



Crown Melbourne Limited Audit Committee

Wednesday, 20 November 2019 – 2.30pm
Chairman's Office, Level 3, Crown Towers

Attendees: Toni Korsanos (Chair), Professor John Horvath, Ken Barton

Also Invited: John Alexander, Barry Felstead, Mary Manos, Alan McGregor, Joshua Preston, Anne Siegers

Apologies:

AGENDA

1. **Minutes of Previous Meetings**
 - 1.1. [Confirmation of Minutes of the meeting on 6 August 2019](#)
2. **Matters Arising**
3. **Internal Audit**
 - 3.1. [Internal Audit Activity Report: August – October 2019](#)
 - 3.2. [Status of Internal Audit Recommendations](#)
4. **Material Risk Update: August – October 2019**
5. **Corporate Risk Profile Review**
6. **Delegation Policy – Proposed Update**
7. **Emerging Risks and Other Business**



AGENDA ITEM 1:
Minutes of Meeting



MINUTES
CROWN MELBOURNE LIMITED AUDIT COMMITTEE
HELD AT THE CHAIRMAN'S OFFICE, LEVEL 3, CROWN TOWERS
TUESDAY, 6 AUGUST 2019
10:00AM

IN ATTENDANCE

Committee:	Ms Toni Korsanos (Chair) Professor John Horvath Mr Ken Barton
	Mr Joshua Preston (Secretary)
By Invitation:	Mr John Alexander (Executive Chairman Crown Resorts) Mr Barry Felstead (CEO Australian Resorts) Mr Alan McGregor (CFO Australian Resorts) Ms Mary Manos (General Counsel Crown Resorts) Ms Anne Siegers (GGM Risk & Audit Crown Resorts)
	Mr Michael Collins (Ernst & Young) Ms Alison Parker (Ernst & Young) Mr Justin Law (Ernst & Young)

Apologies

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The meeting opened at 10:00

Minutes of Meeting

The Minutes of the meeting held on 29 May 2019 were approved.

Ms Korsanos enquired if the impact of lower risk audits would present a similar challenge in the F20 Audit Plan as it had in F19. Ms Siegers noted that the methodology for preparing the Plan had taken the impact of lower risk audits into account, and the resulting adjustment should ensure the Plan was met in F20.

Matters Arising:

No matters arising.

Audit Committee Charter

The Committee noted that the minor changes proposed to the Charter reflected the update to the Risk Management Framework and the role of the Committee in approving the Risk Appetite. The updates to the Charter were approved. Ms Korsanos also noted the alignment of the Committee's activity during the period to its articulated obligations.

The Independence of the External Auditors was discussed, noting that the total value of additional service provided by Ernst & Young to Crown Melbourne was minimal, and the result of overseas tax advice.

The Independence of the Internal Audit Department was noted.

Internal Audit Report

Ms Siegers presented the Internal Audit Report: May – July 2019, noting 4 of the remaining 9 audits had been issued since the Report was prepared, and the finalisation of the F19 Plan was almost complete. Ms Korsanos asked if the finalisation of the F19 report would impact on the delivery of the F20 Plan. Ms Siegers noted that since the F20 Plan had been approved at the last meeting, planning and fieldwork for the first F20 audits was already underway. This is a better position than we had in prior years, with the Plan historically only coming to the August meetings for approval.

Ms Siegers also pointed to the strong track record of the business in addressing internal audit findings with a very low number of items remaining open.

The Committee noted the report.

Material Risk Update

The paper was taken as read.

Ms Siegers noted a large number of key events that had materialised since the last meeting.

REDACTED - PRIVILEGE

Ms Korsanos noted that the Board had been fully briefed on the 60 Minutes matter, however enquired about regulatory interactions in relation to the allegations and related investigations. Mr Preston provided an update for each state regulator, noting that the majority of the focus had been with the Victorian regulator. It was noted that the Victorian Minister for Gaming had instructed the VCGLR to “re-examine the allegations raised as a matter of priority” and that the Department of Justice and the VCGLR will “examine the regulatory arrangements concerning junkets”. It was further noted that a large amount of work had already been undertaken by the VCGLR during the S25 review relating to junkets and VIP processes. The NSW and WA regulators have not at this stage indicated that they would commence any investigations, however it is possible that they may make certain enquiries in due course. Discussions with AUSTRAC have taken place regarding the allegations on the 60 Minutes program and other commentary in the media. AUSTRAC did not have any response or detail to provide to Crown. Crown offered any assistance to AUSTRAC that it may require regarding the allegations.

AUSTRAC had issued s167 Notices to operators in the casino industry requesting a wide range of information related to junkets in order for it to assess the information and provide the casino industry with insights into the potential threats and vulnerabilities we might face with respect to junkets. It was noted that this matter was commenced in April 2019 and is entirely unrelated to the 60 Minutes and media allegations.

Mr Preston noted that there is a possibility that the 60 Minutes and media reporting of allegations may affect the potential timing of the China Report.

Ms Korsanos has enquired as to the data breach elements of the allegations. Mr Barton noted that the IT team has investigated the documents as could be identified on the 60 Minutes Program and it seemed highly likely that the documents were all accessible by Jenny Jiang and we believed (although this could not be confirmed) that Jiang may have provided them to Nine/Fairfax. Mr Preston further noted that the legal team was investigating the privacy breach aspect of the matter, and the need for reporting.

Ms Korsanos and Prof. Horvath noted the relevance and appropriateness of the trend table on page 3 of the report.

The Committee noted the Risk Appetite Dashboard which highlighted the trigger of a number of reporting thresholds against the Board's risk appetite.

Prof. Horvath enquired about the impact from the media reporting to date on the activity and patronage of Crown. Mr Felstead provided an update, overall noting that one major hotel reservation and some minor fluctuation in VIP players had been noted, but overall little in the other aspects of the business. Mr Alexander also noted that two Barangaroo apartment sales had fallen through as a result of the recent media activity.

Prof. Horvath asked whether in light of all the events, the Board should review the recently approved VIP Operating Model in Malaysia. Mr Felstead agreed that a discussion should take place at the next Risk Management Committee meeting later in the week. An updated risk assessment is to be prepared and tabled at the Risk Management Committee meeting.

Mr Preston noted due to the severity of the protest activity in Hong Kong and at times its proximity to our office, that on a number of days staff had been asked to work from home. Management is keeping a close eye on any new developments.

Ms Korsanos referenced the Dinner By Heston (DBH) matter. Mr Barton provided an update on the matter, articulating the exposures, both financial and reputational. Ms Korsanos enquired about the appropriateness of provisions at year end, which Mr Barton noted were adequate.

The Committee noted the report.

**Financial Results; Full
 Year Ending 30 June 2019**

Mr Barton spoke to Agenda Item 5 – Financial Results noting that Star had provided the market with a good expectation of the financial year, and that Crown's results had met consensus, therefore there would be no surprise to the market.

The Committee noted the report.

**Ernst & Young Closing
 Report**

Mr Collins presented the Ernst & Young Closing Report for the full year ending 30 June 2019, which was taken as read.

Mr Collins noted the following from the Closing Report:

- The work on the Crown Melbourne audit was to be taken into the

context of the broader work on the Crown group, and that some work was still progressing on debtor provisions, in particular around the allocation of corporate provisions, if any, to each relevant entity.

- Overall, and despite a small amount of further work to be finalised on the debtor provision, the audit report was quite benign.

Mr Barton noted that there was currently a net deficiency of assets in the Melbourne accounts, mainly due to the entity paying its dividends, which would most likely require the re-capitalisation of the Melbourne loans. Mr Barton noted that this did not impact the solvency position, and Mr Collins noted that this was consistent with prior years.

AASB16 – Accounting for Leases was discussed, noting the difficulty in evaluating the Melbourne leases, but work is underway to ensure compliance with the Accounting Standards. All other leases have been assessed under the new Standard.

The Committee noted the report.

Other Business:

None

Close:

The meeting closed at 10:46am


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Chair



AGENDA ITEM 2:
Matters Arising



AGENDA ITEM 3:
Internal Audit

	Crown Melbourne Audit Committee Agenda Item 3: Internal Audit Activity Report – FY20 November 2019
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1. Audits Completed In Reporting Period

1.1 Overview

The remaining five FY19 Crown Melbourne audits were all completed during the period along with three of the four remaining Group audits. The only outstanding Group audit from FY19 (VIP Operations) is in final draft report stage awaiting management comments.

One FY20 Group audit was also completed during the period, with a further three currently in progress, along with five FY20 Crown Melbourne audits currently in progress.

The tables below include both FY19 and FY20 audits completed during the period.

Internal Audit Report Ratings were as follows:

Type of Activity	Number of Audit Reports Issued	REPORT RATING ¹				
		Excellent	Good	Satisfactory	Improvement Required	Seriously Adverse
Melbourne Internal Audits	5	-	4	1	-	-
Group Internal Audits	4	1	1	2	-	-

3.1

Detail of internal audits completed during the period are as follows:

Audit	Audit Priority	Scope Overview	Report Rating	No. of Issues Raised ²
Melbourne Internal Audits				
ICS – Count Room	High	Test compliance with VCGLR approved Internal Control Statement, ensuring adherence to approved minimum standards and controls.	Good	4 Low
Indoor Air Quality Management Plan	Moderate	Test compliance with Indoor Air Quality Management Plan.	Good	1 Low 1 PIO*
ICS – Revenue Audit	High	Test compliance with VCGLR approved Internal Control Statement, ensuring adherence to approved minimum standards and controls.	Good	4 Low 3 PIO*
Betfair	High	Consider the effectiveness of key controls as identified with Management and compliance with current policies and procedures relating to Betfair processes previously audited.	Good	4 Low 1 PIO*
Crown Resorts Foundation	Moderate	Review the adequacy and effectiveness of controls in relation to Crown Resorts - Foundation.	Satisfactory	1 Mod 3 Low 2 PIO*
Group Internal Audits				

¹ Refer to Appendix 1 for overall report rating definitions

² Refer to Appendix 2 for classification of Internal Audit Findings



Audit	Audit Priority	Scope Overview	Report Rating	No. of Issues Raised ²
Counter Terrorism (FY20)	Critical	Assess the adequacy and effectiveness of controls and processes in place covering counter-terrorism practices (prevention and response) at Crown.	Excellent	3 PIO*
Marketing Promotions (FY19)	High	Consider the effectiveness and transparency of key controls and processes surrounding promotions as they relate to the respective Marketing departments	Good	3 Low 1 PIO*
Social Media (FY19)	High	Review the adequacy and effectiveness of controls for the monitoring of Crown's social media content and usage including compliance with corporate policy.	Satisfactory	1 Mod 4 Low
Crown Rewards – Lifestyle Spend (FY19)	High	Assess the adequacy and effectiveness of controls in ensuring the appropriate issue of membership cards, correct allocation of membership privileges, accurate accumulation of points (lifestyle spend points accrual only), and correct and valid redemption of points.	Satisfactory	2 Mod 6 Low 1 PIO*

*PIO = Process Improvement Opportunity

1.2 Key Internal Audit Findings

There were no key Internal Audit findings (Critical and High) identified during the reporting period.

2. Strategic Internal Audit Plan

2.1 Summary of Progress against Plan

A summary of FY20 Internal Audit Plan progress is as follows:

Type of Activity	Audits Planned*	Audits Completed	Audits in Progress	Audits Scheduled	Audits Cancelled	Audits Consolidated
Melbourne Internal Audits	16	0	5	11	0	1
Group Internal Audits	14	1	3	8	1	1

*Full year Plan

The Melbourne Responsible Service of Alcohol audit has been consolidated to be completed with the Liquor Licensing audit.

The one Group audit that has been cancelled is the Betfair audit which in FY20 was going to focus on AML practices. During the period Betfair advised Internal Audit that this audit was going to be undertaken by an external party at the request of the Crown Board. Betfair subsequently confirmed that no further assurance activities were required from Internal Audit during FY20.

The one Group audit that has been consolidated is the Crown Sydney – Accounts Payable / Project Payments audit. The accounts payable component is covered during the Melbourne accounts payable audit and the project payments/capitalisation of costs was tested by Ernst & Young as part



of the external audit. There may also be some coverage of projects as part of the expanded Procurement audit.

The days allocated to the above cancelled and consolidated Group audits have been moved to the Group Procurement audit with a significant increase in scope and coverage from 30 days to 75 days.

2.2 Detailed Status of the FY20 Plan

The table below details the FY20 Internal Audit Plan and each audit's updated status.

FY20 Internal Audit Plan	Audit Priority	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Melbourne Internal Audits						
ICS – Security Operations	High	Scheduled March 2020				
ICS – Table Games Operations	High	In Progress (Draft Report)				
ICS – Surveillance and Security Communications	High	Scheduled June 2020				
ICS – Cage Operations	High	In Progress (Draft Report)				
ICS – Gaming Equipment	High	In Progress (Fieldwork)				
Liquor Licensing / Responsible Service of Alcohol	High	In Progress (Fieldwork)				
VIP Gaming Area (Mahogany Room) Access and Membership	High	Scheduled January 2020				
Cage and Count Operations	High	Scheduled March 2020				
Accounts Payable	High	Scheduled April 2020				
Payroll	High	Scheduled April 2020				
Responsible Service of Gaming	Critical	Scheduled June 2020				
Responsible Service of Alcohol	Critical	Consolidated into Liquor Licensing	-	-	-	-
Infectious Disease	High	Scheduled February 2020				

3.1



FY20 Internal Audit Plan	Audit Priority	Audit Status	Overall Report Rating	Prior Report Rating	Change	No. Of Issues Raised
Mahogany Room, Teak Room and Private Salons Employee Health Monitoring	High	In Progress (Draft Report)				
Food Safety	Moderate	Scheduled May 2020				
Transport – Aircraft Operations	Critical	Scheduled January 2020				
Group Internal Audits						
International Commission Business Sales	Critical	Scheduled January 2020				
Counter-Terrorism	Critical	Complete	Excellent	N/A	N/A	3 PIO
Compliance Framework	High	In Progress (Draft Report)				
Group Employee Licensing	Critical	Scheduled May 2020				
Anti-Money Laundering	Critical	Scheduled May 2020				
Emergency Management / Disaster Recovery Management	High	Scheduled February 2020				
Hotel Operations (Front Desk)	High	Scheduled January 2020				
Credit Control (Group)	High	Scheduled May 2020				
Health & Safety	High	Scheduled June 2020				
Procurement	High	In Progress (Planning)				
Environmental Reporting	High	Scheduled May 2020				
Credit Card / Expense Claims	High	In Progress (Fieldwork)				
Betfair	High	Cancelled	-	-	-	-
Crown Sydney – Accounts Payable / Project Payments	High	Consolidated into Accounts Payable and Procurement				

3.1



2.3 Additional Audit Activities

No additional audit activities were undertaken during the reporting period.

3. Status of Outstanding Internal Audit Findings

3.1 Crown Melbourne

The table below represents the number of outstanding Crown Melbourne audit findings as at 31 October 2019 and the time lag since the original due date. The total number of these outstanding audit findings has increased from 3 to 9, with 9 new findings added and 3 implemented. Please note the Crown Resorts Foundation and Betfair findings are included in Group tracking, even though the audit was done as part of the Melbourne FY19 Plan.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
Critical	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
Moderate	1	-	1	-	-	1	-	3
Low	2	-	3	-	1	-	-	6
Total	3	-	4	-	1	1	-	9

3.1

The long overdue Moderate finding relates to the transition from Dropbox to ShareFile. IT continues to monitor Dropbox usage rates and will continue to encourage all employees to utilise ShareFile. IT will work with Internal Audit to resolve this matter with ongoing monitoring to be completed by IT who have stated Dropbox will not be fully disabled until all employees have transitioned to ShareFile.

The table below represents the number of outstanding Crown Melbourne Process Improvement Opportunities (PIO) recommendations as at 31 October 2019 and the time lag since the original due date. The total number of these outstanding PIO has increased from 3 to 4, with 4 new PIOs added and 3 implemented.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
PIO	-	-	1	-	2	1	-	4



3.2 Group

The table below represents the number of outstanding Group audit findings as at 31 October 2019 and the time lag since the original due date. Please note that these findings cover Crown Melbourne as well as Crown Perth.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
Critical	-	-	-	-	-	-	-	-
High	3	-	-	-	-	-	-	3
Moderate	5	-	15	-	-	-	-	20
Low	5	-	14	-	-	-	-	19
Total	13	-	29	-	-	-	-	42

The majority of the outstanding items relate to the audits of Crown Rewards Loyalty Program (Non-gaming), Complimentaries and Visa Management. A working group has been established in Perth to address the Employee Licensing findings which include the 'high' rated findings not yet due. The Internal Audit team will, as a priority during the coming period, focus on resolving the outstanding items with the relevant departments, which will include involving senior management where required.

The table below represents the number of outstanding Group PIOs as at 31 October 2019 and the time lag since the original due date.

	Not Yet Due	< 1 Month	1 – 3 Months	4 – 6 Months	7 - 12 Months	13 – 24 Months	> 24 Months	Total
PIO	4	-	3	-	-	-	-	7

4. Additional Matters

The following items are to be completed / considered by Internal Audit Management during FY20:

- Data Analytics training and increased utilisation by the entire audit team;
- Internal and external quality assessment review of the Internal Audit function;
- Creation of an Assurance Map;
- Investigation into ongoing monitoring of Low risk areas; and
- Development of Crown Sydney Internal Audit structure and Plan.



Appendix 1 – Overall Report Rating Definitions

Excellent	Processes and controls are adequate and operating effectively to mitigate key risks. There are no opportunities for improvement.
Good	Processes and controls are adequate and operating effectively to mitigate key risks. There are minor opportunities for improvement in some areas.
Satisfactory	An adequate control framework exists to effectively mitigate key risks. There are opportunities for improvement in some areas.
Improvement Required	Although a control framework exists, a number of issues have been identified which require management attention.
Seriously Adverse	Key control issues have been identified which require immediate senior management attention.



Appendix 2 – Classification of Internal Audit Findings

The following framework for rating Internal Audit findings has been developed according to their likelihood of occurrence and impact on the business. For further detail refer to the Risk Management framework.

Almost Certain No controls in place or controls in place not operating	Moderate (8)	High (15)	High (18)	Critical (22)	Critical (25)
Likely Significant systemic control issues impacting risk mitigation	Low (4)	Moderate (10)	High (17)	High (20)	Critical (24)
Possible Minor systemic control issues	Low (3)	Moderate (9)	High (16)	High (19)	Critical (23)
Unlikely Non-systemic control efficiency and effectiveness issues	Low (2)	Low (6)	Moderate (11)	Moderate (13)	High (21)
Rare One-off and minor control issues	Low (1)	Low (5)	Low (7)	Moderate (12)	Moderate (14)
Likelihood Consequence	Insignificant <ul style="list-style-type: none"> Financial loss <\$1m. Issue of individual/Departmental significance. No adverse external reputational damage. Non-compliance requiring internal reporting only. Minor injury. No impact on culture and staff performance. No loss of staff. No or minimal impact to patrons, <1% segment, <1,000 or <\$4m revenue. No FOH damage. BOH issue managed within existing resources. Loss of key system <2 hours. Event managed through normal activity. Delay to short term strategic objectives. 	Minor <ul style="list-style-type: none"> Financial loss \$1m-5m. Isolated impact on investor confidence. Issue of company/property significance, reported on local radio or localised social media. Perceived or actual non-compliance that may require external reporting. No regulator action. Significant injury requiring medical assistance. Minimal impact of culture and loss of staff. Negative event impacting 1% to 5% or 1,000 to 5,000 patrons of a segment or \$20m revenue. FOH damage isolated, not impacting services. Loss of key system <8 hours Minimal management effort required in single business area. Short term strategy delivery impacted. 	Moderate <ul style="list-style-type: none"> Financial loss \$5m-10m. Some impact on investor confidence. Reported on local media or isolated national media. Temporary impact on integrity of Crown. Breach triggering external reporting or individual civil action. Potential regulatory monitoring. Serious injury requiring hospitalisation. Isolated impact on productivity, turnover and culture. Negative event impacting 5% to 20% or 5,000 to 20,000 patrons of a segment or \$40m revenue. Loss of <3 F&B outlets, <50% one hotel, <10% gaming floor for <24 hours. Loss of critical infrastructure, multiple systems, core infrastructure or key system for <24 hours. Significant management effort required, impacting multiple areas of the business. Short to medium term strategy delivery impacted. 	Major <ul style="list-style-type: none"> Financial loss \$10m-20m. General impact on investor confidence. Sustained reporting by national media. Reduced public perception on Crown integrity. Breach triggering regulator monitoring or intervention or corporate civil action. Relationship with regulator damaged. ASX disclosure made. Permanent disability. Sustained staff turnover. Cultural and performance impact at property. Negative event impacting 20% to 50% or 20,000 to 50,000 patrons of a segment or \$100m revenue. Loss of up to 1 hotel or 50% F&B; or up to 25% of the gaming floor for <48 hours. Loss of critical infrastructure, multiple systems, core infrastructure or key system for <48 hours. CMT/EMT activated. Significant management intervention required, impacting widespread areas of the business. Inability to deliver medium to long term strategy. Ownership change. 	Severe <ul style="list-style-type: none"> Financial loss >\$20m Widespread impact on investor confidence. Sustained reporting by international media. Loss of public confidence in Crown. Breach triggering restriction or loss of gaming/liquor licenses, class action or criminal sanctions. Permanent damage to relationship with regulator. ASX disclosure made. Fatality. Sustained high level of turnover. Cultural and performance impact across properties. Negative event impacting over 50% or 50,000 of a segment type or \$100m revenue Loss of >25% of the gaming floor; or >50% F&B or 1 hotel for >48 hours. Irrecoverable data loss. Loss of key/multiple systems or core infrastructure for >48 hours. Event with potential to lead to the collapse of the business. Threatens long term viability of the business. Change in ownership.

3.1

STATUS OF INTERNAL AUDIT RECOMMENDATIONS - CROWN MELBOURNE AUDITS

As at 11/11/2019

Audit	Date Added	Audit Finding Title	Audit Finding Rating	Agreed Management Action	Responsibility	Status Details	Current Status	Original Due Date	Revised Due Date
Contracts (ICS)	11-Sep-19	Incomplete Controlled Contracts Register and Deeds Register	Moderate	Compliance and Legal should work with Security, Surveillance and Gaming to ensure Crown has a complete list of all controlled contracts in both the Contracts Register and Deeds Register. The updated Registers must include all contract details including execution dates. The Contracts Register should also detail if an entity is a potential supplier. a) Compliance will include as much information pertaining to Controlled Contracts in its Contracts Register as possible, including where a formal contract has not yet been executed (or only via purchase orders). Compliance will work closer with Legal and the relevant business units to ensure the information in the Contracts Register and Deeds Register is accurate and analogous. It is noted that some contracts may be out of date and therefore only limited information is able to be ascertained from either Compliance's Contract Register or Legal's Deeds Register. b) Legal notes the findings and will, in conjunction with Compliance, work with Security, Surveillance and Gaming to ensure there is a complete list of all controlled contracts in the Compliance Contracts Register and in Legal's Deeds Register. c) Legal notes it is not always involved in the drafting of, or has not necessarily in the past, been provided with copies of finalized contracts, whether controlled or otherwise.	Jan Williamson (LEGAL), Peter Pagouris (Compliance)	November 2019 - Jan Williamson 1. Meeting held with Security, Surveillance and Gaming. Compliance has since worked closely with Legal, ensuring that new or varied controlled contracts have the required paperwork (entity form, organisational structure and F2Work) completed in advance of execution. The Standard Operating Procedures (due to be completed by 31/12/19) will include this process. 2. Compliance is currently working with Security, Surveillance and Gaming to update the controlled contracts register which will be provided to Legal. 3. Compliance will then work with Legal to cross-check the Deeds Register against the Controlled Contracts register.	Overdue	30-Sep-19	31-Dec-19
		Incomplete re-assessment of controlled entities	Low	Compliance should continue to liaise with the control entity to ensure the reassessment is completed in a timely manner. As stated in the SOPs, if the entity fails the requirements, the contract will be treated as having been objected to and will be rescinded as soon as is practicable. The VCGLR will also need to be advised of any such instances. a) Compliance will make clear in the Contracts SOPs that staff who already hold either a casino licence or a valid Crown ID will not be required to complete additional probity checks (i.e. only contractors/employees of the entity required to work on-site at Crown who do not hold either a casino licence/Crown ID). b) Compliance will create a form that covers the above five points to send to relevant entities to update their details and report material changes (including variation to contract terms) to Compliance every five years so that there is no need to complete an entire re-assessment of those entities. This will also be made clear in the Contracts SOPs. c) Compliance will initiate a Compliance Alert to review entities every five years as they fall due.	Peter Pagouris (Compliance)		In Progress	31-Dec-19	
		Out of date Standard Operating Procedures or contracts	Moderate	The current SOPs should be reviewed and updated to ensure compliance with the VCGLR approved ICS and in line with current practices. Assessment and re-assessment procedures that are operationally more efficient should be included in the updated document. The relevant business groups should be consulted to ensure all related parties are in agreement with the SOPs and the VCGLR will need to be notified of the changes to the SOPs. a) Compliance will update the Contracts SOPs extensively to cover the findings noted above. Compliance will work with the business units to ensure that early scoping is completed and in advance of contract execution. Execution should not occur until the Controlled Contract process is completed and the entity understands their requirements around Crown's Controlled Contract obligations - including the consequences of failing to comply with Crown's instructions, which may result in the repudiation of the contract and termination of the arrangement by Crown. b) The business unit should work with Compliance to ensure all paperwork is returned by the stipulated deadline. Additionally, a CURA question will be added for the relevant business units to the effect: "Have you altered any material terms or conditions of any contracts you manage?"	Peter Pagouris (Compliance)		In Progress	31-Dec-19	
Indoor Air Quality Management Plan - Property Services	11-Sep-19	Re-testing of IAQ parameters not performed	Low	We recommend the following: a) Going forward, Property Services should have Crown locations re-tested as soon as is practicable if issues arise during AMS sampling. In the event of future voided testing, Crown will reschedule as soon as practicable rather than waiting for the next scheduled test period.	Jeremy Sampson (Capital Works Manager)		In Progress	31-Dec-19	
Mobile Devices	11-Sep-19	Update schedule of Crown owned mobile devices	Low	In email Audit recommends the following: • The listing should be reviewed by Crown IT and updated to ensure all information included in the schedule is accurate and up to date; and • Crown IT should look at the feasibility of implementing a tentative schedule with an audit trail to ensure any changes made to the schedule can be tracked ensuring the accountability of mobile devices.	Jade Knox (Information Technology)	May 2019 Crown IT has updated the spreadsheet and will ensure all relevant information is captured for new issued devices. Crown IT will implement an alternative schedule with an audit trail to ensure any changes made to the schedule can be tracked ensuring the accountability of mobile devices once the new Policy is finalised. IT will most likely utilise Peoplesoft as a tracking mechanism. July 2019 No comment received.	Overdue	31-Mar-19	

3.2

Audit	Date Added	Audit Finding Title	Audit Finding Rating	Agreed Management Action	Responsibility	Status Details	Current Status	Original Due Date	Revised Due Date
Privacy Legislation	11-Sep-19	Dropbox	Moderate	With the launch and rollout of ShareFile, current Drop Box access (a personal cloud storage service (sometimes referred to as an online backup service) that is frequently used for file sharing and collaboration. Dropbox allows users with access to drop documents into the account and access them remotely, or permit access to an individual with the Dropbox credentials, essentially bypassing Crown Melbourne's remote access process) users be migrated to ShareFile (and remote access requested, as required) and Dropbox access from Crown Melbourne disabled.	Craig Preston (Corporate IT Governance)	<p>November 2018 Crown Melbourne employees are being transitioned from Drop Box to ShareFile. Employees are advised to transition to ShareFile as they appear on the Dropbox user list which is generated on a monthly basis. 231 employees used Dropbox during October 2018. Crown IT have stated this process requires business executive decision to block Dropbox access for employees. Crown IT will continue to highlight the risk to the business and transition employees to ShareFile with a long term view of disabling Dropbox.</p> <p>May 2019 Crown Melbourne employees have been transitioned from Drop Box to ShareFile. Dropbox will remain active as some information is maintained on dropbox. Crown IT have stated business executive decision is required to block Dropbox access for all employees, until this decision is made Dropbox will remain active. Crown IT will continue to highlight the risk to the business and transition employees to ShareFile with a long term view of disabling Dropbox.</p> <p>July 2019 Dropbox is still open, IT will take direction from Internal Audit on next steps for this risk. ShareFile is available for staff to securely transfer/receive files to and from external parties. IT Audit will conduct a review in August to compare ShareFile Dropbox users.</p> <p>October 2019 A list of Dropbox users was provided to Internal Audit to review and to make recommendations. Post review IT will work with Internal Audit to facilitate.</p>	Overdue	31-Dec-17	
Revenue Audit ICS	11-Sep-19	Incomplete Standard Operating Procedures	Low	We recommend that management update the SOPs to resolve all issues identified by Internal Audit. Management should also perform their own review to ensure all procedures are captured accurately and completely. Agreed to update the SOPs to resolve the issues identified above.	Edwin Aquino (Revenue Audit)	There are changes currently done in the ICS. Will address this recommendation after ICS is finalised.	Overdue	30-Sep-19	
		Out of date Gaming System Audit - Daily Checklist	Low	Agreed to align the CS references of the Daily Checklist after the amendments in the SOP and CS are done.	Edwin Aquino (Revenue Audit)	Pending finalisation of the ICS by Compliance.	Overdue	30-Sep-19	
		Restriction of Access to the Voucher Room	Low	We recommend that access is removed for the above employees. Additionally, swipe access should be reviewed regularly to ensure access is appropriately restricted. Request to remove access of the above employees have been forwarded to Surveillance.	Edwin Aquino (Revenue Audit)	Request to remove swipe access submitted to Surveillance Access Control in July 2019. Will follow up.	Overdue	30-Sep-19	



AGENDA ITEM 4:
Material Risk Update: August – October 2019



Crown Melbourne Limited

Material Risk Update: 13 November 2019

This Material Risk Update reports on the 'critical' and selected 'high' risks in the updated Crown Melbourne Risk Profile (depicted as "material risks" in the Crown Melbourne Risk Map set out on page 5 of this update).

Executive Summary

Since the last update in July 2019, a number of key internal and external events have materialised which have the potential to impact the overall Risk Profile of the organisation, and particularly its material risk exposures. At this stage, none of these events require changes to Crown's Risk Profile.

The key events that have taken place over the period include:










- The proposed further acquisition by Melco Resorts & Entertainment Limited (Melco) of part of CPH Crown Holdings Pty Limited's shares of Crown is on hold pending NSW regulatory review and approval. This review will be part of the ILGA inquiry.
- The CBA has provided formal notice that it will be closing the SouthBank Investment and Riverbank Investment accounts.
- Trading conditions continue to present some challenges, particularly in the VIP space, where at present forecast is \$10M below budget.
- The main CML United Voice EA 2016 and the CML Property Services and Technicians EA 2015, which nominally expired on 1/7/19 and 30/6/19 respectively, are currently under negotiation. Following a protected action ballot authorising certain actions to be taken in relation to the new main EA, Crown was notified of the intention to hold 2 hour stoppages on 1/11/19 and 2/11/19 (the Melbourne Cup weekend). These actions were, however, cancelled following a settlement for the new agreement being reached on 1/11/19. A wage settlement for the proposed new Property Services agreement has also been endorsed by the unions; discussions with the non-union bargaining representative are continuing. Protected action ballots have authorised certain actions to be taken by the union represented employees for that agreement, but no action has been notified, and is not expected to be taken at this stage.
- On 19 September 2019, the *Currency (Restrictions on the Use of Cash) Bill* was introduced into Parliament and, based on the explanatory material, it is expected that exemptions will be created for certain payments that are subject to reporting obligations under the AML/CTF Act (including for designated services within the casino) within the rules made by the Treasurer and it is expected that casinos will be exempt from the scope of the cash payment limit.
- As a result of the allegations (**Allegations**), various investigations and inquiries have been commenced involving VCGLR, VCGLR Inspectorate, ILGA and ACLEI. Whilst not technically related to the allegations, AUSTRAC has commenced an assessment on Crown Melbourne's AML/CTF program (see below).

- Mr Wilkie has made fresh allegations of corruption between the Victorian Police, the VCGLR and Crown, which have been sent to IBAC for investigation, as well as made public whistle-blower information from alleged VCGLR inspectors and a Crown limousine driver alleging money laundering, drugs, sexual abuse and violence against women. No further action for Crown has resulted from these allegations at this time.
- The VCGLR's s 25 Report contains 20 Recommendations, which Crown has accepted and is currently working through internally and is engaging with the VCGLR on. To date, 15 of the 20 Recommendations have been responded to by Crown, with the other 5 not yet due.
- The issues with Dinner by Heston Blumenthal are still pending and discussions between the parties continue. The outstanding debt is now sitting at \$3.9M plus \$750k in working capital loan
- To ensure Crown is complying with its payroll and enterprise agreement obligations to its staff, a comprehensive external review is being undertaken by external experts across Perth and Melbourne.
- Crown Melbourne has responded to a s167 request from AUSTRAC in relation to its industry wide review of Junkets.
- Crown Melbourne has received two s167 Notices from AUSTRAC as part of an Assessment of its AML/CTF Program with a specific focus on High Risk and PEP patrons.
- The VCGLR has referred to the Commission, for consideration, its investigation into an electronic gaming machine which the VCGLR alleges was operating in 'Unrestricted Mode', without Your Play functionality activated.
- As a result of Allegations, the VCGLR wrote to Crown Melbourne on 23 September 2019, providing notice of its intention to continue its investigation into the China Matter as a result of information reported in the media on or around 27 July 2019. 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 Melbourne received a show cause notice from the Melbourne City Council (**MCC**) relating to combustible cladding on the Metropol Hotel (dated 11 April 2019). In response, Crown submitted a report by fire engineers, DNT Engineering Services, on 12 September 2019. The report proposes rectification works to remove the cladding in high risk locations, whilst cladding in low risk areas will remain. The estimated cost of the proposed works is in the vicinity of \$3m, however should the MCC reject Crown's proposal and require all of the cladding be required to be removed and replaced, the estimated cost is approximately \$5m. As yet, Crown has not received a response to its submission and therefore do not have any indication of required timing of rectification works.

It is expected that similar show cause notices could be received with respect to the Promenade Hotel and the Main Complex Podium in due cause. Crown is undertaking in a proactive manner sample testing works of Promenade cladding to determine compliance and have appointed DNT Engineering Services to prepare a similar report for that hotel. Core sampling and combustibility testing of all different cladding material around the Main Complex Podium is also being undertaken.

Once a full picture of the cladding issue through Crown Melbourne is known, a work plan including timing and capital funding required will be prepared for consideration.

Below is a table summarising trends for each material risk. Please note that the change in trends as detailed below have not resulted in any variation to the Risk Map rating.

MATERIAL RISKS	CURRENT TREND
1. Legislative / Regulatory Changes	<i>Unchanged</i> 
2. Volatility of Premium Gaming	<i>Unchanged</i> 
3. Act of Terrorism on Property	<i>Unchanged</i> 
4. Major Reputational Damage	<i>Unchanged</i> 
5. Litigation	<i>Unchanged</i> 
6. Poor Credit and Investment Decision	<i>Unchanged</i> 
7. Material Breaches of Gaming and other Relevant Legislation/ Regulations	<i>Unchanged</i> 
8. Data Misuse	<i>Unchanged</i> 
9. Breakdown in relationships with key government, legislative or regulatory bodies	<i>Unchanged</i> 

Risk Appetite Dashboard

Category	Quantitative Metrics – RMC Reporting Triggers		New reportable Events	Ref
Financial	Outside normal trading EBITDA losses (per event), and/or adverse to the current (normalised) forecast	>\$10M	Yes	Page 1: VIP volumes
Brand / Reputation	Internal event creating a sustained share price loss	>5%	N/A	
	Sustained negative national or international media coverage	Any event	Yes	Page1/8: Media
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 RSG issues including adverse media	Any event	No	
	Integrity of liquor licences	Any loss of licence and/or points	No	
People	Significant notifiable incidents under the Occupational Health and Safety Act	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	No	
	Imminent industrial action	Any event	Yes	Page 1: EA
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	No	
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	No	
	Unplanned loss of non-gaming front of house facilities in one property	> 1 hotel or 50% F&B > 24hrs	No	
Strategy / Business Sustainability	Critical event requiring mobilisation of resources and CMT/EMT activation	Any event	No	
	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	

Crown Melbourne Corporate Risk Map - October 2019

		<i>Material Risks</i>				
Likelihood	Almost certain					
	Likely		16- Harm to persons on property		14 - Major reputational damage	
	Possible		9 - Loss of key management 15 - Poor people management practices	6 - External disruption to demand for our services 7 - Physical Business Disruption 8 - IT business disruption 11 - Litigation 12 - Major criminal activities 13 - Ineffective responsible service of gaming (RSG) 18 - Industrial action 23 - Failure in responsible service of alcohol (RSA)	1 - Material breach of gaming and other relevant legislation /regulation 2 - Changes in key legislation or regulatory requirements 5 - Poor credit or investment decision 21 - Data misuse 22- Breakdown in relationship with key government, legislative or regulatory body	3 - Act of terrorism on Crown property 4 - Volatility of gaming revenue
	Unlikely		17 - Breakdown in strategic partnership with third party 19 - Unsustainable environmental management and ethical standards	10 - Reduction in property standards		
	Rare					20 - Aviation accident
		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

1. LEGISLATIVE / REGULATORY CHANGES

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

Examples of changes include, but are not limited to:

- *Increases in tax or additional levies and taxes*
- *Changes to restrictions (where applicable) on the number, type, speed and location of gaming machines*
- *Changes to mandatory minimum "return to player" on gaming machines*
- *Changes to approved table games and approved rules of the games (where applicable)*
- *Changes to restrictions on advertising and marketing, including online advertising (where applicable)*
- *Changes in laws or changes in interpretation of laws dealing with promotion of gambling in foreign countries*
- *Visa restrictions (where applicable)*
- *Changes to online wagering regulations, affecting product offering (including exchange betting)*
- *Changes to pre-commitment system*
- *Changes to smoking exemptions*

CROWN MELBOURNE

Black Economy Taskforce - \$10,000 cash transaction limit

TREND: Improved 

On 19 September 2019, the Currency (Restrictions on the Use of Cash) Bill was introduced into Parliament and, based on the explanatory material, it is expected that exemptions will be created for certain payments that are subject to reporting obligations under the AML/CTF Act (including for designated services within the casino) within the rules made by the Treasurer and it is expected that casinos will be exempt from the scope of the cash payment limit.

POTENTIAL IMPACT TO CROWN:

The gaming regulations in Victoria only allow the Casino to accept cash as a form of payment for gambling by patrons. It is common for Junkets and VIP/premium players (as well as casual patrons on occasion) at times to bring materially larger amounts of cash to play at Crown. Should the exemption not be provided, this will no longer be possible.

CURRENT ACTION PLAN:

Continue engagement with Government and regulators to reach an acceptable position.

Anti-Money Laundering / Counter-Terrorism Financing (AML / CTF)

TREND: Unchanged 

The Financial Action Task Force (FATF) should visit Australia at the end of Q1, beginning of Q2 FY20 to complete an assessment of Australia's compliance with international AML standards. We should expect that FATF's review will have flow on effects.

Crown has responded to all of AUSTRAC's requests for information regarding AUSTRAC's casino industry wide Risk Assessment of junkets.

Crown has also received s167 Notices regarding an assessment of its AML/CTF Program, with a focus on High Risk Customers and PEPs.

Section 25 Licence and Operator Review

TREND: Unchanged 

Crown is working with the VCGLR to address each of the 20 recommendations. Fifteen recommendations have been responded to by Crown within the agreed timelines. We are providing additional information where requested and awaiting the VCGLR's feedback to Crown's responses.

POTENTIAL IMPACT TO CROWN:

Reputational damage and media coverage of any new issues arising from the resolution of the matters.

CURRENT ACTION PLAN:


Crown is working through the recommendations internally and engaging with the VCGLR on the progress of the recommendations.

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. Sustained deviations, particularly negative, challenges the financial reporting model and the ongoing performance of the business.

CROWN MELBOURNE

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. Overall turnover is lower than the same period last year.

Turnover in other jurisdiction has also been impacted. In Q1/19 Macau saw a net 4.1% drop in accumulated gross revenue, and a 17.1% VIP baccarat gross gaming revenue drop in Q1/F19, year on year.

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

CROWN MELBOURNE	December 2017	June 2018	December 2018	June 2019	September 2019
YTD International and Interstate Turnover (\$b)	19.5	43.8	15.4	32.7	5.0 (Budget 8.9)
Win Rate (%)	1.21	1.29	0.99	1.39	2.96 (Budget 1.40)

POTENTIAL IMPACT TO CROWN:

Increased deviation between theoretical and actual win rates has the potential to impact overall business performance. Turnover for Melbourne is 44% under budget (or \$3.9b), and \$5.2b under the same prior period, but win rate is materially over budget and more than 3 times higher than the same prior period (2.96% vs 0.84%).

CURRENT ACTION PLAN:

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

3. ACT OF TERRORISM ON PROPERTY

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

CROWN MELBOURNE

TREND: **Unchanged** 

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 PSO's and currently rests with her for consideration and decision.

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

There has been 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, including:

- *inappropriate associations*
- *inappropriate conduct*
- *breach of confidentiality*
- *adverse media attention*

CROWN MELBOURNE

LEGALLY PRIVILEGED - Allegations by Mr Andrew Wilkie MP

TREND: *Unchanged* 

Following repeat allegations made on Wednesday 24 July 2019, Mr Wilkie made additional claims using VCGLR inspectors and a Crown limousine driver as whistle-blowers. This is in the context of an ongoing Nine News 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 work on 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, 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 with Crown.

To date the ATO, AUSTRAC, the VCGLR, ACLEI and ILGA have all announced, begun or completed reviews into, or related to, the allegations formulated in the media.

The CEO of AUSTRAC has made public announcement regarding Crown's compliance with its obligations. The Border Force have denied Crown receiving any preferential treatment beyond that of other large organisations, and has stated that their processes were followed. The ACLEI investigation is underway, with the proposed public hearing delayed until early 2020.

The most exhaustive review will be an inquiry undertaken by ILGA, in the form of a royal-commission type review. Crown is currently providing documents following multiple summonses and notices to produce information and documents.

POTENTIAL IMPACT TO CROWN:

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

CURRENT ACTION PLAN:

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

5. LITIGATION

Crown is exposed to potential material litigation by:

- *Employees*
- *Customers*
- *Regulators*
- *Shareholders including potential class action as a result of not properly correcting the market regarding consensus forecast performance*
- *Other third parties particularly gaming related litigation.*

To the extent that material litigation is not covered by insurance, an adverse outcome or cost of responding to potential or actual litigation may have an adverse impact on the performance of Crown.

CROWN MELBOURNE

TREND: *Unchanged*



Significant legal matters have been reported to the Crown Melbourne Board throughout the reporting period via litigation updates in the CEO's Report.

6. POOR CREDIT AND INVESTMENT DECISION

Crown is exposed to the risk of default by customers across its affiliate businesses, resulting in financial loss.

CROWN MELBOURNE

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

CROWN MELBOURNE	30 Jun 17 \$m	31 Dec 17 \$m	30 Jun 18 \$m	31 Dec 18 \$m	30 Jun 19 \$m	30 Sep 19 \$m
Gross debtors balance (net of safekeeping)	293.0	319.9	272.8	264.8	64.0	74.5
Provision for doubtful debts	(171.6)	(183.1)	(202.0)	(215.0)	(18.9)	(17.5)
Provision as a % of gaming debtors	58.6%	57.2%	74.0%	81.1%	29.5%	23.5%
Net debtors balance	121.4	136.8	70.7	49.8	45.1	57.0

POTENTIAL IMPACT TO CROWN

The 30 June 2019 balance was materially updated through the accounting write-off of older bad debt. Variance over the first quarter of F19 is consistent with activity. 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 remain an issue.

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

Crown and its affiliate businesses operate in a highly regulated industry. 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) may adversely impact Crown's reputation and performance via the imposition of financial and non-financial penalties including the potential loss of operating licences, prosecution, litigation, and arrest/detention of employees and contractors.

CROWN MELBOURNE

EGM Continuous Play

TREND: *Unchanged* 

This matter has been referred to the Commission for its consideration.

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.

Bad debt write-off

TREND: *NEW* 

The 30 June 2019 financial accounts includes approximately \$200M of accounting bad debt write-off the bad debts have been written off from an accounting perspective, not a regulatory one, which means that they remain in the gaming system and should the patrons come back to Crown, we can ask for payments of outstanding debts.

In the Q1 GST declaration, a manual error was made and some of the entries were reversed. The VCGLR questioned the declaration and pointed out the error, which was corrected in the ATO declaration in time.

POTENTIAL IMPACT TO CROWN:

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

CURRENT ACTION PLAN:

Crown has adjusted the declaration to rectify the error. Crown has also reviewed its processes to ensure an additional layer of oversight is in place.

8. DATA MISUSE

Sensitive information may be leaked or sold to external parties adversely impacting Crown's reputation. In the case of sensitive customer information visitation may be affected, adversely impacting Crown's performance.

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.

Unauthorised and inappropriate disclosure of sensitive information can result in adverse reputational, financial and regulatory implications.

CROWN MELBOURNE

TREND: *Unchanged* 


Crown has assessed the issue in relation to the 60 Minutes Report, which alleged that the 60 Minutes program, The Age and the SMH (the media) had a large number of Crown documents. The source of the information and the nature of the information was not possible to ascertain, but Crown IT has scanned its infrastructure to ensure it was neither recent nor ongoing. While unconfirmed, the source may have been the former Crown employee who spoke to the 60 Minutes program. Crown determined that this was not a notifiable breach, as assuming the media has some patron details, it is unlikely that they would release or misuse patron information.

No new matters since the last report in July 2019.

9. BREAKDOWN IN RELATIONSHIPS WITH KEY GOVERNMENT, LEGISLATIVE OR REGULATORY BODIES

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 that could materially affect Crown's operations and reputation.

CROWN MELBOURNE

TREND: *Unchanged* 

Crown Melbourne's key government, legislative and regulatory bodies include the VCGLR, VRGF, AUSTRAC, ATO, and Law Enforcement agencies.

Crown's work stream with the VCGLR is considerable taking into account the recommendations from the s25 Review and other matters that the VCGLR is formalising which is a shift in how such matters have historically been dealt with which is presenting some challenges internally.

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.

The media allegations have also resulted in significant regulatory oversight and investigation from a range of state and federal agencies.

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.



AGENDA ITEM 5:
Corporate Risk Profile Review



Crown Melbourne Limited

To: Audit Committee

From: Anne Siegers

Date: 13 November 2019

Subject: **Annual Review of Corporate Risk Profile**

Dear Committee Members,

Although the material risks to the organisation are continuously reviewed through the events that take place and the decisions that are made on an ongoing basis, it is a healthy exercise to dedicate some time to the Corporate Risk Profile as a stand alone document.

In this respect, the Annual Review of the Crown Melbourne Limited Corporate Risk Profile has now been completed, a copy of which is attached as Annexure 1.

Corporate Risk Profile Review Process

A number of steps were undertaken as part of the review of the Corporate Risk Profile.

The Annual Review included a formal comparison between the Crown Resorts, Crown Perth and Crown Melbourne risk profiles, as well as an alignment of ratings with the new tools and methodology now used by the Risk team. In the past 12 months, a number of risk profiles have been created below the Corporate Risk Profile to capture risks across the key operational areas of the organisation and ensure an effective 'top-down / bottom-up' risk identification process is in place. Not all (new) business unit risk profiles are in place at this stage, but we anticipate that they will be in the next 12 months.

All Risk Profiles are now in alignment with the approved Board Risk Appetite and associated Risk Matrix. A copy of the Crown Melbourne Corporate Risk Map is attached at Annexure 2.

Other sources of information have also been considered in carrying out the Annual Review to assess whether there are any apparent emerging or other relevant risks that need to be taken into account by Crown.

In this respect, the 2019 Global Risk Report from the World Economic Forum was considered (see Annexure 3 for summary material of risks and analysis of alignment with the Crown Melbourne Corporate Risk Profile). The main risks identified in the Global Risk Report relate to climate change events, acts of terrorism, cyber attacks and fraud. All of these risk are captured in the proposed Crown Melbourne Corporate Risk Profile.

Other reports such as APRA's report on the CBA, and the Banking Royal Commission's findings into the effectiveness and failures of risk management have also been considered in this Annual Review.

The process of considering external sources of risk identification allows the input of external ideas, providing greater assurance that material risk areas are not missing from Crown's risk landscape.

Finally, the proposed updated Corporate Risk Profile was presented to the ERCC members for discussion and approval.

Proposed Changes to Risk Titles

There are no proposed changes of Risk Titles.

Proposed Changes to Risk Definitions and Controls

A number of proposed adjustments to definitions, causes, consequences and controls are proposed which are highlighted in tracked form for your ease of identification in Annexure 1.

Proposed Changes to Risk Ratings

There are no proposed changes of Risk Ratings.

Recommendation

The Audit Committee endorse the updated version of the Corporate Risk Profile.

Yours sincerely



Anne Siegers
Group General Manager – Risk & Audit

Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Residual				Action	
					Consequence	Likelihood	Rating		Category	Consequence	Likelihood	Rating		Strategy
1	Material breach of gaming and other relevant legislation / regulations	Systemic and / or material breaches of legislative and other relevant regulatory requirements (including Privacy legislation Retail Tenancies legislation Consumer and Competition legislation Tobacco legislation Customs Legislation / Regulations) - adversely impacting Crown Melbourne's reputation and performance via the imposition of fines and penalties and / or prosecution and arrest / detention of employees and contractors -	<ul style="list-style-type: none"> - Loss of data: PCIDSS breach Privacy breach - Change to any element of casino operations without regulatory approval - Poorly designed processes (not compliant) - Inadequate training of staff - Human error - Malicious action by staff or related party 	<ul style="list-style-type: none"> - Potential loss of Regulator Confidence or regulatory intervention - Financial and other penalties - Reputational damage - Health & Safety concerns - Revocation or Suspension of Liquor Licence/ imposition of Demerit Points - Up to 5% (57m) impact on projected Table Games annual contribution - Poss ble legal action for civil damages - Poss ble adverse publicity - Criminal prosecution: Officer Imprisonment 	Severe (5)	Likely (4)	Critical	<ul style="list-style-type: none"> - Adherence to and awareness of relevant legislative / regulatory policy including development of compliant processes and guidelines training of relevant employees / contractors where applicable - Legal & Regulatory Compliance Program including gaming audits and oversight by Board and management committees - Employee / contractor / supplier probity checks and performance monitoring - Management monitoring and Investigation of Disciplinary Actions issued by the regulators (including VCGLR) and where applicable the determination of remedial action to reduce future exposure - Ongoing / periodic internal compliance / review processes - Obtaining expert legal advice in foreign jurisdictions - Dedicated Gaming Integrity Manager to table games - Privacy program: including Privacy Policy Privacy Compliance Program Privacy compliance guide dedicated Privacy manager - Crown IT management software licence practices (in conjunction with Procurement Legal & Regulatory Services) - Vetting of proposed advertising programs collateral initiatives new table games and trade marks by Legal & Regulatory Services (and relevant gaming mangement where appropriate) - Monitoring of customer satisfaction and complaints for issues and trends - PCIDSS compliance program including regular external compliance assessments 	Compliance/regulatory	Major (4)	Possible (3)	High	Reduce	<ul style="list-style-type: none"> - External provider (Trustwave) to implement PCIDSS strategy across Crown Melbourne and Crown Perth (within a minimum 5 year timeframe) - Target completion for PCIDSS compliance is September 2019 May 2020 - Complete the implementation of compliance program including CURA surveys
2	Changes in key legislation or regulatory requirements	<ul style="list-style-type: none"> - Changes to legislation regulations or Federal / State Government policy covering Crown Melbourne's operations including the conduct of and access to gaming have the potential to adversely impact performance including: <ul style="list-style-type: none"> - Changes to restrictions on the number type speed and location of gaming machines; - Changes to mandatory minimum "returns to player" on gaming machines; - Changes to approved table games and approved rules of the games; - Changes to restrictions on advertising and marketing; - Automatic Te ler Machine (ATM) restrictions / removals; - Increases in tax or additional levies and taxes; - State Government commitment to review Crown Melbourne "exemptions"; - Approval of new gaming products (Responsible Gaming Council of Victoria). - Imposition of further or more restrictive mandatory pre-commitment systems and the potential impact on revenue and the operation of Crown Melbourne's business. - Loss of State Government approved smoking exemptions permitting designated "high roller" smoking areas within the casino complex; and - Restrictions to areas where smoking is currently permitted 	<ul style="list-style-type: none"> - Crown failing in meeting its current exemption requirements - Change in political landscape - Change in competitive landscape - Influence by third party union interest group - International event impacting domestic landscape - Black economy report and \$ 0'000 cash limits 	<ul style="list-style-type: none"> - Poss ble loss of smoking exemptions covering Teak Room and VIP Slots requiring reconfiguration of rooms to create smoking terraces and / or migration of patrons to the Mahogany Room. - Reduced patronage due to a decrease in the frequency and / or duration of patron visits loss of some regular smoking patrons and resultant decrease in gaming revenue and associated on-spend 	Major (4)	Likely (4)	High	<ul style="list-style-type: none"> - Engagement and lobbying; ongoing communication and engagement with Government Regulators and other stakeholders (e.g. union employees). - Maintenance and positive promotion of Crown Melbourne corporate profile and its Responsible Service of Gaming initiatives - Smoking monitoring framework including Executive Committee (ETMAC) responsible for the monitoring and consideration of all matters related to the management of Environmental Tobacco Smoke Escalation process for the management of air quality complaints and Air Quality Plan and maintenance regime - Adherence to and awareness of relevant legislative / regulatory policy including compliance framework (including legal requirements register) training of relevant employees / contractors where applicable and training of relevant employees in Responsible Service of Gaming best practice and enforcement of VCGLR approved Responsible Gambling Code of Conduct. 	Compliance / regulatory	Major (4)	Possible (3)	High	Monitor	



Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Residual			Action		
					Consequence	Likelihood	Rating		Category	Consequence	Likelihood		Rating	Strategy
3	Act of Terrorism on Crown property	The calculated use of violence (or the threat of violence) against employees and / or customers in order to attain goals of a political, religious or ideological nature. While the nature and extent of any act may be varied and hence difficult to define, it is not limited to the following:	External motivation including from staff	<ul style="list-style-type: none"> Operations disrupted including likely evacuation and closure of casino complex and resultant loss of revenue (e.g. gaming, food & beverage, tenancy revenue) Significant impact on employee morale Isolated or multiple serious injuries and / or fatalities; National and potentially international media coverage; 	Severe (5)	Likely (H)	Critical	<ul style="list-style-type: none"> Maintenance of close and productive relationships with key law enforcement agencies and other authorities including senior law enforcement officials at State and Federal levels. ASIO and other Government agencies to ensure timely advice regarding intelligence impacting Crown Melbourne Extensive focus on security operations and procedures including training risk assessment prior to functions or events Emergency and specific terrorism management response framework including Emergency, Crisis and Business continuity management planning and testing, Terrorism Risk Management Plan, Emergency messaging system (Athoc), Department procedures and training including weekly training exercises for Security / Surveillance operatives and online training for all Crown Melbourne employees regarding response to a terror event. Monitoring and surveillance of casino operations and surrounds Controlled and restricted access to sensitive areas of the casino complex including the identification of critical infrastructure locations and security vulnerabilities appropriately addressed including Back of House entry / exit points, integration of alarms and cameras, installation of biometric locks, acquisition of IT track contractor management system. Employee / contractor / supplier (gaming related) probity checks and performance monitoring Ongoing / periodic external review processes covering Essential Services, Maintenance, Evacuation / Disaster Planning Employee communication strategy regarding Back of House security measures and awareness Extensive engagement with relevant external stakeholders including: <ul style="list-style-type: none"> Monitoring of the National Terrorism Threat Advisory System and Australia's current National Terrorism Threat Level in order to appropriately respond to such change as required Participation in Victoria Police 'Places of Mass Gathering' Forum to benchmark Crown Melbourne's security measures against best practice 	Infrastructure / People	Severe (5)	Possible (S)	Critical	Monitor	Looking to introduce PSD (armed security - Police employees) on site - work underway to have Crown classified as 'designated site'. This should assist in creating more deterrent controls as well as decrease response times in case of an event.
4	Volatility of gaming revenue	Short term deviations from theoretical win rates applicable to Premium Gaming business have the potential to impact performance. Changes to the terms and conditions of Premium Gaming business play increase exposure.	<ul style="list-style-type: none"> Luck Loss of volume increasing impact of winning outcomes due to: International trading conditions and pressures (ex China-US relations) Restrictions by other jurisdictions on movements of funds Digital gaming or new entrants channelling part of the gaming revenue out of Crown 	Offering a higher differential will increase volatility in the short term (intra visit). Over the long term revenue will normalise to the theoretical mean (1.35% of turnover).	Severe (5)	Highly likely (S)	Critical	<ul style="list-style-type: none"> Financial budgeting and forecasting Annual strategic planning and business planning processes including monitoring and review of Premium Gaming strategy (e.g. maximum bet limits, structuring of table limits to achieve an appropriate balance between potential volatility of win rates, customer satisfaction and commission payable and customer programs) Management monitoring of financial performance and trends External results reported on Theoretical win-rates streamline the impact of material deviations and provisioning levels assist in absorbing short term deviations. 	Financial	Severe (5)	Possible (L)	Critical	Monitor	
5	Poor credit or investment decisions	<ul style="list-style-type: none"> Risk of default by Premium Gaming customers resulting in financial loss. Non-payment of debts particularly in light of exposure to domestic / international corporate market (e.g. Conferencing) Loss of tenancy revenue from a single / small number of tenants (due to loss of base / turnover rent in excess of three month bank guarantee). Foreign currency losses due to the holding of cash reserves during customer visits. Insufficient insurance coverage over Crown Melbourne resulting in financial loss. 	<ul style="list-style-type: none"> Poor credit decision Change in patron or customer circumstance Material change in FX market impacting outstanding debt No or inadequate insurance cover in place following specific event / incident resulting in Financial Loss. 	<ul style="list-style-type: none"> Default by one / isolated patron(s) Financial loss Foreign currency loss 	Severe (5)	Highly Likely	Critical	<ul style="list-style-type: none"> Management monitoring of financial performance and trends including adherence to established credit policy Engagement of debt collectors and / or initiation of legal action (restricted to customers based in / or with assets in Australia, Hong Kong or Taiwan) Extensive credit checks and process prior to awarding credit to foreign patrons. Hotels and F&B department procedures and training including: <ul style="list-style-type: none"> Completion of credit checks (via Credit Application) where applicable and enforcement of contractual terms and conditions (e.g. deposit payment schedules) Review of debtors ageing by Hotels management VIP International procedures and training including loading (over and above applicable exchange rate) applied to selected foreign currency transactions, Premium / Junket Program patrons to repurchase post settlement foreign currency held by the Cage (note only if Patron wins) High volume of foreign currency transactions reducing Crown Melbourne's exposure to single foreign currency movements (Natural Hedge) Engagement of external insurance brokers to ensure relevance and currency of insurance program with review and oversight by Crown Resorts Board and Crown Resorts Board Risk Management Committee 	Financial	Major (4)	Possible (L)	High	Monitor	



Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Residual			Action		
					Consequence	Likelihood	Rating		Category	Consequence	Likelihood		Rating	Strategy
6	External disruption to demand for our services	External factors to Crown impacting business volumes or margins including: international competition domestic competition economic conditions foreign political policies or global event)	Increased international or domestic competition New market player including market disruptor (digital etc.) Change in local spending pattern (granting of additional gaming licences economic conditions) Global event (terrorism natural disaster pandemic GFC equivalent...) Political actions in countries from which a significant volume of business originates (e.g. Chinese Central Government policy restricting one or more of currency movement real estate development international travel of politicians and dignitaries changes in laws or changes in interpretation of laws dealing with promotion of gambling)	Decrease in patronage and resultant decrease in gaming revenue and associated on spend including: Up to 20% of projected VIP Gaming annual contribution (\$15m) Financial loss up to \$500k (Hotels) Short term decrease in Hotel revenue (pressure of rate growth). Possible reduction in associated on – spend. Decrease in Food & Beverage projected annual contribution up to \$700k Reduced Margins Responsible Gaming Legislation and Anti – Smoking Legislation may have led to an erosion of perceived competitor strengths and resultant increase in market share. At the very least no significant worsening of Crown’s market share is likely in the medium to long term.	Severe (5)	Likely (4)	Critical	<ul style="list-style-type: none"> Ongoing monitoring and review of domestic and international competitors Management monitoring of financial performance and trends Ongoing maintenance / refurbishment of casino complex to ensure property standards and attractability Strategic marketing initiatives (subject to Crown Melbourne’s profitability being maintained) Cross property Margin Improvement Program Contingency planning Adherence to and awareness of relevant legislative / regulatory policy adoption of Crown Resorts Anti – bribery and Corruption Policy development of compliant processes and guidelines training of relevant employees / contractors where applicable Monitoring and review of Premium Gaming strategy Obtaining expert legal advice in foreign jurisdictions 	Financial	Moderate (3)	Possible (3)	High	Monitor	
7	Physical business disruption	Business being disrupted because of physical threat or damage to Crown property including: loss of utilities, isolated fire, flood or pipe damage, idiosyncratic infection, disease, unauthorised access, security removal, anti-social behaviour or car park incidents.	<ul style="list-style-type: none"> Unauthorised employee / contractor and others access to restricted area(s) of casino complex via either malicious intent or access incorrectly granted Full or partial loss of power gas or water supply to the casino complex. Isolated fire (e.g. kitchen bin or car) may result in employee / patron injury disruption to operations due to potential evacuation and closure of affected area(s). Patron violence Intoxication drug abuse assault theft unattended children etc. which results in patron or employee harm and / or reputation damage. Widespread infection(s) to employees / contractors / customers including possible fatality. Flood / water damage from pipe fracture/ageing pipes silage tank fire sprinkler or weather event. Incidence of theft break-in attempted break-in and willful damage in Multi-Deck and Basement car parks and the resultant potential loss of public confidence. Damage to customer motor vehicle in the Valet carpark. Social disruption: protest march picketing of entrances verbal / visual demonstration etc. including possible closure / cordoning of affected area(s) 	<ul style="list-style-type: none"> Evacuation and closure of affected area(s) Ongoing incidents of a minor nature incidents of a serious nature resulting in serious injury(ies) to employee(s) / patron(s) / contractor(s) / visitor(s) and possible fatality Flooding / damage to property (\$5m) Damage to CCTV (refer Security) Computer equipment (refer MIS) Indirect / direct cost to Crown in the event of employee / contractor WorkCover claim(s) In the event of serious injury to employee(s) employee morale impacted and possible disruption to operations with resultant decrease in revenue (e.g. gaming food & beverage tenancy revenue) Public criticism patron / employee claims and criminal charges; reputational damage brand and patronage and increasing exposure to external stakeholder scrutiny. Possibly malicious act(s) including theft of Crown property Adverse publicity and resultant short term decrease in revenue (e.g. gaming food & beverage tenancy revenue) Possible damage to third party property (ex. parked vehicles) 	Severe (5)	Likely	Critical	<ul style="list-style-type: none"> Redundancy of utilities supply infrastructure (including power (x3) gas (x2) water(x3)) as well as on site back-up generators Security and surveillance framework in place including 24/7 monitoring and surveillance of casino operations and surrounds patrols training staff and contractor probity checks Emergency response framework including planning communication engagement with law enforcement and emergency response units drills Ongoing / periodic external review processes covering Essential Services Maintenance Evacuation / Disaster Planning, Fire Safety Electrical Installations Essential Services Maintenance Evacuation / Disaster Planning including by property insurers plumbing works / hydraulic installations Controlled and restricted access to back of house facilities including biometric lock to sensitive areas and itrac for contractors Compliance with regulations covering the screening of Crown aircraft (Civil Aviation Safety Authority customs immigration quarantine and inspection service guidelines) Compliance with Public Health & Wellbeing Act (2008) and associated Public Health & Wellbeing Regulations (2009) in respect of Cooling Tower registration maintenance of a Risk Management Plan minimum monthly water testing and completion of an annual independent audit Reliance on Federal and State based controls and procedures (Department of Human Services) Management monitoring of updates issued by World Health Organisation Department of Health & Ageing and Department of Foreign Affairs & as we liaise response and control activities of other businesses in the tourism leisure and entertainment industry (e.g. Qantas Jupiter’s Star City) Discouragement of all non-essential travel to affected areas as appropriate 	Infrastructure	Moderate (3)	Possible (3)	High	Reduce	<ul style="list-style-type: none"> Subject to commercial feasibility ut line excess water runoff from cooling towers via connection with ID’s toilets further future proofing Crown Melbourne’s amenities and reducing water waste. This is still being investigated and if we get approval will form part of a secondary strategy of water catchment from a newly installed roof on Level for that is in close proximity to the Cooling towers and ID’s toilets. We will soon be placing an order for 3 new generator engines as part of an overall upgrade of our 6 main Tri-Generators. This project has been spread over 3 FY. F18 - Dec 2018 Place order for 3 new Engines - \$600K - COMPLETED F19 - installation & commissioning of 3 New engines & place order for 3 more new engines - \$3.2M - COMPLETED F20 - installation & commissioning of remaining 3 New engines - \$3M This project will give us greater capacity and coverage in the event of a major CBD Blackout as well as capacity in during high temp’s when pressure on the electricity grids.
8	IT Business disruption	Major performance financial and / or reputational damage from cyber security incident Failure of IT hardware / software (e.g. primary computer room gaming machines short circuit switchboard failure loss of CCTV) resulting in significant disruption.	<ul style="list-style-type: none"> Intentional / unintentional leakage of sensitive information; Malicious employee act / omission; Human error Malicious software infection; Mobile / portable device lost or stolen; External / Internal cyber attack; and; Third party providers; Fire; Water damage; Equipment failure; Failed IT system or infrastructure implementation Loss of telecommunication infrastructure/service by third party failure or damage to physical fiber 	<ul style="list-style-type: none"> Relevant section(s) of gaming floor closed Adverse publicity and resultant decrease in revenue (gaming and other revenue) criticism by patrons Possible breach of legislative / regulatory requirements and associated financial penalty(ies) Possible legal action for civil damages Impact on Survival lance operations Possible leakage of business or patron sensitive information to external parties Additional Security & Service employees / contractors rostered Hotel guests Crown employees / contractors prevented from making internal / external land line calls loss of incoming land line call facility (including Galactic Circus tenancies) Ability to accept Hotel and restaurant bookings impacted Unable to pay patron via TITO 	Severe (5)	Highly Likely (5)	Critical	<ul style="list-style-type: none"> Replicated data across multiple data centres IT power redundancy Primary and secondary computer rooms powered by independent external sub-stations / Secondary computer access to real time operational functions / historical data for selected applications in place as well as Gaseous fire suppression system in Central Data Centre Emergency Crisis and Business Continuity Planning and testing including access to alternate communication facilities (mobile phones two way radios e-mail etc.) fire and flood prevention and detection programs power supply redundancy including onsite back-up generators Disaster Recovery plans in place and tested on an ongoing basis including IT system back-ups and maintenance controls Periodic penetration testing of IT systems IT system access and security controls (including IT Security Policy) and Crown IT monitoring of IT system usage and access Controlled and restricted access to sensitive physical areas of the casino complex including key IT infrastructure Employee / contractor probity checks and performance monitoring Cyber Security program in place including Cyber Security Council IT audit program 24/7 external monitoring of threats by Deloitte IT security policy standards and guidelines in place IT security Vulnerability Assessment Program and 24/7 monitoring of cyber threat via Cyber Intelligence Centre run by Deloitte Contractor liability / indemnity via standard maintenance / service contract Insurance for partial cost recovery 	Infrastructure	Moderate (3)	Possible (3)	High	Reduce	<ul style="list-style-type: none"> Data Loss Prevention (DLP) program (multi-year program) Integrated Access Management (IAM) program underway



Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Residual			Action		
					Consequence	Likelihood	Rating		Category	Consequence	Likelihood		Rating	Strategy
9	Loss of Key Management	The loss of management in business critical roles impacts on the ability for Crown to meet performance objectives. For example where: - there is high reliance on ongoing relationships between management and third parties (customers Government and Regulators); - there is strong corporate knowledge; and/or There is industry expertise	Restructuring activities Natural attrition (staff turnover) Poaching of staff by competitors Low morale Lack of staff development Lack of succession planning	Inability to progress certain business initiatives/strategies Impact to staff morale / productivity Loss of critical / sensitive corporate knowledge	Major (4)	Possible (3)	High	Cross property capacity Leadership development programs Long term financial Incentives - Executive Restrictive covenants - employment contracts Succession planning (TBC)	People	Minor (2)	Possible (3)	Moderate	Maintain	
10	Reduction in property standards	The risk that facilities are not available for customers at the required and expected standard across all areas of the Complex due to: - ageing infrastructure - lack of availability of capital for refurbishments - inadequate cleaning standards - inadequate ancillary areas eg. parking facilities Threats to Crown's ability to effectively compete and ultimately financial returns. At Crown Perth examples include: - The hotel is aged and requires refurbishment however is the only choice of hotels in Perth and scheduling of refurbishment is slow - The Pool Room is aged however new premium areas have recently opened to manage this risk, new smoking Pool Room area - Riverside area - The premium hotels continue to open in Perth - high compete against Crown's hotels and places pressure on Crown Perth to maintain high standards (Westin, Ritz, etc.) Current standards of amenities (IT, gaming, food, parking, convention and F&B facilities, etc.) as well as parking and other ancillary areas is currently strong at Crown Perth. The above has been taken into account when assessing the risk.	Age of property Wear & tear of property Inadequate maintenance and cleaning procedures Lack of reinvestment in refurbishment (inability to source capital) Strong/newer facilities offered by competitors (for example hotels in Perth) Inability to schedule refurbishment (impact on business) - for example Theatre	Poor customer experiences Wear & tear of property Poor market reviews / ratings Reduction in visitation Loss of customers to competitors Reduction in revenue / EBITDA	Moderate (3)	Possible (3)	High	Capex / business planning process Customer complaint monitoring Dedicated Housekeeping / Environment Services Resources Dedicated Property Services / Maintenance Resources Maintenance reporting system (BEIMS) Preventative maintenance program	Reputation / Brand	Moderate (3)	Unclear (2)	Moderate	Maintain	
11	Litigation	The risk that legal action is taken against Crown by employees, customers, regulators; and other third parties in relation to matters such as: - provision of gambling / responsible gambling - health & safety security matters environmental tobacco smoke discrimination bullying - contractual obligations - marketing activities - fraudulent activities of patrons - privacy complaints / defamation - public liability claims - breach of legislation Threats to Crown's ability to effectively compete and ultimately financial returns.	Crown's non compliance with legislation/regulation. Poor compliance culture. Injury/ incident involving a customer. Injury/incident involving an employee/contractor. Contractual relationship breakdown. Rising community expectations regarding responsible service Property hazards. Workplace hazards.	Significant financial damages for civil action taken by an individual (for example Privacy public liability; claims over \$1m ; breach of consumer law - up to \$1m Prosecution by the Privacy Commissioner Criminal prosecution by Law Enforcement Incarceration of Directors and Officers for critical OH&S events. Adverse publicity and reputation damage.	Severe (5)	Possible (3)	Critical	Compliance Framework and Governance CrownSafe Framework and Governance Inhouse legal resources Use of external advisors when appropriate Maintenance practices Mandatory Compliance Training - Employees Privacy Policy and Training Integrity and support for regulator relationships RSA Framework and Governance RSG Framework and Governance Specialty training and procedures (for example: Security)	Compliance/regulatory	Moderate (3)	Possible (3)	High	Maintain	
12	Major criminal activities	The risk that a major criminal act or activities occur at Crown involving either patrons employees or both such as: - major fraud (employee patron and/or collusion); - loan sharking; - organised crime; - money laundering; - violent act (active shooter) - not related to terrorism; gaming scams. These activities could result in injury to people, financial loss to Crown and reputational damage to Crown's ability to hold casino and liquor licenses.	Illegal activities by customers on Crown premises Unethical customers or employees Lack of visible security measures Lack of segregation of duties for financial transactions Limited liaison/intel from LEAs Inadequate customer due diligence Inadequate employee due diligence Inability to monitor customer and employee actions and transactions Weak culture of probity Lack of management commitment and oversight to ensuring a strong internal control environment	Impact on Crown's perceived probity and ability to retain gaming/ liquor licences. Financial loss for fraudulent transactions (significant for gaming scams) Injury to staff and patrons. Injury to employee morale. Business interruption (where physical event occurs) Legal action by affected customers or employees.	Major (4)	Likely (4)	High	Governance: Fraud Management Committee AML/CTF Program & Resourcing Commissioner of Police and general exclusions practices Digital surveillance monitoring Employee Due Diligence Policy & Practice SIU (Security Investigation Unit) framework and collaboration with law enforcement Fraud Control Framework Integrity-related Company Policies Knowledge sharing - casino industry Ongoing LEA Liaison Physical security presence Protection of assets - internal control framework Security department - procedures and training	Reputation / Brand	Moderate (3)	Possible (3)	High	Reduce Monitor	Implement the AML program Enhance the Fraud Risk Management framework and Committee
13	Ineffective responsible service of gaming (RSG)	The risk that Crown does not provide its business activities to its customers in a responsible manner resulting in patron harm Crown is to continue to hold its casino licenses.	Customers who experience issues with their gambling Customers who drink alcohol excessively. Lack of management commitment to provide services in a responsible manner. Staff not trained or not aware of how to provide services in a responsible manner. Ineffective responsible service frameworks / not consistent with best practice Inadequate resourcing.	Patron harm Reputation damage Non compliance with applicable regulatory requirements Regulator penalties Imposition of trading restrictions by the Regulator - restricting revenue or increasing costs Inability to progress strategic initiatives (no support from Regulator/Govt) Loss of casino licence	Major (4)	Likely (4)	High	Board Oversight - RSG Board Sub Committee Compliance Framework Dedicated inhouse RSG resources Management Committees - RSG Regulator engagement Responsible Gambling Information Centre 24/7 RSG Code of Practice RSG Policies and Practices mandatory training Responsible Gaming Advisory Panel	Reputation / Brand	Moderate (3)	Possible (3)	High	Reduce	Implement VCGLR recommendations as agreed during Section 25 review



Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Residual			Action	
					Consequence	Likelihood	Rating		Category	Consequence	Likelihood		Rating
14	Major reputational damage	The risk of major brand damage caused by an incident relating to for example: - Crown's inappropriate conduct (perceived or actual) - Inappropriate conduct on Crown's premises - Crown's association with disreputable third parties - Crown's perceived conflicts of interest in major transactions or supplier arrangements - Publication of Crown's customer or other sensitive business data - Inappropriate social media posts - Social media complaints go viral - Irresponsible or inappropriate marketing activities This could ultimately result in reduced customer visitation and hence a revenue or increased regulator scrutiny or Crown's suitability to continue to hold gaming liquor	Lack of due diligence of employees customers vendors and other third party associates. Poor perceptions of Crown's brand and the casino industry generally Excessive media scrutiny Lack of internal controls over use of Crown's social media accounts Lack of oversight / accountability for marketing and social media activities Disgruntled employees	Reduced visitation and revenue. Increased Regulator scrutiny / assessment of Crown's suitability to hold its licences Imposition of operating restrictions by the Regulator/Govt Inability to attract events to Crown	Major (4)	Possible (3)	High	Anti Bribery and Corruption Policies and Practices Customer Due Diligence practices (AML and Credit) Employee Due Diligence Policy and Practices Integrity-related Company Policies Marketing review and approval processes Public Relations Inhouse Resources Resources focused on social channels Social listening tools (monitoring of social media) Stakeholder management Supplier Due Diligence practices Responsible Gaming Advisory Panel	Reputation / brand	Major (4)	High	Monitor	
15	Poor people management practices	The risk that Crown is unable to establish and maintain an appropriate staffing base to effectively and efficiently operate, resulting in low morale, high turnover and the inability to achieve business objectives. This could be due to: - ineffective recruitment practices - ineffective staff training and development - ineffective staff engagement - inadequate or poor quality staff facilities	Poor Crown employer branding Industry conditions (affecting supply of candidates) Changing staff demographics (eg ageing workforce) Inappropriate leadership affecting culture Ineffective recruitment practices including inadequate due diligence Inadequate or ineffective staff training and development Inadequate staff engagement Inadequate staff facilities such as car parking food rest rooms	Low morale High staff turnover Compliance breaches (due to lack of training) Reduction in standard of customer service Reputation damage Loss of RTO registration - and resulting loss of Government financial support	Major (4)	Possible (1)	High	Casual labour pool Commissioner of Police exclusions Employee Due Diligence Policy and Practices Employee Engagement Surveys Employer Branding and Employee Value Proposition Mandatory Compliance Training - Employees Recruitment and retention strategies Registered Training Organisation (RTO) Succession / talent management	People	Minor (2)	Possible (1)	Moderate	Monitor
16	Harm to persons on property	The risk that employees contractors customers and other third parties are harmed (injury or death) whilst on Crown property as a result of: unsafe work practices unsafe work environments unsafe "front of house" environments for customers or other visitors poor maintenance and cleaning practices throughout the property poor safety culture poor food safety and hygiene practices	Poor leadership and management commitment to health & safety Unsafe work practices and environments Unsafe "front of house" environments for customers or other visitors Poor maintenance and cleaning practices throughout the property Poor safety culture Poor food safety and other hygiene practices Extreme event - pandemics terrorist act Anti social behaviour.	Possible loss of life or serious injury Non compliance with OH&S legislation - Incarceration for directors and officers. Gross negligence charges against officers in the event of a death or serious harm to a person to whom a duty of care is owed. Worker's Compensation and Public liability claims. Litigation by affected customers or employees Adverse publicity / Reputation damage (for example - widespread proven food poisoning security removals) Regulator sanctions / imposition of additional compliance requirements Loss of Food Safety accreditation Loss of smoking exemption and resultant impact on VIP revenue.	Severe (5)	Possible (3)	Critical	Board oversight & reporting - H&S Sub Committee Contractor induction processes CrownSafe Framework Policies and Procedures Framework - Pearl Room Smoking Exemption Incident and Injury Management Procedures ISO 22000 accreditation and associated framework Mandatory Compliance Training - Employees Property cleaning and maintenance practices Property Services - H&S Officer Security incident review panel Security training - handling and removal of patrons Surveillance of property Third party inspections	People	Minor (2)	High	Moderate	Monitor
17	Breakdown in strategic partnership with third parties	The risk that third parties with whom Crown engages do not fulfil their obligations to the required standard impacting on the ability for Crown to continue to operate effectively or exposes Crown to integrity issues and reputation damage. This could be the result of poor selection and engagement practices and poor ongoing management of the third party relationships. Examples include: - Vendors supplying goods and services which are not fit for purpose to a low standard compromising compliance requirements and customer service - Continuity of supply issues for critical items such as playing cards - Inappropriate practices of vendors/consultants /intermediaries representing Crown such as bribery - Inability to source equipment / new products suitable for Crown's business - Unsuccessful tenancies resulting in loss of valuable tenants - Tenants do not comply with Crown's requirements resulting in a breach of tenancy agreements and potential exposing Crown to various legal risks	- Inappropriate or incorrect behaviour of third parties - External events/disruption to supply chain - Reliance on individual vendors - Poor selection and engagement practices - Poor contractual arrangements/documentation - Poor ongoing management of the third party relationships. - Vendors supplying goods and services which are not fit for purpose to a low standard compromising compliance requirements and customer service - Continuity of supply issues for critical items such as playing cards - Inappropriate practices of vendors/consultants /intermediaries representing Crown such as bribery - Inability to source equipment / new products suitable for Crown's business - Unsuccessful tenancies resulting in loss of valuable tenants - Tenants do not comply with Crown's requirements resulting in a breach of tenancy agreements and potential exposing Crown to various legal risks	Adverse media if Crown is associated with a disreputable third party. Business interruption and related financial impact if critical supply item is unable to be supplied (eg playing cards) or Business interruption of contractor/service (eg outsourced functions like housekeeping) is unavailable. Customer complaints / loss of customers due to inferior products or experiences. Breach of supply/tenancy agreements. Loss of tenancy revenue (low for Pearl).	Major (4)	Possible (3)	High	Anti Bribery and Corruption Policy Contract management procedures Incentives for tenants (ex onboarding fit out contributions rent free periods and longer term leases) Procurement Policies and Procedures Supplier Due Diligence practices Tenant letting and management procedures (Me B)	Reputation / brand	Minor (2)	High	Low	Monitor
18	Industrial action	The risk that industrial action is taken by employees impacting on customer service and/or the ability to continue operations in the short term. It could also result in adverse media. This could be due to: - ineffective union negotiations / collective bargaining - Breakdown of relationship with the union - Issues relating to the Smoking exemption applying to the Pearl Room - Restructuring activities	Disgruntled employees Inappropriate or unfair staff management practices. Unfair dismissals Ineffective union negotiations / collective bargaining Breakdown of relationship with the union Issues relating to the Smoking exemption applying to the Pearl Room Restructuring activities	Customer service may be impacted. Short term business interruption. Adverse publicity.	Severe (5)	Possible (3)	Critical	Business continuity plan Employee communication practices Internal HR / R specialists MOU with United Voice Stakeholder management strategies Transparent and effective HR practices	People	Moderate (3)	Possible (3)	High	Monitor



Risk No.	Risk Title	Risk Definition	Cause	Most Likely Outcome	Inherent			Controls	Residual			Action
					Consequence	Likelihood	Rating		Category	Consequence	Likelihood	
19	Unsustainable environmental management and ethical standards	The risk that Crown does not appropriately or effectively manage its impact on the environment, resulting in an environmental incident, non-compliance with Environmental laws and regulations and/or reputation damage. For example a sewage, diesel or toxic substance spillage.	Lack of awareness of legislative obligations. Lack of resourcing/systems to manage obligations. Lack of integration of environmental objectives into business operations and practices.	Lack of awareness of legislative obligations. Lack of resourcing/systems to manage obligations. Lack of integration of environmental objectives into business operations and practices.	Moderate (1) Possible (3) High	Moderate (1) Possible (3) High	24/7 Maintenance resources to manage/contain incidents Board oversight and reporting - Health Safety and Environment sub committee Group sustainability manager in place Property based energy manager in place to monitor and respond Property based environment policy Property based environmental committee	Reputation / Brand Minor (2) Unlikely (2) Low	Minor (2) Unlikely (2) Low	Monitor		
20	Aviation accident	The risk that an accident occurs involving either a Crown owned jet or a Crown chartered jet, resulting in death or significant injury, reputation damage and litigation. Crown currently owns and operates 3 jets and 1 helicopter.	Pilot error External events (eg extreme weather) Technical IA functions Poor maintenance practices	Significant injury or death (multiple). Brand damage and potential impact on international revenue. Non compliance with aviation standards.	Severe (5) Possible (3) Critical	Severe (5) Possible (3) Critical	Preventative maintenance program Ongoing external audit and certification process Individual risk assessment performed by third party for every itinerary prior to trip Inhouse pilots and ongoing training and certification Ongoing oversight by internal audit	People Severe (5) Rare (1) Moderate	Severe (5) Rare (1) Moderate	Monitor		
21	Data misuse	Accidental or intentional leak of patron or other business sensitive data to individuals or organisations who should not have access and who may use this information maliciously. This may ultimately result in a breach of the Privacy Act 2014 The focus has increased due to: - New Privacy legislation; - Increased media focus and public expectations following the Facebook/Cambridge Analytica issue; - The increased digitalisation of business and Crown increasingly sharing data with third parties; and - A specific risk identified in the Marketing department risk review completed in 2017 regarding the use and communication of patron data generally within Crown.	Lack of physical and logical access controls. Cyber attack. Disgruntled employee. Unsecured means of distribution of patron reports. Accidental distribution of patron reports to wrong email addresses (auto email address)	Significant adverse media (eg where gambling activities of high profile individuals are publicised) resulting in loss of visitation and revenue. Non compliance with the Privacy Act with financial penalties. Legal action by affected individuals. Reputational damage	Major (4) Possible (3) High	Major (4) Possible (3) High	Email monitoring Employee due diligence procedures System access controls Training and awareness Privacy framework	Reputation / Brand Major (4) Possible (3) High	Major (4) Possible (3) High	Reduce	DLP and Data Risk management framework IAM project GDW and TM1 project	
22	Breakdown in relationship with key government, legislative or regulatory body	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 that could materially affect Crown's operations and reputation.	Reportable breaches resulting in loss of trust Poor culture Factors internal to regulatory body (policy approach) Media or opinion group attack voicing unfounded allegations on Crown	Potential loss of regulator confidence or regulatory intervention Financial or other penalties Continuous investigation - strain on internal resources Media coverage / Reputational damage	Major (4) Possible (3) High	Major (4) Possible (3) High	Stakeholder management practices Crown Resorts relationships with Government Customer complaint management processes Executive level focus on managing external stakeholders SMT - Tourism has joined Crown to focus and assist in the engagement process with key government legislative and regulatory bodies. Crown Values including "We do the right thing" to reinforce compliance and integrity culture Code of conduct in place and signed by a staff upon induction Consistent and open responses to any government legislative or regulatory body enquiries.	Compliance/regulatory Major (4) Possible (3) High	Major (4) Possible (3) High	Monitor		
23	Failure of responsible service of alcohol (RSA)	The risk that Crown does not provide its business activities to its customers in a responsible manner, resulting in patron harm and ultimately, potentially impacting the suitability of Crown to continue to hold its liquor licences.	Customers who experience issues with their gambling Customers who drink alcohol excessively. Abundant availability of/access to alcohol. Lack of management commitment to provide services in a responsible manner. Staff not trained or not aware of how to provide services in a responsible manner. Ineffective responsible service frameworks / not consistent with best practice Inadequate resourcing.	Patron harm Reputation damage Non compliance with applicable regulatory requirements Regulator penalties Imposition of trading restrictions by the Regulator - restricting revenue or increasing costs Inability to progress strategic initiatives (no support from Regulator/Govt) Loss of liquor licences	Major (4) Likely (4) High	Major (4) Likely (4) High	Compliance Framework Dedicated inhouse RSA resources Management Committees - RSA Regulator engagement RSA Policies Practices, Mandatory Training	Reputation / Brand Moderate (3) Possible (3) High	Moderate (3) Possible (3) High	Monitor		



Annexure 2

Crown Melbourne Corporate Risk Map - October 2019

		Material Risks				
Likelihood	Almost certain					
	Likely		16- Harm to persons on property		14 - Major reputational damage	
	Possible		9 - Loss of key management 15 - Poor people management practices	6 - External disruption to demand for our services 7 - Physical Business Disruption 8 - IT business disruption 11 - Litigation 12 - Major criminal activities 13 - Ineffective responsible service of gaming (RSG) 18 - Industrial action 23 - Failure in responsible service of alcohol (RSA)	1 - Material breach of gaming and other relevant legislation /regulation 2 - Changes in key legislation or regulatory requirements 5 - Poor credit or investment decision 21 - Data misuse 22- Breakdown in relationship with key government, legislative or regulatory body	3 - Act of terrorism on Crown property 4 - Volatility of gaming revenue
	Unlikely		17 - Breakdown in strategic partnership with third party 19 - Unsustainable environmental management and ethical standards	10 - Reduction in property standards		
	Rare					20 - Aviation accident
		Insignificant	Minor	Moderate	Major	Severe

Consequence

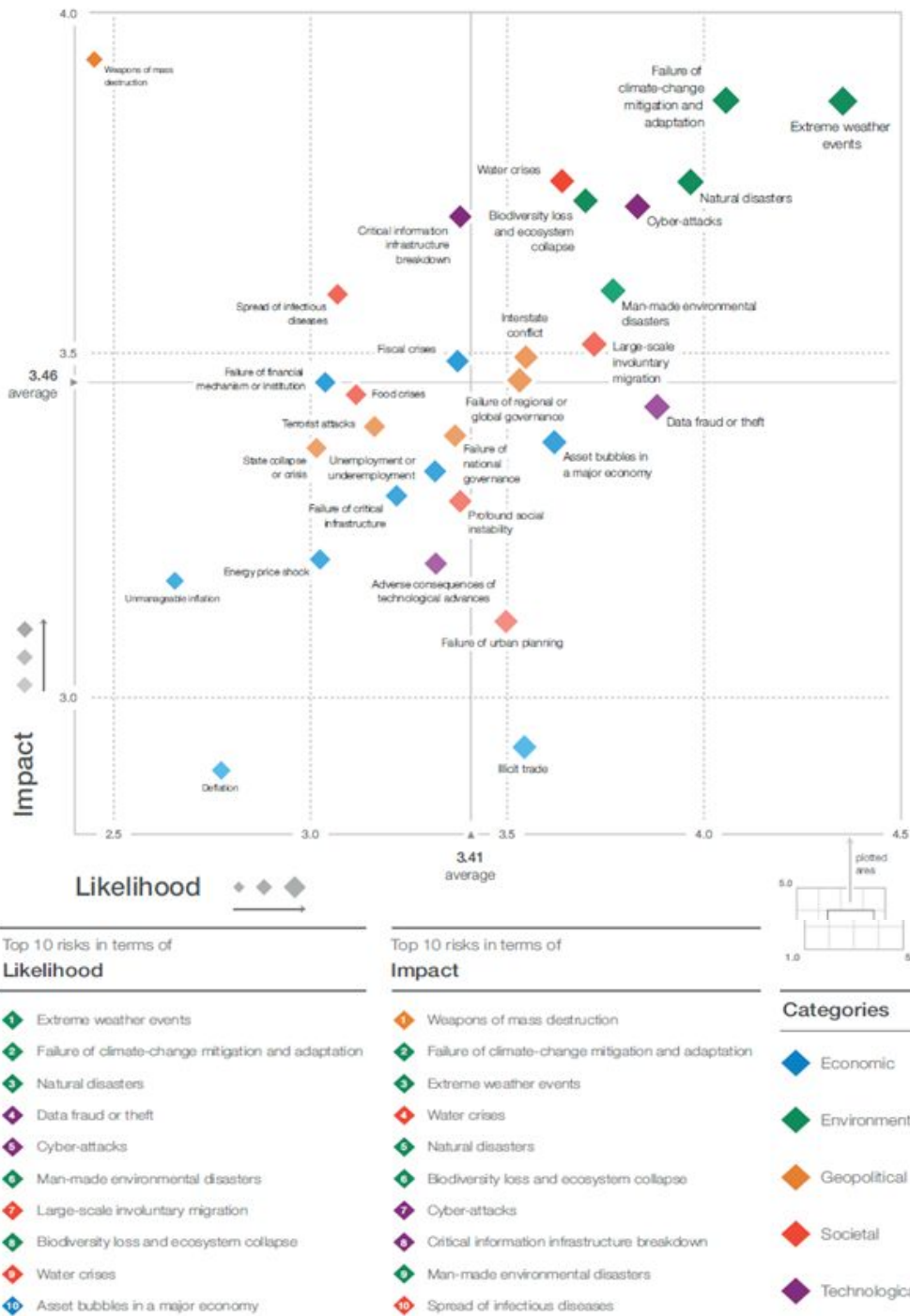
Legend:

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

5

Annexure 3: 2019 World Economic Forum Report - The Global Risk Landscape 2019

Figure I: The Global Risks Landscape 2019



Anlaysis of alignment between the Global Risk Landscape 2019 with the Crown Corporate Risk Profile:

GRR risks	Corresponding Crown Melbourean Risk	Comments
Extreme weather events Natural disasters Water crisis Food crisis Biodiversity loss and ecosystem collapse	6 – External disruptors to demand for our services	Issues related to climate change have been consolidated into one key risk for Crown
Cyber attacks Critical information infratructure breakdown Adverse consequence of technological advances	8 – IT business disruption 12 – Major criminal activities	Cyber attacks are reflected in both the event of disruption to Crown, as well as the external factor related to major crime
Data fraud or theft	21 – Data misuse	Extended the meaning to unintentional errors
Failure of critical infrastructure Spread of infectious disease	7 – Physical business disruption	Pandemic is one of the items included in the definition of this risk for Crown
Illicit trade	12 – Major criminal activity	
Failure of climate change mitigation and adaptation Man-made environmental disaster	6 – External disruptors to demand for our services 19 – Unsustainable environmental mangement and ethical standards	Failure of climate change mitigation and adaptation is reflected in both a general notion in the external disruptors risk, but more specifically in Crown itself failing to implement or adapt to climate change in the 'responsible business model' risk
Terrorist attacks Weapons of mass destruction	3 – Act of terrorism on Crown property	This risk focuses on events at Crown. Events outside Crown are considered in risk 10 – External disruptors
Interstate conflict Large scale involuntary migration Failure of national governance State collapse or crisis Unemployment or underemployment Profound social instability Failure of regional or global governance Asset bubble in a major economy Failure of urban planning Fiscal crises Energy price shock Failure of financial mechanism or institution Deflation / Unmanageable inflation	6 – External disruptors to demand for our services	Any factor that Crown does not control or influence, but that could have an impact on its operations



AGENDA ITEM 6:
Delegations Policy – Proposed Update



**CROWN MELBOURNE LIMITED
AUDIT COMMITTEE MEMORANDUM**

To: Audit Committee
From: Anne Siegers
Date: 12 November 2019
Subject: Crown Melbourne Limited – Delegation Policy

Dear Committee Members,

In May 2019, the Audit Committee reviewed and recommended for approval the Delegation Policy (**Policy**), which was approved by the Board at its following meeting.

This new Policy has been in effect since that point in time.

A small number of operational challenges have been encountered since the Policy become effective and in this respect minor amendments have been made to the Policy and are presented to the Audit Committee for consideration and, if appropriate, recommendation for Board approval.

The amendments specifically relate to the following two items:

- In Victoria, by law, retail leases must be for a period of at least 5 years. Crown Melbourne leases over 65 retail spaces, and accordingly, under the new Policy requirements, these leases would now have to go to the Board for approval, while in the past they have not been elevated to Board level for signing. The individual value of each lease is well within the limits outlined in the Policy. The business is seeking an exemption from the Policy in order to effectively continue to manage the leases.
- There are a number of IT software contracts, where perpetual licences are included in service or equipment contracts. In many cases, the licence arrangements are not the main purpose of the contract, but an operational requirement. The business is seeking an exemption from the Policy for these contracts when all other parameters are within the other Policy limits.

Please find attached an amended and marked up Policy for the Committee's consideration, and if supported, a recommendation to the Board to approve the Policy.

Kind Regards



Anne Siegers
Group General Manager - Risk & Audit



Crown Melbourne Limited Delegations Policy

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1. Introduction

This Delegations Policy (**Policy**) sets out the circumstances under which the Board may delegate its responsibilities.

Delegations of authority are the mechanisms by which Crown Melbourne Limited (**Crown** or the **Company**) enables officers of Crown to act on its behalf.

This Policy applies to all entities that form part of the Crown group.

2. Purpose

The purpose of this Policy is to establish a framework for delegating authority within Crown.

This Policy applies to all members of the Board and the staff of Crown who have delegated authority to act for, and to sign documents on behalf of, Crown.

Delegations of authority within Crown are intended to achieve four objectives:

- to ensure the efficiency and effectiveness of the organisation's day to day activities;
- to ensure that the appropriate officers have been provided with the level of authority necessary to discharge their responsibilities;
- to ensure that delegated authority is exercised by the most appropriate and best-informed individuals within the organisation; and
- to ensure internal controls are effective.

3. Policy

The Board of Crown is responsible for overseeing the management of the business of the Company and it may exercise all the powers of the Company which are not required by the Corporations Act and the Constitution to be exercised by the Company in general meeting.

The Board may delegate all matters which are not matters reserved for the Board.

The CEO:

- is charged with the duty of promoting the interests and furthering the development of Crown;
- is responsible for the administrative, financial, and other business of Crown; and
- exercises a general supervision over the staff of Crown,

in accordance with the terms of appointment of the CEO.

The CEO may delegate any function or any power or duty conferred or imposed on her or him, to any member of the staff of the organisation, or any committee of the organisation, although they will retain ultimate responsibility for those actions.

4. Processes

The overarching Policy applies to Crown as a whole, and entities within the organisation must align their delegations policies with this central policy.

Any delegation may be made subject to any conditions and limitations as the Board shall approve from time to time.

5. Board Delegated Authority

This section sets out the Board's delegation of its authority in relation to making, approving and/or entering into:

- operational, recruitment and performance management decisions; and
- financial transactions,

(Transactions or Commitments).

5.1. Transactions or Commitments requiring Board approval

Approval of the Board is required for Transactions or Commitments with:

- a total value of \$10,000,000 (excluding GST) or greater (excluding any options to renew);
- an annual value of \$5,000,000 (excluding GST) or greater; or
- a term of greater than five years (excluding any options to renew).

For the avoidance of doubt, approval of the Board is not required for any payments contemplated by a Transaction or Commitment where the Board has previously approved entry into the Transaction or Commitment in accordance with this Policy.

5.2. Delegated Authority

Within the limits of Sections 3 and **Error! Reference source not found.** above, Transactions or Commitments may be approved in accordance with the below table.

Category	Value/Commitment (excluding GST)	Authorised Personnel
1	\$5,000,000 to \$9,999,999	Any two of the following: <ul style="list-style-type: none"> • Director • CEO • CFO • Company Secretary

2	\$1,000,000 to \$4,999,999	Any one of the following: <ul style="list-style-type: none"> • CEO • CFO • Company Secretary • Director (only for contract execution when one the above personnel are unavailable)
3	Up to \$999,999	As set out in the Delegations Schedule approved by the CEO from time to time.

The Board may put in place appropriate powers of attorney in support of the above.

5.3. Unlimited Authority

The Board delegates to the CEO, CFO and/or the Company Secretary **unlimited** authority to approve:

- any statutory, contractual or standard operating related payments, including payroll, superannuation, utilities, tax, intercompany transactions and Board approved or scheduled contractual payments;
- all gaming patron transactions and internal cash transactions subject to any regulatory restrictions; and
- recruitment and performance management decisions and matters, other than those that are required to be considered by the Nomination and Remuneration Committee.

5.4. Exceptions to term of contract requirement

The Board delegates to the CEO, CFO and/or the Company Secretary authority to approve contracts beyond a term of five (5) years in the following circumstances:

- Rental leases where by law the term of the contract must be 5 years or over, but the total value of the contract remains under \$10M.
- IT software licenses where the annual value of the contract is under \$5M, the total value of the contract remains under \$10M, and we have the right to terminate the contract.

6. Amendment and Review

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



AGENDA ITEM 7:
Emerging Risk and Other Business

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

