



## Executive Risk and Compliance Committee - Minutes

**Committee Name:** Executive Risk and Compliance Committee Meeting

**Date Held:** Wednesday, 13 November 2019

**Commencement Time:** 15:00 AEDT

**Present:** Joshua Preston (Chairman/Chief Legal Officer – Australian Resorts)  
 Xavier Walsh (Chief Operating Officer)  
 Alan McGregor (Chief Financial Officer – Australian Resorts)  
 Andre Ong (Group Chief Information Officer – Crown Resorts)  
 Alicia Gleeson (Executive General Manager – Human Resources)  
 Sean Knights (Executive General Manager – Table Games, Crown Sydney)  
 Tim Barnett (Executive General Manager – Table Games)  
 Mark Mackay (Executive General Manager – Gaming Machines)  
 Mark Holmes (Executive General Manager – Food and Beverage)  
 Michelle Fielding (Committee Executive Officer/Group General Manager – Regulatory and Compliance)  
 Anne Siegers (Group General Manager – Risk and Audit)

**Invitees:** Ken Barton (Chief Financial Officer and CEO Crown Digital – Crown Resorts)  
 Mary Manos (General Counsel and Company Secretary – Crown Resorts) (by phone)

**Apologies:** Barry Felstead (Chief Executive Officer – Australian Resorts)  
 Peter Crinis (Chief Operating Officer – Hotels, Retail & F&B Melbourne)  
 Nicolas Emery (Chief Marketing Officer – Crown Resorts)

Business	Action	Due Date
<p><b>1. Confirmation of Minutes</b></p> <p>Mr Walsh noted that a correction is required at point 9.2, which refers to RSA and then Industrial Action – the later point is to be moved to 'Other Business'. The members otherwise confirmed the Minutes of the Executive Risk and Compliance Committee (Committee) Meeting dated 30 July 2019.</p>	CLO	
<p><b>2. Business Arising</b></p> <p>In mid-August 2019, IT introduced system monitoring to detect and respond to any interruption to the soft count process. IT can confirm no further incidences have been detected to date. This item is now closed.</p> <p>Mr Walsh undertook to provide an update on the status of whether Crown will proceed with having PSOs. The intention is to pursue the initiative, which has been communicated to the Crown Board. Crown is waiting on advice from the Minister as to the process, cost and likely timing.</p>	<p>CIO</p> <p>COO</p>	

<p>Mrs Siegers advised that she had instructed her team, to include all levels of Senior Management in relevant audit communication, which has been completed. This item is now closed.</p> <p>Mrs Siegers added the s 167 AML Requests from AUSTRAC to the Crown Resorts Risk Management Committee paper, which has been completed. This item is now closed.</p> <p>Draft copies of the Joint AML Program and AML/CTF Policy have been provided to the Compliance Committee members and Adam Sutherland provided an overview of the new AML/CTF Joint Framework to the Compliance Committee members at their last meeting. The new Group General Manager AML will revisit training and engagement with the Compliance Committee members in due course. The Chairman will update the Committee at the next meeting.</p> <p>The Joint AML/CTF Program was put to the Crown Resorts Risk Management Committee and the Crown Resorts Limited Board for endorsement. The Crown Melbourne Limited Board and Burswood Nominees Limited Board subsequently approved the Joint AML/CTF Program. This item is now closed.</p> <p>Ms Fielding provided Mr Walsh with a list of all Compliance Officers. This item is now closed.</p>	<p>GGM-R&amp;A</p> <p>GGM-R&amp;A</p> <p>CLO</p> <p>CLO</p> <p>GGM – R&amp;C</p>	
<p><b>3. Internal Audit</b></p> <p><i>3.1 Internal Audit Report</i></p> <p>Mrs Siegers noted that three ratings of “satisfactory” were achieved in recent audits.</p> <p>Mrs Siegers detailed that the Betfair audit has been cancelled, as Betfair have planned an external audit of AML, which will be undertaken by Initialism.</p> <p>Four other audits have been consolidated into two larger audits.</p> <p>Mr Barton queried the responsibility for resolving the Crown Foundation audit findings, which formerly went to Bonnie Ashton (currently on maternity leave). Ms Manos noted that she would follow up with Robyn Wallace-Mitchell.</p> <p>There were no further comments raised by the Committee in respect of the Internal Audit Report and the paper was otherwise “taken as read”.</p>	<p>GC – Crown Resorts</p>	

CONFIDENTIAL – COMMERCIAL IN CONFIDENCE & SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE

<p><b>3.2 Status of Internal Audit Recommendations</b></p>	<p><b>GGM – R&amp;A</b></p>	
<p>Discussion was had as to future consideration of separating the Group and Crown Perth findings out of the Melbourne ERCC papers, to ensure this meeting focusses on Melbourne matters.</p> <p>Feedback was provided by the Committee concerning the wording of the outstanding audit findings, to more precisely describe the scope of the audits. Mrs Siegers will follow-up on the Committee’s feedback on these points.</p> <p>There were no further comments raised by the Committee in respect of the Internal Audit Recommendations and the paper was otherwise “taken as read”.</p>		
<p><b>4. Risk Update</b></p>		
<p><b>4.1 Material Risk Update</b></p>		
<p>The Chairman noted the following matters in the update:</p> <ul style="list-style-type: none"> <li>• The Melco sale is on hold pending the ILGA review;</li> <li>• Bank account closure re: Southbank and Riverbank Investments. Mr Barton spoke to a review ANZ is currently undertaking of Crown, which appears positive. NAB is also intending to undertake a review of Crown’s AML/CTF framework;</li> <li>• United Voice EA negotiations have progressed well with an agreed position to be put to members for voting prior to Christmas;</li> <li>• The Black Economy Bill is progressing, but has gone to an Economic Committee for review. An exemption for AML reporting entities (which includes Crown) is anticipated in the form of a Ministerial Directive;</li> <li>• A number of enquiries are occurring (including ACLEI, AUSTRAC, VCGLR, ILGA and ATO) following recent media stories, including new allegations by Mr Wilkie and alleged whistle-blowers, including VCGLR Inspectors and a limousine driver;</li> <li>• Mr Wilkie has referred the VCGLR and the Police to IBAC;</li> <li>• Section 25 Review, 15 of the 20 Recommendations have been submitted, with the other 5 not yet due;</li> </ul>		

CONFIDENTIAL – COMMERCIAL IN CONFIDENCE & SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE

<ul style="list-style-type: none"> <li>• The outstanding debt of Dinner by Heston Blumenthal remains unresolved and negotiations are continuing;</li> <li>• AUSTRAC Compliance Assessment has commenced; and</li> <li>• The cladding issues were discussed and noted.</li> </ul> <p>Mr McGregor raised that although Crown Melbourne has not surpassed the &gt;\$10M trigger for VIP EBITDA loss, this is likely to occur very shortly and the Risk Appetite Dashboard should be adjusted accordingly. Mrs Siegers will note the likelihood of triggering the reportable threshold in the Crown Melbourne Limited Audit Committee and Crown Resorts Limited Risk Management Committee papers.</p> <p>There were no further comments raised by the Committee in respect of the Material Risk Update and the paper was otherwise "taken as read".</p> <p><b>4.2 Corporate Risk Profile Review</b></p> <p>Mrs Siegers noted that an annual review of the Corporate Risk Profile is being undertaken and sought feedback from the Committee. Mrs Siegers noted that there was an increased rating of the risk for Industrial Action, however, it may now be appropriate to reduce that risk until the commencement of the next EA negotiation – Ms Gleeson suggested waiting until the agreements are signed, which is anticipated prior to the next meeting. The Chairman asked the Committee to dedicate some time to a review of the Corporate Risk Profile.</p> <p>There were no further comments raised by the Committee in respect of the Corporate Risk Profile Review and the paper was otherwise "taken as read".</p> <p><b>4.3 Emerging Risks (No paper)</b></p> <p>Mrs Siegers noted no new emerging risks.</p>	<b>GGM – R&amp;A</b>	
<p><b>5. Compliance and Regulatory Update (Subject to Legal Professional Privilege)</b></p> <p><b>5.1 Compliance and Regulatory Update</b></p> <p>The Chairman provided a status update of the Compliance Framework progress and noted that consideration is being given to undertaking an external review of the Compliance Framework in 2020.</p>		

CONFIDENTIAL – COMMERCIAL IN CONFIDENCE & SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE

The Chairman noted the following matters:

- The extent of the remedial work undertaken in light of process failings on the gaming floor – which was very positive;
- Queries received from the VCGLR regarding Crown’s writing off of bad debts;
- Crown understands that the matter involving the faulty gaming machine operating in continuous play mode has been referred to the Commission for consideration;
- Compliance has asked hotels to cease any direct marketing to its patrons from its database until further process enhancements are completed;
- The VCGLR has queried Crown’s approval to have the TAB on-site;
- The VCGLR has commenced a process of auditing a Junket Operator every two months;
- The VCGLR has asked Crown to confirm whether patron Tom Zhou was ever a Junket Operator; and
- The VCGLR queried the Joseph Wong Kiia Tai (Yoseph Prawira) matter, which was reviewed by the VCLGR in 2015.

Mr Walsh queried Mr Di Paola’s job title in the Compliance Issues table, concerning the [REDACTED] matter. Ms Fielding noted that Mr Di Paola was in a different (and appropriate) role for the decision at that time. Ms Fielding will alter the table going forward to reflect the job title at that point in time.

The Chairman noted that a number of long-standing items where no developments have occurred on the Compliance Issues table will be removed in the next papers. These items will be reinstated should updates from the VCGLR be received.

There were no further comments raised by the Committee in respect of the Compliance and Regulatory Update and the paper was otherwise “taken as read”.

#### 5.2 Section 25 Recommendations

There were no comments raised by the Committee in respect of the Section 25 Update and the paper was “taken as read”.

**GGM – R&C**

CONFIDENTIAL – COMMERCIAL IN CONFIDENCE & SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE

<p><b>6. Litigation Update (Subject to Legal Professional Privilege)</b></p> <p>The Chairman spoke to the Litigation Update and Crown's request for an increase in security for costs to be paid into the Court in relation to the China Class Action matter.</p> <p>There were no comments raised by the Committee in respect of the Litigation Update and the paper was "taken as read".</p>		
<p><b>7. AML/CTF Update (Subject to "Part II Secrecy &amp; Access" AML &amp; CTF Act)</b></p> <p><i>7.1 AML/CTF Update</i></p> <p>The Chairman noted that the new Group General Manager AML, Nick Stokes, commenced on Monday 11 November 2019.</p> <p>New Bankruptcy screening has highlighted a small number of patrons for further review. Although it is not unlawful to deal with bankrupt patrons, Crown will not market to them and those patrons will not be permitted to enter a premium room as a member or a guest. Crown will also suspend any loyalty rewards to bankrupt patrons. At the conclusion of the bankruptcy, these patrons will not be automatically reinstated to their previous loyalty level.</p> <p>There were no further comments raised by the Committee in respect of the AML/CTF Update and the paper was otherwise "taken as read".</p>		
<p><b>8. Health, Safety &amp; Wellbeing Update</b></p> <p>Mr Walsh noted that the two Security Officers injured during an incident at the casino entrance, have not yet returned to work.</p> <p>There were no further comments raised by the Committee in respect of the Health, Safety and Wellbeing Update and the paper was "taken as read".</p>		
<p><b>9. Responsible Service Update</b></p> <p><i>9.1 Responsible Gaming</i></p> <p>The Chairman spoke to the excellent turn out to Crown's Gambling Harm Awareness Week event.</p> <p>There were no further comments raised by the Committee in respect of the Responsible Gaming Update and the paper was</p>		


CONFIDENTIAL – COMMERCIAL IN CONFIDENCE & SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE

<p>otherwise "taken as read".</p> <p><b>9.2 Responsible Service of Alcohol</b></p> <p>Mr Walsh noted that Ocean 12 has appointed an RSA Officer (Ocean 12 is on its own separate liquor licence). The RSA performance of Ocean 12 appears to have improved over the past four weeks. They have also appointed an external group to undertake a review of their policies.</p> <p>There were no further comments raised by the Committee in respect of the Responsible Service of Alcohol Update and the paper was otherwise "taken as read".</p>		
<p><b>10. Other Business</b></p> <p>Mr McGregor spoke to including in this meeting, an update on Crown's ongoing review of employees' hours worked and pay, in light of recent issues with Woolworths and a number of restaurants. Mrs Siegers will highlight Crown's review to the Crown Resorts Limited Risk Management Committee.</p>	<p><b>GGM – R&amp;A</b></p>	

The next meeting is scheduled for 24 January 2019.

There being no further business, the Chairman closed the meeting at 14.40.

Joshua  
Chairman



25/01/2020

Date

CONFIDENTIAL – COMMERCIAL IN CONFIDENCE & SUBJECT TO LEGAL PROFESSIONAL PRIVILEGE