, hence an inability to understand and identify the risk.

Junkets

112. The issues with junkets related to: influence via the VIP team which was operating in a silo; buffered reporting lines; decisions made influenced by a culture focussed on delivering returns over an acceptable level of risk and compliance.
113. The board's decision to permanently cease dealing with junkets announced on 17 November 2020, was significant and aligned with the company's risk appetite.

Reform agenda

114. As referred to in my responses above, the Crown Resorts board is addressing these deficiencies through a significant reform agenda.
115. I believe the success of the reforms being implemented will be underpinned by a change in character and a risk management and compliance culture.
116. Any change in culture must be driven by leadership. The new board and executive leadership team will be critical to this change. This journey has commenced with the following key initial steps which I believe reinforce this message. These changes respond to a 3 areas (China arrests, AML, Junkets) focussed on by the Bergin inquiry:
117. While there have been many changes made since the Bergin Inquiry commenced (summarised in Q37) the changes below represent those that go directly towards recognising and accepting the deficiencies I have referred to above and signifying the need for change from the top.
- (a) Appointment of independent chair to the Crown Resorts board (currently a former Executive until a new CEO is appointed)
 - (b) Significant changes at board level with the resignation and retirement of about 3 board members, including the resignation of a CPH nominee
 - (c) Board renewal pursuing a fully board of independent non-executive directors progressing with two new board members appointed to date (one still pending regulatory approval)

- (d) Deeper board engagement with management in defining, supporting and executing on the reform agenda
- (e) Termination of the Controlling Shareholder Protocol and CPH Services Agreement
- (f) Change in key management roles across Chief Executive Officer, Chief Executive Officer – Australian Resorts, Company Secretary and General Counsel, General Legal Counsel, Australian Resorts
- (g) Enhancing the risk management framework through a new operating structure separating compliance functions from operating functions, formalising reporting lines into the board and committees and increasing the prominence and resourcing of risk and AML functions:
 - (i) Separate Financial Crime and Compliance Function with reporting line to CR Risk Committee
 - (ii) Separation of Risk and Internal Audit with reporting line to CR Risk Committee and CR Audit & Governance Committee, respectively
 - (iii) Separation of Company Secretary and General Counsel roles
- (h) New leadership roles focussed on Compliance and Risk Management
 - (i) Chief Financial Crime and Compliance Officer (new hire - appointed)
 - (ii) Chief People and Culture Officer (new hire - appointed)
 - (iii) Chief Risk Officer (promoted)
 - (iv) Internal Audit Manager (new hire - appointed)
 - (v) Company Secretary (new hire)
 - (vi) General Counsel (new hire - recruiting)
- (i) Appointment of new external independent auditor
- (j) Appointment of new company legal adviser and separate legal adviser to the Board
- (k) Transition to no indoor smoking announced and decision to cease making monetary and in-kind political donations
- (l) Enhanced communication with employees through town halls, executive meetings, business operations teams and the broader employee base
- (m) Company wide culture survey launched 22 April 2021

Signed:

Privileged

Date:

27 APRIL 2021