



RISK MANAGEMENT COMMITTEE
Meeting of the Committee
Tuesday, 20 October 2020 at 2.30pm
by videoconference



Risk Management Committee

Meeting of the Committee to be held on Tuesday, 20 October 2020
at 2.30pm by videoconference

Attendees

Committee: Jane Halton (Chair)
Andrew Demetriou
Michael Johnston
Toni Korsanos

Mary Manos (Secretary)

By Invitation: Ken Barton (Crown Resorts, CEO)
Helen Coonan (Crown Resorts, Chair)
Barry Felstead (Australian Resorts, CEO)
Michelle Fielding (Group GM – Regulatory and Compliance)
Lauren Harris (Crown Resorts)
Alan McGregor (Crown Resorts)
Andre Ong (Crown Resorts – CIO)
Craig Preston (Group GM – IT Governance)
Josh Preston (Australian Resorts, CLO)
John Salomone (Australian Resorts, CFO)
Anne Siegers (Crown Resorts, Group GM Risk & Audit)
David Skene (Betfair – Head of Legal)
Nick Stokes (Group GM – AML)
Xavier Walsh (COO – Crown Melbourne)

AGENDA

1. [Minutes of Committee Meeting held on 12 August 2020](#)
2. [Matters Arising](#)
3. [Progress of Enhancement of Compliance and Governance Processes](#)
4. [Crown Sydney](#)
5. [Risk Reporting](#)
 - 5.1. [Future Reporting](#)
 - 5.2. [Report Against Material Risks](#)

- 5.3. Risk Culture
- 5.4. Emerging Risks
- 6. Compliance Report**
- 7. Anti-money Laundering**
 - 7.1. Joint Program – Proposed Amendments
 - 7.2. Implementation of AML Joint Program
 - 7.3. AML/CTF Update
 - 7.4. Betfair AML Review
- 8. Payroll Compliance Review**
- 9. Cyber Risk Presentation**
- 10. Internal Audit Review**
- 11. Insurance Renewal**
- 12. Other Business**
 - 12.1. Register of Contracts
 - 12.2. Future Meetings



AGENDA ITEM 1:
Minutes of Committee Meeting
held on 12 August 2020



Risk Management Committee

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

Members Present:	Jane Halton (Chair) Andrew Demetriou Michael Johnston Toni Korsanos
	Mary Manos (Secretary) (other than Agenda Item 10)
By Invitation:	Ken Barton (Crown Resorts Limited) (other than Agenda Item 10) Helen Coonan (Crown Resorts Limited) Lauren Harris (Crown Resorts Limited) (other than Agenda Item 10) Alan McGregor (CFO – Australian Resorts) (other than Agenda Item 10) Harold Mitchell (Agenda Item 10 only) Josh Preston (Australian Resorts, CLO) (other than Agenda Item 10) Anne Siegers (Group GM Risk & Audit) (other than Agenda Item 10) Nick Stokes (Group GM – AML) (Agenda Item 6 only)
Apologies:	Barry Felstead (CEO – Australian Resorts)

BUSINESS

Minutes of Committee Meetings: *Minutes of Meeting held on 10 June 2020 and 23 June 2020*

It was **RESOLVED** that the Minutes of the Risk Management Committee Meeting held on 10 June 2020 and 23 June 2020 be approved.

Matters Arising: It was noted that there were no matters arising from the previous meeting.

Junket Processes Review:

It was noted that at the February Board meeting, the Board asked that management undertake a review of the junket on-boarding process.

Anne Siegers summarised the process which had been undertaken in conjunction with Deloitte to conduct the review.

It was noted that Deloitte had considered the following key areas as part of its review:

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

Ken Barton informed the Committee that he had now received a draft of the report from Deloitte (the **Report**).

It was noted that:

- the Report had been commissioned in May 2020; and
- the Report was currently in the form of a working draft which was being considered in terms of scope and would be shared with the full Board for consideration at its meeting on 18 August 2020.

Risk Reporting:***Report Against Material Risks***

The Report Against Material Risks was taken as read:

Anne Siegers noted, in particular, the following items referred to in the Report:

- that Crown Perth had successfully re-opened, with the experience providing valuable lessons for Crown Melbourne's re-opening;
- the potential impact of the JobKeeper scheme on employee absenteeism; and

- the proposal to include a standalone Treasury Risk in the group Risk Profile, recognising recent challenges to liquidity and banking relationships arising on account of the cessation of business and various inquiries.

The Committee considered the proposal to introduce a stand-alone Treasury Risk and the proposed inherent and residual risk ratings. Having regard to the implemented controls and the potential risk over the next 12 months, the Committee **RESOLVED** to approve the proposed inclusion of a new Treasury Risk on the basis presented.


The Committee recommended that the Company continue its engagement with its relationship banks on a proactive basis.

Jane Halton requested that the Risk Profile be revisited to determine whether the risk categories needed to be more granular so as to elevate and potentially separately report against AML/CTF risk and junket reputational risk. It was requested that this process be progressed ahead of the next scheduled meeting of the Committee.

Jane Halton also commented on the presentation of the Material Risks Current Trend Summary noting the "unchanged" trend markers. Anne Siegers advised that the table is intended to only represent events that have materialised in the reporting period as opposed to future risks, but undertook to review the presentation of the report or include additional standalone reports on current issues as appropriate.

Josh Preston noted that the WA Government sale of the TAB (which included provision for Trakside) had been deferred as a result of the impact of COVID-19.

REDACTED - PRIVILEGE



REDACTED - PRIVILEGE

Emerging Risks

The updates on each of the emerging risks set out in the paper with respect to this item were noted.

The Committee confirmed that modern slavery, TCFD and EPA matters should continue to be overseen by the Corporate Responsibility Committee at this stage and other matters that go to the integrity of the Company's business operations be overseen by this Committee.

The Committee noted the recent commentary around enhanced cyber security risk. The Committee requested that the full Board be provided with an update on the Company's processes in relation to cyber security risk.

In addition, Ken Barton updated the Committee in relation to the ongoing discussions with the New South Wales Government in relation to a proposed supervisory levy.

Compliance Report:

The Compliance Report was taken as read.

Josh Preston highlighted the following matters:

- the delay of the external review of the Compliance Framework on account of the COVID-19 business closures;
- the active engagement with the VCGLR to close out long dated compliance issues so that the Company can appropriately review controls as necessary; and
- the commencement of cashless gaming at Crown Perth which had been received positively with limited media attention.

Ken Barton noted that he and Andrew Demetriou had commenced a process of engagement with the new Victorian Gaming Minister in relation to potential cashless solutions.

Jane Halton noted the whistleblower complaint made in relation to Unified Security. It was noted that this contractor had not been engaged by the Company to perform the service and, on that basis, the Company was not responsible.

Anti-money Laundering:

The AML/CTF Update was taken as read.

Josh Preston highlighted the following items set out more fully in the Update:

- the progress during the period of the closure of a number of key projects related to the Joint AML/CTF Program including the updating of procedures and the enhancement of training programs;
- in relation to the Crown Melbourne Compliance Assessment, there had been no further progress on account of the business closure, it being noted that the next step in the process was expected to be an onsite visit by AUSTRAC;
- as of the date of the meeting, the Company had not received any feedback or further correspondence from AUSTRAC on the Company's response to AUSTRAC's industry wide Risk Assessment of Junkets.

The Committee encouraged management to proactively engage with AUSTRAC to assist it to advance both its Compliance Assessment and Risk Assessment.

In addition, Jane Halton requested to be provided with a catalogue of interactions with AUSTRAC to assist with visibility over this important relationship.

The Committee requested that any members of the AML team who remained stood down or on reduced hours be resumed for the purposes of expediting the improvement program.

Josh Preston advised the Committee on a confidential and privileged basis that, following the recent ILGA Inquiry hearings, the AML team had commenced a review of processes associated with bank deposit transactions and that a third-party expert had been consulted to possibly assist with an audit if required of those processes as well as a general AML processes review. It was noted that the Company had engaged with AUSTRAC as part of this process and that MinterEllison and Simon White QC had also been appointed to advise the Company in relation to the matter.


Directors Statutory Report – Risk Disclosure – PRIVILEGED AND CONFIDENTIAL:

Mary Manos noted that the paper presented summarised the Company's material risks and associated controls identified on Crown's Risk Map for inclusion in its 2020 Directors' Statutory Report.

Mary Manos requested that Committee members review the proposed disclosures and provide any feedback as part of the review of the 2020 Annual Report and that consideration would be given to comments raised as part of the Report on Material Risks as part of this review.

Insurance Renewal Strategy:

The Insurance Renewal Strategy paper was taken as read.



It was **RESOLVED** that update on the insurance renewal strategy for the period to 30 November 2021 be noted.

Other Business:

ASIC Special Purpose Committee Minutes – 9 July 2020

It was **RESOLVED** that the Minutes of the ASIC Special Purpose Committee Meeting held on 10 June 2020 be noted.

Register of Contracts

The Register of Contracts paper was taken as read.

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

Future Meetings


The future meeting dates were noted.

In Camera Session (for Committee Members only)

Harold Mitchell joined the meeting in his capacity as Chair of the People, Nomination and Remuneration Committee.

It was noted that:



 the recommendations of the People, Remuneration and Nomination Committee were being presented to the Risk Management Committee as a standard new practice. This follows the recommendations of ASIC in relation to listed companies' remuneration processes that it reviewed as part of the ASIC review of governance practices in which the Company participated.

The Committee considered the recommendations made by the

People, Remuneration and Nomination Committee and endorsed the proposed resolutions presented by Harold Mitchell which would be included in the draft Minutes of the People, Remuneration and Nomination Committee and presented to the Board.

Closure:

There being no further business, the meeting was declared closed at 11.20am.

Signed

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Jane Halton
Chairperson

DRAFT



AGENDA ITEM 2:
Matters Arising



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Mary Manos

Date: 16 October 2020

Subject: **Matters Arising**

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Dear Committee Members

The following matters arose at the August 2020 Committee meeting:

Matter Arising	Status
Risk Profile to be revisited to determine whether the risk categories needed to be more granular so as to elevate and potentially separately report against AML/CTF risk and junket reputational risk.	Following the previous meeting, a meeting was held with the Chair of the Committee to consider the matter. It was agreed that the Material Risk Report be revised accordingly. The revised format of the Material Risk Report at Agenda Item 5.2.
The full Board to be provided with an update on Crown's processes in relation to cyber security risk.	A presentation will be provided to the Committee. Refer to Agenda Item 9. This presentation can also be made to the full Board at its December meeting.
Jane Halton requested to be provided with a catalogue of interactions with AUSTRAC to assist with visibility over this important relationship.	Refer to Annexure A.
Members of the AML team who remained stood down or on reduced hours be resumed for the purposes of expediting the improvement program.	Complete.

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

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AUSTRAC Engagement Timeline

Tab	Date	
1.	27 March 2017	Letter received from AUSTRAC advising of AUSTRAC AML/CTF Program Compliance Assessment with a focus on Junkets (March Compliance Assessment)
2.	29 March 2017	Introductory emails between Deb Tegoni & Tony Prior [following commencing of new CLO role]
3.	20 April 2017	Email from Scott Howell to AUSTRAC enclosing requested documentation (8 emails) for the March Compliance Assessment
4.	26 April 2017	Letter received from AUSTRAC confirming onsite March Compliance Assessment dates
5.	17 & 18 May 2017	AUSTRAC March Compliance Assessment at Crown Melbourne <i>AUSTRAC Attendees:</i> <ul style="list-style-type: none"> • Mark Crawley, Manager Compliance • Trac Trinh, Senior Compliance Officer, Compliance • Jarrod Tidd, Compliance Office, Compliance • Enisa Julardzija, Intelligence Analyst, Intelligence
6.	18 May 2018	AUSTRAC tour of Crown Melbourne and of Suncity Room and other premium gaming areas
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10.	9 June 2017	Meeting with Tony Prior (AUSTRAC), Joshua Preston & Michelle Fielding
11.	20 June 2017	Email from Mark Crawley (AUSTRAC) advising that at the meeting on 22 June "we would also be keen to discuss Crown's IFTI reporting and the different scenarios in which a report is lodged. More specifically, we would like more information on how Crown is aware of which casino accounts to credit amounts transferred. <i>I will provide you with more information on this on Thursday, however we are trying to gather more detailed information so we can appropriately work with Crown on its reporting obligations."</i>
12.	21 June 2017	AUSTRAC Smarter Regulation Workshop (held in Melbourne) <ul style="list-style-type: none"> • Joshua Preston – attended majority of day (excluding 12pm – 2.30pm to attend board meeting) • Michelle Fielding, Group General Manager Regulatory & Compliance – attended all day
13.	22 June 2017	Joshua Preston met with AUSTRAC, Sydney (Mark Crawley & Tony Prior) to discuss comments from Sarah Webster in her email dated 8 June 2017 and specifically re

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Tab	Date	REDACTED - SECRET INFORMATION
14.	26 June 2017	Letter from AUSTRAC – March Compliance Assessment findings: <ul style="list-style-type: none"> • <i>Finding One – risk assessment</i> • <i>Finding Two – transaction monitoring program</i> • <i>Finding Three – further KYC and ECDD</i> • <i>Finding Four – identification of politically exposed persons (PEPs) and Beneficial Owners</i> • <i>Finding Five – discrepancies</i> • <i>Finding Six – staff awareness training</i> • <i>Finding Seven – additional KYC</i> • <i>Finding Eight – reporting obligations</i>
15.	29 June 2017	AML/AUSTRAC Casinos Group Quarterly Meeting
16.	29 June 2017	Email from Mark Crawley (AUSTRAC) referencing our meeting on 22 June where we discussed REDACTED - SECRET INFORMATION and requesting clarification on processes. Discussion was also around the scenarios in which Crown would submit an IFTI-DRA. AUSTRAC requested further information understand how Crown identifies and tracks transactions that are deposited into Crown's account and then made available or provided to a player.
17.	30 June 2017	Email to Mark Crawley (AUSTRAC) responding to his query on 29 June regarding IFTIs
18.	30 June 2017	Email from Mark Crawley (AUSTRAC) with a further query regarding transfers to Crown's account from an international or domestic account
19.	6 July 2017	Email to Mark Crawley (AUSTRAC) responding to his query on 29 June regarding the desk in the gaming room allocated to Suncity junket players and explaining nature of Suncity transactions and Crown's processes
20.	6 July 2017	Email to Mark Crawley (AUSTRAC) responding to his 30 June 2017 email query regarding transfer of funds
21.	10 July 2017	Email from Mark Crawley (AUSTRAC) acknowledging and thanking Crown for its 30 June response regarding IFTIs
22.	26 July 2017	Letter to AUSTRAC – response to March Compliance Assessment findings
23.	27 July 2017	Email from Mark Crawley (AUSTRAC) thanking Crown for its 26 July letter and advising they will review and respond
24.	10 August 2017	Joshua Preston called Mark Crawley (AUSTRAC) to advise of some IFTI reporting issues
25.	10 August 2017	Email from Mark Crawley (AUSTRAC) thanking Crown for the call and requesting "a more detailed update of the issue and the impact it has had once you have been provided this information". Mark also requested a meeting be arranged to discuss Crown's remediation following AUSTRAC's recent review of Crown, in addition to the results from the SMR review.
26.	11 August 2017	Email to Mark Crawley (AUSTRAC) reporting that all of the IFTI's have now been uploaded as a result of the IT issue being resolved.
27.	14 – 15 August 2017	Emails between Mark Crawley & Joshua Preston agreeing that the IFTIs matter will

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Tab	Date	
		be discussed further at the meeting on 29 August 2017
28.	25 August 2017	Letter from AUSTRAC – Review of Suspicious Matter Reports completed (Crown Melbourne)
29.	25 August 2017	Letter from AUSTRAC – Review of Suspicious Matter Reports completed (Crown Perth)
30.	29 August 2017	Meeting with AUSTRAC (Tony Prior, Mark Crawley, Janet McCarthy) regarding REDACTED - SECRI IFTIs and other matters (eg relationship management)
31.	30 August 2017	AUSTRAC Smarter Regulation Workshop, Sydney
32.	14 September 2017	Letter sent to AUSTRAC regarding IFTI reporting issue
33.	14 September 2017	Email from Mark Crawley (AUSTRAC) acknowledging receipt of 14 September letter
34.	14 September 2017	Email from Amutha Hari Rajan (AUSTRAC) regarding the key commitments coming out of the Smarter Regulation Workshop on 30 August to re-design the AUSTRAC Compliance Report and inviting Crown to participate in the working group being established.
35.	21 September 2017	<p>Singapore CRA Australian Study Visit with AUSTRAC – Crown Melbourne Tour and review of some of the systems that are used in relation to AML/CTF and others to meet regulatory requirements</p> <p><i>Attendees:</i></p> <ul style="list-style-type: none"> • Mr. Lawrence Lee, Director, Inspection and Compliance Division – Singapore CRA • Mr. Siew Wei Bang, Senior Manager, Inspection and Compliance Division – Singapore CRA • Ms. Ho Ser Hian, Senior Manager, Inspection and Compliance Division – Singapore CRA • Mark Crawley, A/g Director, Compliance – AUSTRAC • Brian Stewart, Senior Compliance Officer, Compliance – AUSTRAC • Thalia Brazdil, Senior Compliance Officer, Compliance – AUSTRAC (possible) • Andrew Pusterla, Director, Liquor, Gambling & Racing – Licensing NT • Mick Connolly (possible)
36.	26 September 2017	Letter from AUSTRAC advising closure of Crown Perth's Compliance Assessment
37.	26 September 2017	Email from Sarah Webster, AUSTRAC requesting relevant SMR numbers for their records – <i>Note we cannot find a formal response to this email.</i>
38.	9 October 2017	Introductory telephone conversation with Joshua Preston, Hayley Gledhill and Brian Stewart (AUSTRAC)
39.	10 October 2017	Email from Brian Stewart (AUSTRAC) attaching AUSTRAC's letter of response re IFTI Reporting
40.	19 October 2017	AML Community of Practice Workshop, Sydney (Louise Lane, previous Group General Manager - AML attended)
41.	19 October 2017	Meeting with Joshua Preston, Janet McCarthy, Gavin Raper and Nicholas Hatch (AUSTRAC) in Sydney
42.	20 October 2017	Letter from AUSTRAC regarding publicised allegations against Crown Melbourne by Mr Andrew Wilkie regarding manipulation of electronic gaming machines and illegal improper conduct at Crown Melbourne including alleged breaches of the AML/CTF Act

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Tab	Date	
43.	26 October 2017	Letter to AUSTRAC responding to their 26 September 2017 letter regarding AML/CTF Compliance Assessment – Crown Melbourne Findings
44.	26 October 2017	Email from Brian Stewart (AUSTRAC) acknowledging receipt of above letter
45.	26 October 2017	Letter to AUSTRAC responding to their 20 October letter regarding publicised allegations against Crown Melbourne
46.	26 October 2017	Email from Brian Stewart (AUSTRAC) acknowledging receipt of above letter
47.	9 November 2017	Letter from AUSTRAC regarding Freedom of Information Request: Third Party Consultation – Crown Melbourne
48.	9 November 2017	Letter from AUSTRAC regarding Freedom of Information Request: Third Party Consultation – Crown Perth
49.	13 November 2017	Email from Brian Stewart (AUSTRAC) introducing Crown to Kirsty Baldassar, Manager Fintel Alliance Operations Hub and Kate Gunning, Acting Senior Intelligence Analyst, Fintel Alliance Operations Hub (AUSTRAC Perth-based)
50.	13 November 2017	Letter from AUSTRAC regarding Compliance Assessment – Crown Melbourne on 28 & 29 November 2017 (EGM Compliance Assessment). Objective of the EGM Compliance Assessment is to review the policies, programs and processes that Crown Melbourne has implemented to meet certain obligations under the AML/CTF Act and will be limited to electronic gaming machines.
51.	16 November 2017	AUSTRAC & Fintel Presentation and Crown Melbourne Tour
52.	20 November 2017	Letter to AUSTRAC regarding March Compliance Assessment – Crown Melbourne on Electronic Gaming Machines and attaching various documents as requested by AUSTRAC
53.	21 November 2017	Email to Janet McCarthy and Gavin Raper (AUSTRAC) attached a draft agenda ahead of AUSTRAC's visit on 28 & 29 November regarding the March Compliance Assessment
54.	23 November 2017	Email from Gavin Raper (AUSTRAC) attaching draft agenda for EGM Compliance Assessment on 28 & 29 November
55.	28 November 2017	Email from Briony Olmedo attaching outstanding items for Crown to submit to AUSTRAC following March Compliance Assessment
56.	5 December 2017	Letter from Louise Lane to AUSTRAC responding to the above outstanding items to be submitted to AUSTRAC
57.	6 December 2017	Email from Briony Olmedo (AUSTRAC) acknowledging response of 5 December letter
58.	11 December 2017	Email from Briony Olmedo (AUSTRAC) attaching post March Compliance Assessment question
59.	11 December 2017	Letter from AUSTRAC re decision of FOI Request – Crown Perth
60.	11 December 2017	Letter from AUSTRAC re decision of FOI Request – Crown Melbourne
61.	12 December 2017	Meeting with Kirsty Baldassar and Kate Gunning, AUSTRAC (Perth)
62.	20 December 2017	Email from Kobriana Davies, Intelligence Capability (AUSTRAC) attaching letter from AUSTRAC thanking Crown Melbourne for their contribution to AUSTRAC's Financial Intelligence Analyst Course
63.	19 January 2018	Email from Gavin Raper (AUSTRAC) attaching further additional post March

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Tab	Date	
		Compliance Assessment question
64.	22 January 2018	Email from Gavin Raper (AUSTRAC) querying Crown's Internal Sources Management Committee and whether any reports had been received to date from concerning staff collusion with patrons to avoid AML/CTF reporting obligations or breaches alleged by Mr Andrew Wilkie, and requesting a contact so as to verify the same with Stopline, Crown's independent whistleblower company
65.	25 January 2017	Email from Louise Lane responding to Gavin Raper's email of 22 January 2017
66.	21 February 2017	Philippine Casino Regulator Visit and tour of Crown Melbourne
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68.	3 May 2018	Email from Hugh Brown, Fintel Alliance (AUSTRAC) regarding the process of joining the Fintel Alliance Operational Coordinator Group and providing a short presentation regarding the alliance and how it works
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		REDACTED - SECRET INFORMATION
		Crown engaged with AUSTRAC and Victoria Police in relation to this incident and engaged with AUSTRAC about the proposed controls to be implemented.
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71.	15 May 2018	Email from Briony Olmedo (AUSTRAC) attaching letter and EGM Compliance Assessment Report, along with AUSTRAC's Closure letter for March Compliance Assessment
72.	18 May 2018	Meeting with AUSTRAC (Janet McCarthy, Briony Olmedo, Sue Wong) re various issues REDACTED - SECRET INFORMATION
REDACTED - SECRET INFORMATION		
74.	23 May 2018	Email from Janet McCarthy agreeing to Crown's request for extension until COB Friday, 25 May 2018
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76.	28 May 2018	Email from Janet McCarthy (AUSTRAC) acknowledging receipt of 15 May letter

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Tab	Date	
77.	1 June 2018	Meeting with Hugh Brown (AUSTRAC) – Fintel Alliance
78.	15 June 2018	Letter to AUSTRAC regarding the EGM Compliance Assessment Report including Crown's comments and responses to AUSTRAC's recommendations
79.	15 June 2018	Email from Janet McCarthy (AUSTRAC) acknowledging receipt of 15 June 2018 letter
80.	26 June 2018	AUSTRAC RegTech Showcase
81.	19 July 2018	Letter from AUSTRAC – advising that the EGM Compliance Assessment was now closed
82.	6 August 2018	Telephone call with and email to Janet McCarthy (AUSTRAC) regarding draft questions and answers referencing AUSTRAC in advance of the release of Crown's Full Year Results
83.	16 August 2018	Meeting with Peter Soros, Nathan Newman, Kathryn Haigh & Shane Campbell from AUSTRAC, with Ken Barton, Barry Felstead and Joshua Preston
84.	27 September 2018	AML RegTech Association Breakfast
85.	12 October 2018	Letter from AUSTRAC regarding launch of an information paper titled ' <i>AUSTRAC's approach to regulation</i> '. The paper provides reporting entities and other stakeholders with useful insights into how AUSTRAC views and fulfils its regulatory role under the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth).
86.	17 October 2018 TBC	Presentation to AUSTRAC on junkets operators and tour of Crown Melbourne
87.	22 November 2018	Meeting with Janet McCarthy & Briony Olmedo (AUSTRAC), with Joshua Preston and Louise Lane
88.	2 May 2019	AUSTRAC Presentation and Crown Melbourne Tour
89.	28 May 2019	Email to Chris Collett (AUSTRAC) following an earlier phone call regarding the Fintel Alliance update
90.	14 June 2019	Meeting with AUSTRAC to discuss internal control statements
91.	25 June 2019	Letter to AUSTRAC regarding proposed changes to Crown's ICSs following feedback from Initialism
92.	27 June 2019	Email from Briony Olmedo acknowledging receipt of 25 June letter
93.	28 June 2019	Letter from AUSTRAC relating to s25 Review Recommendation where Crown is seeking input from AUSTRAC in reviewing the ICSs
94.	29 July 2019	Email to AUSTRAC forwarding a copy of Crown's Statement regarding media allegations
95.	29 July 2019	Email from Nathan Newman (AUSTRAC) acknowledging receipt of 29 June email
96.	31 July 2019	Email to Nathan Newman (AUSTRAC) attached a copy of Crown's ASX/Media Release regarding the 60 Minutes Program and related Nine/Fairfax media
97.	16 August 2019	Email to AUSTRAC confirming Crown's response and supporting documents regarding Enhanced Risk Assessment Process – Risk Assessment of Junket Operators was hand delivered to AUSTRAC
98.	21 August 2019	Email from Sarah Webster (AUSTRAC) acknowledging receipt of letter and supporting documents dated 16 August and querying an SMR reference
99.	26 August 2019	Email from Devina Chand (AUSTRAC) regarding AUSTRAC undertaking a money

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Tab	Date	
		laundering and terrorism financing (ML/TF) risk assessment into junket tour operations in Australia, of which Crown Casino (Melbourne and Perth) is a key facilitator and indicating AUSTRAC would be very interested in meeting with Crown Casino to learn from our insights into the criminal threats, vulnerabilities to exploitation and consequences of criminality arising from Crown's dealings with junket tour operators/representatives.
100.	29 August 2019	Meeting with AUSTRAC and Crown Melbourne tour <i>Attendees:</i> <ul style="list-style-type: none"> • Dr Nathan Newman (presentation only) • Vicky Orshansky • Jack Haldane • Hilary Randall
101.	12 September 2019	Email from Vicky Orshansky (AUSTRAC) attachment a s167 Notice regarding the Crown Melbourne Compliance Assessment with a focus on Politically Exposed Persons and High Risk Customers and Letter of Service (PEP/HRC Compliance Assessment)
102.	12 September 2019	Email to AUSTRAC acknowledging receipt of s167 Notice and letter
103.	19 September 2019	Email to Jack Haldane & Vicky Orshansky (AUSTRAC) regarding the queries raised on IFTIs and confirming a substantive response would be provided shortly
104.	24 September 2019	Meeting with AUSTRAC to discuss junket risk assessment as per email dated 25 August 2019
105.	25 September 2019	Presentation and Tour of Crown Perth with Dr Nathan Newman and Peter Soros (AUSTRAC)
106.	4 October 2019	Email to AUSTRAC requesting an extension for Crown's response to s167 Notice
107.	4 October 2019	Letter from AUSTRAC attaching a variation to s167 Notice and confirming the extension of the due date from 8 October to 14 October 2019
REDACTED - SECRET INFORMATION		
109.	18 October 2019	Letter to AUSTRAC regarding International Funds Transfer Instructions
110.	30 October 2019	Letter from AUSTRAC attaching s167 Notice, Letter of Service and Appendices regarding the PEP/HRC Compliance Assessment
111.	30 October 2019	Email to AUSTRAC acknowledging receipt of s167 Notice
112.	20 November 2019	Coffee Meeting with Vicky Orshansky and Jack Haldane (AUSTRAC) to introduce Nick Stokes (Crown's GGM – AML)
113.	21 November 2019	Letter from AUSTRAC attaching a Variation of s167 Notice and letter regarding the PEP/HRC Compliance Assessment
114.	22 November 2019	Email to AUSTRAC attaching Crown's Response to Part A of s167 Notice – regarding the PEP/HRC Compliance Assessment
115.	6 December 2019	Email to AUSTRAC attaching Crown's Response to Part B of s167 Notice – regarding the PEP/HRC Compliance Assessment
116.	6 December 2019	Email from Vicky Orshansky (AUSTRAC) acknowledging receipt of 6 December email from Crown
117.	23 January 2020	Letter from AUSTRAC and annexures regarding further clarification to the responses provided by Crown to AUSTRAC on 14 October and 6 December 2019

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Tab	Date	
		regarding the PEP/HRC Compliance Assessment
118.	23 January 2020	Email to AUSTRAC confirming receipt of their 23 January email
119.	13 May 2020	Letter sent to Anna Lewkowics (AUSTRAC) regarding Junket Tour Operations in Australia – money laundering and terrorism financing risk assessment
120.	13 May 2020	Telephone call with Vicky Orshansky (AUSTRAC) who advised of their plan to be onsite at Crown in the last week of March for 2 full days to continue the s 167 review of High Risk Customers and Politically Exposed Persons
121.	6 April 2020	Email from Anna Lewkowicz (AUSTRAC) attaching for Crown's feedback and comment their draft ML/TF risk assessment of junket tour operators in Australia
122.	20 April 2020	Telephone call with Anna Lewkowicz (AUSTRAC), and AML representatives from the Star and Sky City to seek clarification of some of themes contained in the draft ML/TF risk assessment of junket tour operators in Australia
123.	14 May 2020	Email from Anna Lewkowicz acknowledging receipt of 13 May 2020 letter
124.	29 June 2020	Submission of Annual (2019) Compliance Report to AUSTRAC
125.	18 August 2020	<p>Telephone call with Jack Haldane (AUSTRAC) to gauge expectations and receive feedback from AUSTRAC in relation to Crown's proposed approach to remediation / look-back in relation to the ILGA identified Riverbank and Southbank accounts:</p> <ul style="list-style-type: none"> Put forward our intermediate (vis-à-vis medium or longer term if applicable) proposed action plan considering the intelligence value to AUSTRAC and partner agencies considering the time period since the transactions. What that approach will be - e.g. limit to existing customers versus WOL's or deceased customers etc. The effort or resources required to carry out the remediation / look back versus the impact on meeting existing AML compliance obligations and who will be tasked with any remediation / look back. If a reasonable suspicion is formed then in addition to the SMR we need to ensure our other compliance obligations are met – e.g. ECDD etc. Logical assumptions better than absolutely certainty – e.g. although AGT could be cash/cheque if there are multiple transaction for \$9500 in a day it is more likely than not they are cash deposits not cheques. No need necessarily to run to investigation to confirm this. Provide a root cause analysis and narrative around the identified control failures and breakdowns. Outline what is being done now to address those breakdowns or lapses in control – e.g. external review, roll out of new Sentinel / TM rules etc.
126.	17 August 2020	Telephone call with and email from Kate Aplin (AUSTRAC) regarding AUSTRAC is in the process of developing a new money laundering and terrorism financing (ML/TF) risk assessment. This risk assessment will focus on Australia's casino sector, excluding junket tour operators.
127.	19 August 2020	Telephone call with Kate Alpin (AUSTRAC) to clarify some of the content in the s. 167 Notice in relation the Casino sector ML/TF risk assessment
128.	20 August 2020	Email to AUSTRAC advising a review of Crown Perth Riverbank accounts arising out of evidence provided during the ILGA inquiry
129.	2 September 2020	Telephone call with Jack Haldane (AUSTRAC) to provide a status update on the bank accounts review. Jack also advised that they will shortly respond to our letter of 20 August 2020 with some clarifying questions.
130.	7 September 2020	Telephone call from Jack Haldane (AUSTRAC). He advised that the letter is yet to

ANNEXURE A

Tab	Date	
		be sent and was unable to share the content or questions at this stage.
131.	16 September 2020	Email from Vicky Orshansky (AUSTRAC) attaching their letter in relation to Crown's
132.	18 & 30 September 2020	Telephone call with Jack Haldane and Vicky Orshansky (AUSTRAC) to provide an update on timing of Crown's response to #9 of AUSTRAC's letter of 16 September
133.	2 October 2020	Telephone call with Nathan Newman, Jack Haldane and Vicky Orshansky (AUSTRAC) who advised that AUSTRAC has initiated an enforcement investigation into potential non-compliance at Crown Melbourne with the AML/CTF Act and Rules
134.	2 October 2020	Email from Vicky Orshansky (AUSTRAC) attaching their letter advising of AUSTRAC enforcement investigation
135.	5 October 2020	Email to AUSTRAC attaching Crown's response to #9 of their 16 September 2020 letter providing a status update of the Crown Perth Riverbank account review
136.	5 October 2020	Email from Vicky Orshansky confirming receipt of Crown's letter of 5 October 2020



AGENDA ITEM 3:
Progress of Enhancement of Compliance
and Governance Processes

STRICTLY CONFIDENTIAL
 UPDATED 16 OCTOBER 2020

Crown Resorts
Enhanced Compliance and Governance Processes – Key Workstreams

Item	Timing	Responsibility	Comment
1. AML			
Initialism engagement	Underway	Nick Stokes	<ul style="list-style-type: none"> • Initialism engaged to undertake two projects • <i>1) Transaction Monitoring source information review</i> – A review of Crown’s transaction monitoring program focusing on source data inputs, specifically covering: <ul style="list-style-type: none"> ○ the process to capture underlying source data into SYCO, as well as the underlying data into Splunk, to ensure information is accurately being recorded in the relevant systems ○ transactions through Crown’s bank accounts to identify any potential historical shortcomings in the process which has the potential to impact data fidelity, and any potential improvements to the process based on identified typology ○ a root cause analysis of the ‘aggregation’ issue identified in the Riverbank and Southbank accounts • <i>2) Review and refinement of the Joint Program</i> – A review of the Joint Program to assess: <ul style="list-style-type: none"> ○ completeness across Parts A and B; and ○ the periodic risk assessment methodology
Promontory engagement	Underway	Ken Barton, Nick Stokes	<ul style="list-style-type: none"> • Promontory engaged to review Crown’s AML/CTF program and to conduct: <ul style="list-style-type: none"> ○ Part 1: an AML vulnerability assessment; ○ Part 2: a strategic capability assessment; and ○ Part 3: Independent Review of the new Joint Part A for Crown as a Designated Business Group to be undertaken post implementation (Q2 2021) [proposal for Part 3 being finalised] • Information request received from Promontory, however engagement will commence in early November following roll-out of the Joint Program

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UPDATED 16 OCTOBER 2020

Item	Timing	Responsibility	Comment
Appoint Head of Compliance & Financial Crimes	Underway	Ken Barton	<ul style="list-style-type: none"> • Heidrick & Struggles (H&S) appointed to assist with the recruitment process • H&S have provided initial candidate list, and has commenced detailed engagement with prospective candidates • Targeting a final decision around mid-November (with commencement subject to applicable notice periods)
Reporting lines	Underway	Ken Barton	<ul style="list-style-type: none"> • New Compliance and Financial Crimes department independent of business unit to be created with direct reporting lines to the Board • Reporting lines to be developed once new Head of the division appointed
Additional resourcing for AML team	Underway	Nick Stokes	<ul style="list-style-type: none"> • John Yates recruited in the position of Group Senior Manager AML – Customer Investigations (commencing 21 October) • Recruitment underway for 5 additional positions (AML Investigations Officer Melbourne, AML Compliance Manager Sydney, AML Data Analytics Manager Melbourne, 2x Group AML Analyst Melbourne) • AML Investigations Officer Sydney to commence recruitment shortly • 2 additional positions currently on hold pending updates on the status of the junket business (Group Manager AML – Customer Intelligence, AML Due Diligence Officer Sydney)
Budget for new AML headcount	TBD	Nick Stokes	<ul style="list-style-type: none"> • Budget for new headcount to be developed
Expansion of AML training tools and roll out to organisation (including Board)	Underway	Nick Stokes Mary Manos	<ul style="list-style-type: none"> • Revised online “Awareness” training module has been released • “BU Specific” targeted training to be completed by end October and rolled out to relevant team members commencing early November • Mary Manos has set up Board training schedule
Implementation of joint program	Target date of 30 October	Xavier Walsh Nick Stokes	<ul style="list-style-type: none"> • The Proposed Program has been finalised (subject to Board approval on 21 October) • The Joint AML/CTF Policy and Business Unit Standard Operating Procedures to give effect to the program have been finalised • Amendments to other policies and policy statements flowing from the adoption of the Proposed Joint AML/CTF Program is underway • Following completion of documentation, the Joint Program will be communicated to relevant Business Units for implementation

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Item	Timing	Responsibility	Comment
Additional controls around cash deposits into bank accounts	Underway	Alan McGregor Xavier Walsh	<ul style="list-style-type: none"> Working with ANZ to reduce (and preferably eliminate) the incidence of cash deposits by patrons into Crown's bank accounts from branches. In the absence of eliminating cash deposits, there will be a streamlined flagging and reporting of all cash deposits into Crown's patron accounts Local & Domestic customers who have made cash deposits since January 2019 have been informed of the prohibition of cash deposits into Crown bank accounts and third party transfers International customers (from HK/Macau) who have visited on a program since 1 April 2018 for Tables or 1 January 2019 for Gaming Machines have been informed of the prohibition of cash deposits into Crown bank accounts and third party transfers, as well as making customers aware that future programs will include a consent to provide the customers details to our bank upon request (by the bank)
Additional controls around receipt of funds from companies and trusts	TBC	Mary Gioras	<ul style="list-style-type: none"> Revised process implemented in 2019 Process to be reviewed, and any additional controls considered
AML Sentinel and UAR process	Ongoing	Nick Stokes	<ul style="list-style-type: none"> A live version of Sentinel is currently operating in parallel with Crown's manual transaction monitoring program. An enhanced version of Sentinel, with additional functionality, has finished pre-production and is ready to be brought into the live environment. <ul style="list-style-type: none"> A limited number of rules are currently live in Perth Further rules are to be implanted and tested by the AML team from the week beginning 19 October Crown has developed Unusual Activity Reports as a way to systematise the reporting on certain trigger events. Automation of this process is currently being explored
Financial Crimes vulnerability assessment	Underway	Ken Barton Nick Kaldas	<ul style="list-style-type: none"> Engaging with Nick McTaggart (through the Nick Kaldas arrangements) to do a criminal vulnerability assessment of Crown's operations from a Financial Crimes perspective and specifically review Crown Sydney vulnerability.

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 UPDATED 16 OCTOBER 2020

Item	Timing	Responsibility	Comment
2. Junket processes			
Suspension of all junket relationships	Ongoing	Ken Barton, Xavier Walsh	<ul style="list-style-type: none"> Implemented through to 30 June 2021 All previously active junket operators have now been advised of the suspension (verbal/in writing)
Implementation of new junket approval process (including Deloitte recommendations and additional measures)	Underway	Ken Barton, Anne Siegers	<ul style="list-style-type: none"> Internal project set up to address each Deloitte recommendation, as well as additional enhancements identified over and above Deloitte recommendations Group POI Committee now set up and activated from 14 October 2020, with decisioning tool developed and in operation Considered a new organisational structure, separating the credit decision making process from the original and ongoing Junket approval process Redesigned at a high level the new flow of activities between the different business units involved in the approval process Redesigning the Junket Application Form, to incorporate other pieces of information such as supporting organisation, shareholders, financiers, agents/ reps, associated individuals, as well as a declaration supporting the lack of criminal activity and links Developing a tool that will capture the outcomes of the EDD and incorporate the risk appetite into a decision recommendation. Nick McTaggart to review junket approval process once developed
Broaden EDD to the same level for all parties junket related (reps, financiers and principals)	Underway	Ken Barton, Anne Siegers	<ul style="list-style-type: none"> Incorporated into internal project to implement Deloitte recommendations
Information sharing protocols and MoU with relevant law enforcement agencies	Underway	Ken Barton, Nick Kaldas	<ul style="list-style-type: none"> MoU being discussed with the Australian Criminal Intelligence Commission (ACIC)
Development of specific Financial Crimes department within Crown	TBD	Ken Barton	<ul style="list-style-type: none"> New Compliance and Financial Crimes department independent of business unit to be created with direct reporting lines to the Board

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Item	Timing	Responsibility	Comment
Apply these new processes to all junket arrangements before recommencing relationship with any junket	TBD		<ul style="list-style-type: none"> To be implemented once revised processes have been designed – This is anticipated to start mid-November
3. VIP Operations			
Single Head of VIP role	TBD	Ken Barton, Xavier Walsh	<ul style="list-style-type: none"> New Head of VIP role to be created, with reporting line through to the Chief Operating Officer – Crown Melbourne
Development of clear Position Descriptions for each role with VIP Operations team	TBD	Ken Barton, Xavier Walsh	<ul style="list-style-type: none"> Part of new organisation design
Revisit the content and frequency of training	TBD	Xavier Walsh	<ul style="list-style-type: none"> To be developed once the new organisation structure has been approved
Revisit Sales & Operations teams' incentive structures	TBD	Xavier Walsh	<ul style="list-style-type: none"> To be developed once the new organisation structure has been approved
Establishment of a centralised compliance-related department with ultimate decision making on junket relationship	TBD	Ken Barton	<ul style="list-style-type: none"> New Compliance and Financial Crimes department independent of business unit to be created with direct reporting lines to the Board

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UPDATED 16 OCTOBER 2020

Item	Timing	Responsibility	Comment
4. People & Culture			
Meeting with Top 20 Executives	Underway	Ken Barton	<ul style="list-style-type: none"> • Around half the meetings have been conducted so far
Deferral of STIs subject to clawback	Complete	Ken Barton	<ul style="list-style-type: none"> • Revised STI structure implemented (STI subject to partial deferral and forfeiture in the event of any adverse compliance or regulatory events)
Risk and compliance message	Being developed	Ken Barton, Anne Siegers	<ul style="list-style-type: none"> • A risk culture framework (which encompasses compliance) is in development to support the new Risk Management Strategy document
Reporting tools	TBD	Ken Barton, Deloitte	<ul style="list-style-type: none"> • Risk and Melbourne HR teams progressing a culture dashboard and ongoing culture reporting based on existing information (e.g. unplanned leave and survey data) • The scope of the Deloitte proposal (referred below) includes tools to monitor and report against our culture
Head of Culture and Human Resources	Underway	Ken Barton	<ul style="list-style-type: none"> • New Head of Culture and Human Resources role to be created • Scope of the role to be determined
Independent Compliance Function	TBD	Ken Barton	<ul style="list-style-type: none"> • New Compliance and Financial Crimes department independent of business unit to be created with direct reporting lines to the Board
Independent Audit Function	TBD	Ken Barton, Anne Siegers	<ul style="list-style-type: none"> • New Head of Internal Audit role to be created, with reporting line through to the Chief Financial Officer – Crown Resorts and the Audit and Corporate Governance Committee
Consulting engagement from Deloitte on Culture	TBD	Ken Barton	<ul style="list-style-type: none"> • Consideration being given to a proposal from Deloitte to assist in cultural change to move Crown's culture to one aligned with its long term goals • Discussion held with Deloitte – considering a rearranged work plan with the initial focus on measurement of existing culture. Proposal from Deloitte has been received and being finalised
5. Governance Structure			
Legal Entity Structure	Underway	Mary Manos	<ul style="list-style-type: none"> • Review underway • Advice received from HSF
6. Organisational Structure			
Implementation of overall organisation design	Underway	Ken Barton	<ul style="list-style-type: none"> • Packages being for relevant Executives being considered at People, Nomination and Remuneration Committee on 20 October • Reporting lines and other organisational structure changes to be announced once package for CEO AR finalised and announced

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 UPDATED 16 OCTOBER 2020

Item	Timing	Responsibility	Comment
7. Other initiatives			
Significant Player Review	Underway	Tim Barnett, Chris Schoenmaekers	<ul style="list-style-type: none"> Review of top-end local players at Melbourne and Perth to determine whether (i) to continue to deal with the patron; (ii) further investigation is required; or (iii) cease to do business with the patron
Sydney Member and Guest review process	Underway	Sean Knights, David Crossley	<ul style="list-style-type: none"> Development of review procedures to assess and screen members and guests of the Restricted Gaming Facility



AGENDA ITEM 4:
Crown Sydney



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 16 October 2020
Subject: Crown Sydney

Dear Committee Members

As the ILGA Inquiry hearings continue, a number of possible risks are emerging with regard to Crown Sydney. Crown will have the opportunity to make formal submissions to the Inquiry in relation to a number of themes arising out of the Inquiry. While none of the following risks have materialised to date, they are outlined below for the Committee's consideration.

The main areas of risk which have been identified over the course of the hearings include:

- Suitability of Crown to hold a gaming licence in NSW
- Deferral of intended opening date
- Imposition of operating conditions and restrictions on the licence, including with respect to junket relationships
- Suitability of close associates and key management personnel
- Appropriate implementation of the AML Joint program at Crown Sydney
- The impact of 'rushing' or making 'knee-jerk' decisions
- Reconsideration of the smoking exemption
- Whether the regulatory certainty arrangement is activated by any changes

In addition, comments on ownership structure, shareholder representation and information sharing have also been made.

Management will continue to systematically assess these identified risks and mitigation strategies, some of which have a broader strategic impact, and will keep the Committee apprised of these matters.



AGENDA ITEM 5:
Risk Reporting



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 16 October 2020
Subject: Risk Reporting Review

Dear Committee Members

Committee Meeting Structure

The Chair of the Committee recently requested an increase in the frequency and length of Committee meetings to six times per year with each meeting scheduled for three hours.

Subject to the Committee's views, it is proposed that the agenda for the meetings be as follows:

1. four meetings per year with a standing agenda (consistent with previous meetings);
2. one meeting per year (in H1) dedicated to reviewing the Risk Profile, Risk Management Strategy, Risk Appetite, Compliance Frameworks and associated documents; and
3. one meeting per year (in H2) dedicated to emerging risk areas and professional development.

Material Risk Report

At the August Committee meeting, the Chair of the Committee requested that a review of the content and format of the Material Risk Report which is presented to the Committee at its standing meetings.

In consultation with the Chair of the Committee, management has updated the Material Risk Report as set out at Agenda Item 3.2.

We would be grateful for feedback from the Committee on the updated format of the Report and whether any further enhancements should be considered.



Crown Resorts Limited

Risk Report
October 2020

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5.2

SECTION 1 – EXECUTIVE SUMMARY

The purpose of this report is to provide the members of the Risk Management Committee with:

- An overview of the main events that have materialised since the last report and an ongoing update on events that continue to remain materially relevant to the business;
- A dashboard that considers those events against the Board’s Risk Appetite thresholds;
- An assessment of how these events may impact on the risks facing the organisation, and therefore if adjustments to the corporate risk profile are necessary;
- An update on all material risks currently identified in the corporate risk profile (the ‘critical’ and selected ‘high’ risks in the updated Crown Resorts risk profile depicted as “material risks” in the Crown Resorts Risk Map set out on page 6 of this report).

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

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

External factors

The Melbourne and Perth properties were closed on 23 March 2020, due to the declared national COVID-19 pandemic, and at the direction of government authorities. Crown Perth re-opened on 27 June 2020, with a number of physical distancing and hygiene protocols in place.

Melbourne continues to be shut down, with no potential re-opening date yet known. During the closure, limited activity continued in hotels along with minor food offerings, but all other departments shut down, with approximately 95% of staff being stood down. Security and Surveillance operations remained in place to ensure the security of the facilities, and a number of core staff remained active to handle critical activities and infrastructure, as well as plan for re-opening and supporting the Sydney opening.

The closure of the Melbourne property and conditional re-opening of the Perth property present a number of medium to long term challenges, including restricted ability to operate (social distancing measures, hygiene and other government imposed conditions); no international business whilst Australian borders remain closed; risk of further waves of transmission of the virus; and customer confidence in returning to our premises.

The re-opening process in Perth was successful, and some minor operational issues were handled effectively by the team as they arose. Since re-opening, business volume has been very good, although the peak has started to reduce, and operations have successfully managed the additional physical distancing and hygiene standards and protocols. See Section 10 of this Report for further COVID-19 updates.

The two main challenges faced during the Perth re-opening phase have been staff absenteeism and change in patron demographics (increased security incidents), which we believe were both partially related to the JobKeeper payment.

Prior to the pandemic, local economic conditions in WA continued to be challenging with certain indicators showing a downward trend. The impact of the second wave in Victoria is expected to damage the local economy further. The full impact of the pandemic remains to be fully understood on discretionary spending and overall employment, as the country enters its first recession in over 30 years.

The October 2020 Federal Budget proposed a number of tax measures that will provide some economic relief, but the impact (short to long term) remains uncertain.

Crown Aspinalls closed its doors at the direction of government authorities relating to the COVID-19 outbreak in the UK and re-opened on 15 August. Activity is significantly limited and workforce reductions (reduced hours and redundancies) have taken place.

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

Regulatory Matters

As previously reported, as a result of the allegations put by both the Nine Network (60 Minutes program, SMH and the Age) and Mr Wilkie, various investigations and inquiries are continuing involving ILGA and AUSTRAC. Investigations involving the VCGLR and VCGLR Inspectorate into some of the media allegations, have been ongoing. REDACTED - SECRET INFORMATION

REDACTED - SECRET INFORMATION

The ACLEI investigation (Operation Angove) has concluded and none of the allegations of corruption were substantiated. Crown has provided a copy of the Report to its Australian Gaming Regulators.

The ILGA inquiry continues with a number of Crown directors and employees (along with past directors and employees) providing evidence. Crown is considering, and will continue to do so, the feedback and any recommendations coming from the Inquiry, and will present any relevant process, governance or operational adjustments to the Committee and/or the Board for discussion.

VCGLR matters

On 7 September 2020, Crown Melbourne received a s 26 Notice from the VCGLR, seeking information (regarding dates and programs) relating to three persons (a Junket Agent, a Junket Operator and a Junket Player). Crown partially responded to the Notice, noting that for a full response Crown staff would be required to attend Crown Melbourne to review hard copy records. Advice was sought from the VCGLR as to whether it required Crown staff to attend Crown Melbourne however no response has yet been received.

Following Crown's response to the above s 26 Notice, on 2 October 2020 the VCGLR issued Crown with a Show Cause Notice as to why disciplinary action should not be taken against Crown with regard to the three persons noted in the s 26 Notice. The Show Cause Notice alleges that Crown failed to comply with clause 2.5.1 of the Junket Internal Control Statement, which requires robust processes to consider the ongoing probity of its registered Junket Operators, Junket Players and Premium Players. REDACTED - PRIVILEGE

REDACTED - PRIVILEGE The receipt of the Show Cause Notice has been announced to the ASX following a statement regarding the issue of the Notice by the VCGLR.

During the period, Crown has continued to address, and engage with the VCGLR on the Recommendations made by the VCGLR as part of its Sixth Review of the Casino Operator and Licence. To date, 17 of the 20 Recommendations have been responded to by Crown by the required

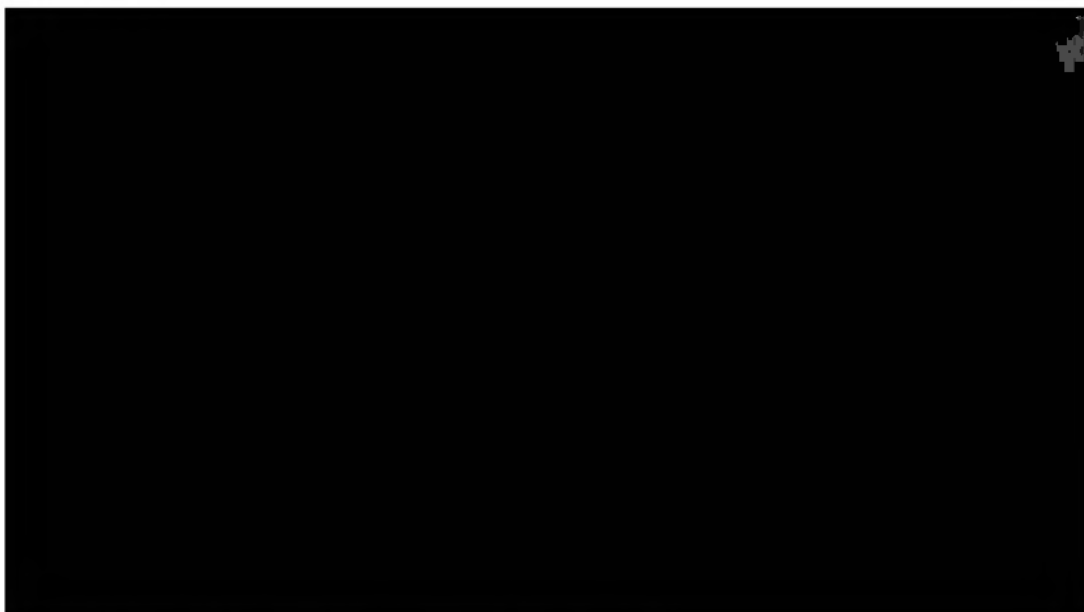
due date, with 2 of the remaining 3 not yet due. The third, being the meeting that was set up to address Recommendation 20 has been postponed due to the COVID-19 shutdown and has since been deferred until after the conclusion of witnesses giving evidence before the ILGA Inquiry.

As previously reported, as a result of media allegations against Crown reported in July 2019, the VCGLR wrote to Crown Melbourne on 23 September 2019, providing notice of its intention to continue its investigation into the China Matter. The VCGLR noted its intention to obtain information from former Crown staff who were detained in China. Crown and Minter Ellison continue communications with the VCGLR on this matter. There has been no further material development since the last report.

ASIC Information Request

On 13 October 2020, Crown received an information request in respect of the financial report for the year ended 30 June 2020. Crown is required to respond to the information request by 28 October 2020.

ILGA Matters



Engagement with ILGA in relation to a supervisory levy continues.

Operational Matters

The JobKeeper program was implemented at Crown, which is helping to secure staff who have been stood down during the closure period and the limited re-opening in Perth. The government announced the continuation of the program past 27 September 2020, on adjusted terms. Crown Melbourne continues to be eligible for the JobKeeper payment for its staff past 27 September 2020, but Crown Perth does not.

Crown Aspinalls and DGN have been informed by their banking institutions, that their accounts will be closed. This is as a result of the banks choosing to no longer have gaming operators in their customer portfolios. ANZ has agreed to provide banking services to DGN with the accounts open

from early October. Crown Aspinalls is currently in the process of securing alternative banking arrangements.

As previously reported, Crown Melbourne received a show cause notice from the Melbourne City Council relating to combustible cladding on the Metropal Hotel (dated 11 April 2019). In response, Crown submitted a report by fire engineers, DNT Engineering Services, on 12 September 2019. Crown appeared before the Building Appeals Board (BAB) on 7 April 2020, and several additional queries were raised. Crown lodged additional information on 22 May 2020 and the Victorian Building Authority filed its comments to the BAB on 12 June 2020. The BAB has not yet completed its final determination on this matter.

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

The first phase of Crown Perth's implementation of EFTPOS on gaming tables commenced on 27 July 2020. The implementation is currently in Phase 2 of its "pilot" phase, which involves EFTPOS on 24 tables for a period of 13 weeks. This is in advance of full operational implementation (Phase 3). A post implementation report is to be prepared for the Gaming and Wagering Commission of Western Australia (**Commission**), which will cover the first three months of Phase 3.

For the first approximately 6 months, Crown Perth has implemented the additional control of a \$500 maximum daily withdrawal limit to apply to all non-premium areas.

Crown Melbourne has been developing the concept of **Safe Haven** for the last few months to improve support for employees in relation to matters concerning bullying, harassment, sexual harassment, domestic violence and drug and alcohol abuse. The concept articulates Crown's stance of zero tolerance of inappropriate behaviour and encourage employees to raise any concerns confidentially without fear of victimisation. The program also provides the umbrella for all support options available in relation to these matters.

The roll-out of Safe Haven has been accelerated following the receipt of a complaint alleging sexual harassment by one of our long-standing gaming service managers toward a member of his team. The allegations were investigated and found to be largely substantiated. That manager is no longer employed by Crown.

In addition to the roll-out of Safe Haven, an independent consultancy has been engaged to assess the culture within the gaming business (Table Games and Gaming Machines) in Melbourne concerning sexual harassment and the culture around raising complaints. This assessment is taking the form of a confidential survey of all gaming employees (which is currently being undertaken) and will be followed by a series of focus groups to gain additional qualitative data.

REDACTED - PRIVILEGE

AML/CTF Matters

Crown responded earlier in the year to s 167 Notices regarding a Compliance Assessment of Crown Melbourne's AML/CTF Program, with a focus on High Risk Customers and Politically Exposed Persons.

5.2

The AUSTRAC Regulatory Operations team identified potential non-compliance with the AML/CTF Act and Rules, including concerns with:

- Ongoing Customer Due Diligence (section 36)
- Adopting and maintaining an AML/CTF Program (section 81)
- Compliance with Part A of an AML/CTF Program (section 82)

The above three are all civil penalty provisions.

AUSTRAC has informed Crown Melbourne that the concerns have been referred to AUSTRAC's Enforcement Team which has initiated a formal enforcement investigation into the compliance of Crown Melbourne. The scope of the original review may be widened.

AUSTRAC advised that the outcome of the enforcement could be one of the following: civil penalty order, infringement notice, enforceable undertaking, or no action.

The Financial Action Task Force (FATF) was expected to visit Australia during Q1-Q2 FY20 to complete an assessment of Australia's compliance with international AML standards. Any adverse outcomes are likely to impact the legislative/regulatory framework in Australia, which could ultimately affect the obligations of reporting entities.

Crown was provided with a copy of AUSTRAC's draft Junket Risk Assessment for review and comment, prior to its publication. Crown reviewed the draft Risk Assessment and prepared and submitted its comments to AUSTRAC. We are yet to receive feedback on our comments.

Crown is currently responding to AUSTRAC's request for information related to AUSTRAC's casino industry risk assessment.

The ILGA Inquiry has focused on elements of Crown's historical AML/CTF practices, particularly related to transactions on the Riverbank and Southbank accounts. Crown is engaged with AUSTRAC on this issue and is currently preparing a response to a number of queries AUSTRAC has put to Crown. Crown is continuing to review these accounts.

The AML/CTF team is progressing the implementation of the Joint AML/CTF program, which it anticipates being implemented by 31 October 2020 at each property. Please refer to agenda item 7 for a detailed update on AML/CTF matters.

Two additional elements are worth noting:

- The recommendations of the Deloitte Junket approval and POI Process review are in the process of being implemented.
- With regards to enhancing Crown's engagement with Law Enforcement Agencies, Nick Kaldas is assisting Crown in creating a framework for collaboration and information sharing. A verbal update will be provided at the Committee on the progress of this initiative.

There are two major risk aspects to AML/CTF events: one is patrons or customers committing money laundering fraud, and the other is Crown failing in its regulatory obligations. In Crown's risk profile, these two events are represented in risks #12 - *Major criminal activity* and risk # 7 – *Material breach of gaming and other relevant legislations/regulations*.

SECTION 2 – RISK APPETITE DASHBOARD

CATEGORY	QUANTITATIVE METRICS – RMC REPORTING TRIGGERS	NEW REPORTABLE EVENTS	REFERENCE
Financial	Outside normal trading EBITDA losses (per event), and/or adverse to the current (normalised) forecast	>\$10M	No
Brand / Reputation	Internal event creating a sustained share price loss	>5%	No
	Sustained negative national or international media coverage	Any event	Yes <i>ILGA</i>
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	Yes <i>VCGLR & AUSTRAC</i>
	Material responsible gaming issues including sustained adverse media	Any event	No
	Material service of alcohol issues impacting the liquor licences	Any loss of licence and/or points	No
People	Notifiable serious incidents with regulator involvement under workplace health and safety and other related legislation	Any event	No
	Sustained staff turnover and/or unplanned absences above average	Any event	No
	Loss or potential loss of key management personnel	Any event	Yes <i>COVID-19</i>
	Imminent industrial action	Any event	No
Customer/ Patrons	Negative event affecting segment of patrons (e.g. VIP, F&B, Hotel)	Over 20% or 20,000 patrons of segment type, or \$100M revenue	Yes <i>COVID-19</i>
Infrastructure	Security incident that threatens people or property	Any event	No
	Loss of other core IT infrastructure or multiple key systems	>24hrs	No
	External or internal security breaches resulting in unauthorised access to, or loss of, customer data likely to result in serious harm	Any event	No
	Loss of critical physical infrastructure	>24hrs	No
	Unplanned loss of gaming floor in one property	>10% for up to 24 hrs	Yes <i>COVID-19</i>
	Unplanned loss of non-gaming front of house facilities in one property	> 1 hotel or 50% F&B > 24hrs	Yes <i>COVID-19</i>
Strategy / Business Sustainability	Critical event requiring mobilisation of resources and CMT/EMT activation	Any event	Yes <i>COVID-19</i>
	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

SECTION 3 – PROPOSED ADJUSTMENT TO CROWN RESORTS CORPORATE RISK PROFILE

Consideration of key events

The key events described in the Executive Summary represent materialisation of risk events and they should be reviewed in light of the risks facing the organisation in the next 12 months. When key events escalate, or have the potential to escalate, the likelihood and consequence of risk should be reconsidered.

Below is a table that summarises how these key events are evolving against the relevant material risks, which gives an indication to the Committee members of whether the rating of those material risk should be reconsidered.

MATERIAL RISKS	EVENT TREND
1. Legislative / Regulatory Changes	No new events →
2. Volatility of Premium Gaming	No new events →
3. Act of Terrorism on Property	No new events →
4. Major Reputational Damage	Continuing Events →
5. Litigation	No new events →
6. VIP Bad Debts	No new events →
7. Material Breaches of Gaming and other Relevant Legislation/ Regulations	New events ↑
8. Data Misuse	No new events →
9. Breakdown in relationships with key government, legislative or regulatory bodies	No new events →
10. External disruptors outside our control	No new events →

There are no changes proposed as a result of key events that have materialised or continued to evolve over the period. Reputational damage is ongoing via the impact of the ILGA Inquiry, but has already been considered in the risk rating, and the new breach events are based on historical practices.

Other Considerations

There are no other considerations at this time.

Crown Resorts Corporate Risk Map – October 2020

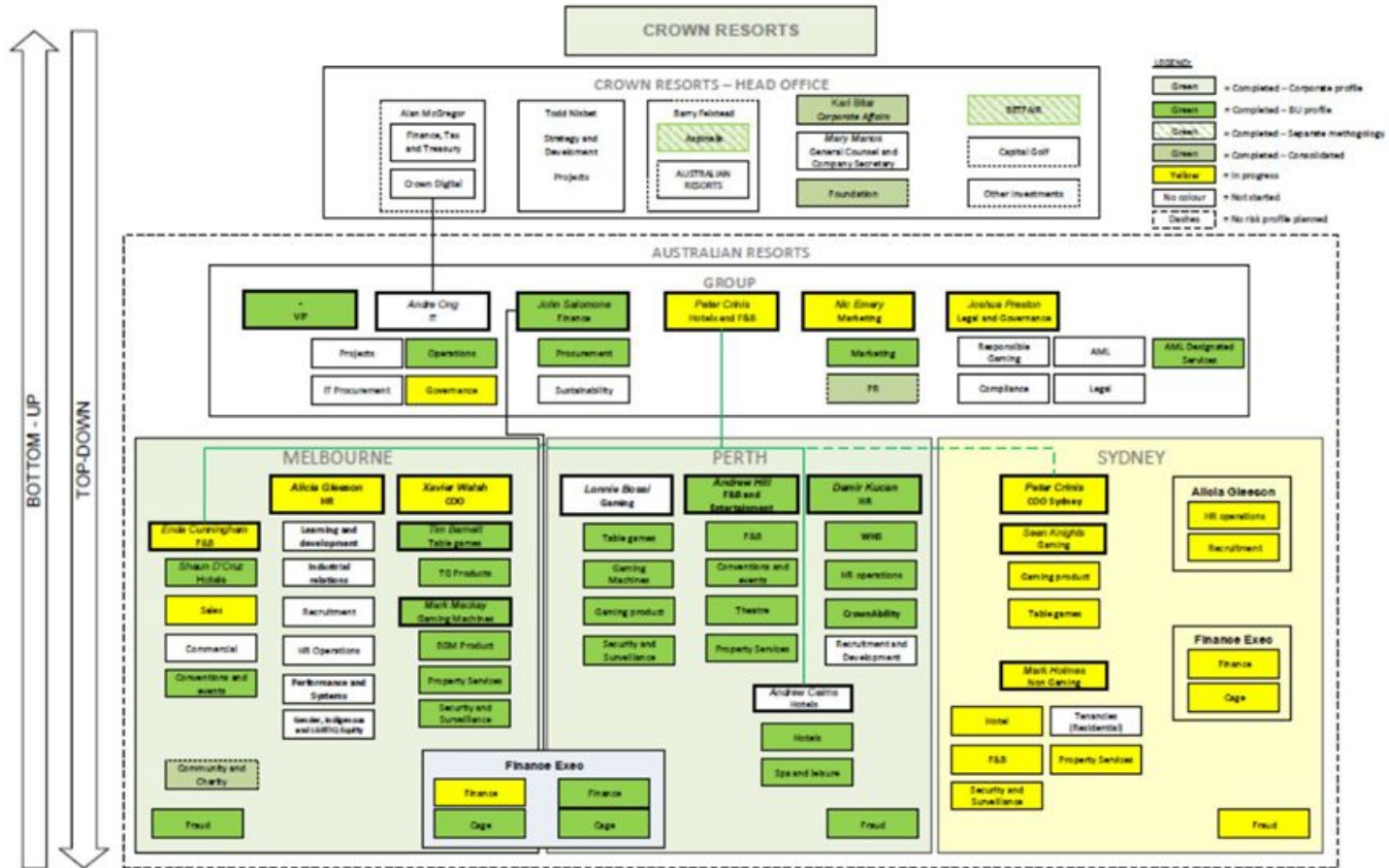
		<i>MATERIAL RISKS</i>				
Likelihood	Almost certain	Harm to persons on property (16)		Major reputational damage (4) Legislative/regulatory changes (1)	External disruptors out of our control (10)	
	Likely		Treasury risk (23)	Litigation (5) VIP bad debts (6)	Volatility of gaming revenue (2)	
	Possible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

Legend:

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

5.2

Summary of Risk Identification: Top-Down / Bottom-Up



5.2

EXAMPLE - CONSIDERATION OF AML/CTF RISKS IN THE CROWN RISK FRAMEWORK and CONSOLIDATION INTO THE CROWN RESORTS RISK PROFILE

There are two aspects to AML/CTF events: one is patrons or customers committing money laundering fraud, and the other is Crown failing in its regulatory obligations.

Because of this, the risk around AML/CTF has been reflected in two major risks, which are:
 Major criminal activity (where the patrons launder money and other criminal activities)
 Breach of legislation (where Crown fails in its obligations)

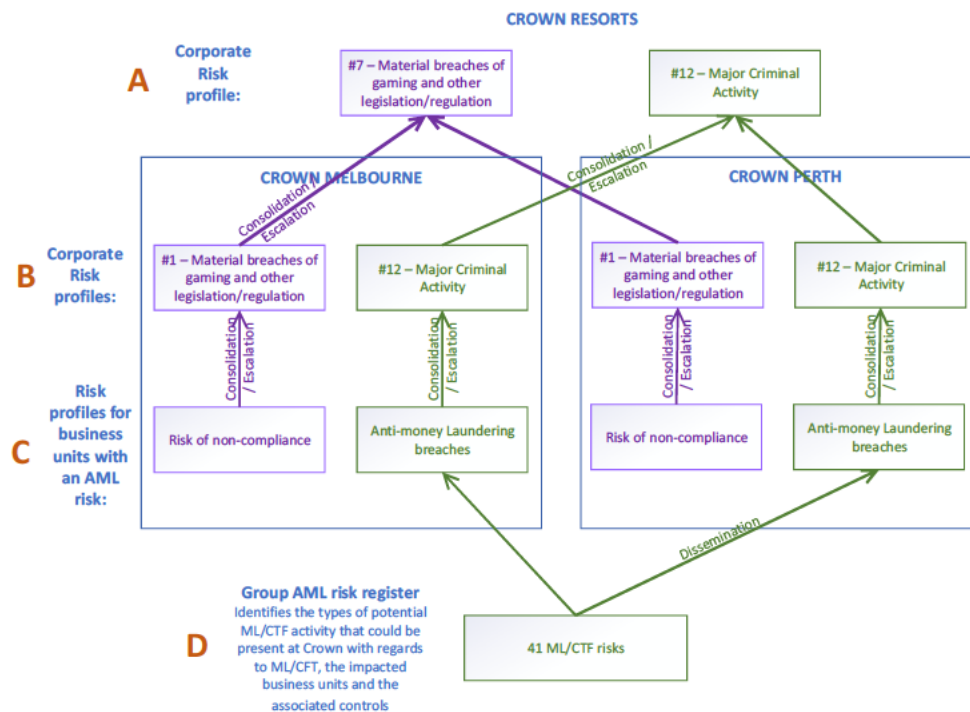
The AML team has used the Crown risk framework to create a risk profile around its designated services and has used Crown’s risk framework to rate each risk.

Each business unit that has a role in the delivery of the designated services then has a risk that captures AML breaches. They also have a risk associated with them failing in their processes and creating non-compliance events.

All of those risks are then consolidated at a property level, into 2 risks, which are captured and consolidated again at the Crown Resorts level.

The way the risks are flowing from top-down and bottom-up is as follows:

AML/CTF RISKS FLOW IN THE CROWN RESORTS RISK FRAMEWORK



5.2

Below are the lists of AML/CFT associated risk profiles by level:

A: Crown Resorts Risk profile

B: Crown Melbourne Corporate Risk profile
Crown Perth Corporate Risk profile

C: Business Unit level risk profiles:

Crown Melbourne	Crown Perth
Melb – 4B Electronic Gaming Risk Register	Perth Gaming Machines Risk Register
Melb – 4B Table Games Risk Register	Perth Table Games Risk Profile (Old Methodology)
Melb – Cage Risk Register	Perth Cage Risk Register
Melb – Premium Table Games Risk register	Perth Premium Gaming Risk Profile (Old Methodology)
Melb – VIP Int Table Games Risk Register	Perth Security Risk Profile
Melb – VIPEGM Risk Register	
Melb – Security and Surveillance Risk profile	

D: AML Designated Services Risk profile

SECTION 4 – UPDATES TO MATERIAL RISKS

1. Legislative and Regulatory Changes

The rating of this risk was increased at the June 2020 meeting, as the broad impact of the ILGA inquiry over the regulatory environment of junkets and the VIP business was considered. The rating is now 'Almost Certain' and 'Major' (Critical), which means that it requires oversight from the Committee or the Board.

Crown believes it will have the capability and capacity to respond to these changes but anticipates that they could materially impact the business model.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Changes to legislation, regulation or Government policy covering the conduct of, and access to, gaming or broader operational and compliance processes in any jurisdiction in which Crown operates.</p> <p>Examples of changes include, but are not limited to:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable) to reduce likelihood of change. • Maintenance of productive relationships with key stakeholders • Annual strategic planning and business planning processes. • Contingency planning, including business continuity plans. • Appropriate and targeted marketing campaigns. • Management monitoring of: <ul style="list-style-type: none"> – international competitors; – the VIP program and relationships; – local and domestic competitors in all jurisdictions in which Crown operates; – financial performance and trends. • Appropriate capital structure. • Capital investment in VIP facilities. • Effective escalation framework ensures matters are provided with adequate level of management oversight and response effort. • Targeted initiatives in product development, marketing, technology and people management to consistently demonstrate capability to differentiate gaming brands in a crowded market. • Revised operating plans.

- | | |
|--|--|
| | <ul style="list-style-type: none"> Engagement with medical experts. |
|--|--|

MATERIAL DEVELOPMENTS

Crown Melbourne - Section 25 Licence and Operator Review

Crown is working with the VCGLR to address each of the 20 Recommendations made by the Sixth s25 Review of the Casino Operator and Licence. Seventeen Recommendations have been responded to by Crown within the agreed timelines (with two of the remaining 3 not yet due and the third, the meeting for Recommendation 20, having been postponed as a result of the COVID-19 pandemic and the ILGA Inquiry. We are providing additional information where requested.

With regards to recommendation 9, Crown has requested an extension to the submission of the Responsible Gaming trial outcomes report due to the property being closed since the 23 March, and data being unavailable for at least 6 months of the trial period. The original due date was 1 December 2020. The request has gone to the Commission for approval.

Crown Sydney – Problem Gambling Policy

The NSW Government has announced a number of policy changes to address problem gambling in pubs and clubs. These include self and third-party exclusion and cashless (pre-loaded) cards for use in poker machines. It remains to be seen which policies will be implemented via legislative change.

Crown Melbourne – Liquor Control Reform Act

Management participated in a Ministerial Forum on Wednesday 7th October in respect to the Liquor Control Reform Act proposals. The changes being considered by the Minister, the Hon. Melissa Horne, have minimal impact in Crown's existing operations. The key change suggested in our December 2019 submission was for a differentiated penalty system for large venues such as Crown, but this was not seen this as a priority. Consequently, we suggested that venues be granted an avenue of appeal to VCAT (currently any appeal against the loss/suspension of licence due to exceeding the maximum demerit points must be determined by the Minister). This suggestion is under consideration.

Crown Sydney – Development

Management has continued to engage with L&GNSW to liaise on opening requirements.

A draft *Liquor Amendment (24-hour Economy) Bill 2020*, which includes proposed liquor law changes to help the NSW night-time economy grow while managing alcohol-related harm, has been released by the NSW Government to the public for comment. Management is currently reviewing any proposed amendment that may impact Crown Sydney and is also engaging directly with L&G NSW.

New legislation came into force as part of the NSW Government's building industry reforms:

- *Residential Apartment Buildings (Compliance and Enforcement) Powers Act 2020 (NSW)*
This Act came into force on 1 September 2020 and provides the Secretary of the Department of Customer Service (by delegation to the NSW Building Commissioner and his staff) with sweeping new powers to:
 - delay or withhold the issue of occupation certificates for residential apartment buildings;
 - prevent the registration of strata plans for residential apartment buildings; and
 - order the correction of "serious defects" in residential apartment buildings.

These powers are exercisable not only in relation to new buildings that have not been completed but also those that have been completed within 10 years before the exercise of the power.

- *Design and Building Practitioners Act 2020*

This Act came into force on 1 June 2020 and creates a statutory duty of care allowing owners to sue design, building and engineering practitioners for building defects, and creates a duty on any person who carries out construction work to exercise reasonable care to avoid economic loss caused by defects in or related to a building for which the work is done, and arising from the construction work.

The impact of the first Act to Crown Sydney, as a developer of the residential portion of the building, could result in a delay in obtaining occupation certificates for that part of the building, and the impact of the second Act is expected to be minimal to Crown.

Crown Perth – Smoking Exemption

As part of its semi-annual report submission to the Director General of the Department of Health and Western Australian WorkSafe Commissioner, further information was sought in relation to the scope of the exemption; the smoke extraction technology used; the three yearly reviews provided by an external consultant as to whether the technology is considered “world’s best practice”; and whether it was Crown Perth’s intention to no longer rely on the smoking exemption. A meeting has been scheduled for late October with the Western Australian WorkSafe Commissioner. The approach from the Commissioner could potentially have serious implications for the future of the smoking exemption in Crown Perth.

REDACTED - PRIVILEGE

Please also note that during the ILGA Inquiry hearings, the Commissioner raised the Sydney Smoking exemption in her questioning of James Packer which has attracted media attention.

Crown London Aspinalls – Legislative Changes

On 31 October 2020, the new Licence Conditions and Codes of Practice will be published requiring more enhanced self-reporting from casino operators, which are AML and Safer Gambling centered, such as potential breaches of the Money Laundering Regulations. Crown London is reviewing its training, policies, procedures and risk assessments as necessary.

On 30 September 2020, the Gambling Commission announced strict new Guidance for operators in order to restrict the accessibility of VIP programs. Before any operator can make a customer a VIP, from 31 October it must:

- Establish that spending is affordable and sustainable as part of the customer’s leisure spend;
- Assess whether there is evidence of gambling related harm, or heightened risk linked to vulnerability;
- Ensure the licensee has up to date evidence relating to identity, occupation and source of funds; and
- Continue to verify the information provided to them and conduct ongoing gambling harm checks on each individual, to identify any signs of harm.

Crown London is reviewing its policies and procedures to promote the Guidance. The new Guidance also requires operators to appoint a senior executive who holds a personal management licence (PML) to oversee their respective scheme - making individuals personally accountable.

Other matters:

A number of other matters have not seen any developments since the last report, but remain in progress with potential material impacts to Crown, which include:

- The Black Economy Taskforce outcomes;
- AUSTRAC's casino industry wide Junket Risk Assessment;
- The Trackside and TAB sale in WA; and
- The implementation of the National Consumer Protection Framework for Online Wagering (NCPF) Measures for Betfair.

2. Volatility of Gaming Revenue

The rating of this risk was adjusted during the annual review of the risk profile in June 2020, with consideration for the impact of COVID-19, the current Australian and state border closures and the fact that a reduced overall volume of VIP gaming revenue would exacerbate the volatility of the actual results when gaming resumes.

The likelihood was increased to 'Likely', and the impact remained at 'Severe' (overall 'Critical' risk) which means that the risk still requires oversight from the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
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.	<ul style="list-style-type: none"> • Management monitoring and review of international commission business strategy including maximum bet limits and customer programs. • Increased data analytics on historical betting patterns. • Ad-hoc review by external experts of theoretical model and performance. • Strategies in place to ensure sustained turnover, meant to decrease impact of single large wins or losses. • Ongoing review of VIP operating model.

MATERIAL DEVELOPMENTS

Crown Melbourne and Crown Perth

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

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

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

CROWN MELBOURNE	Dec 2017	June 2018	Dec 2018	June 2019	Dec 2019	June 2020	Sep 2020
YTD International and Interstate Turnover (\$b)	19.5	43.8	15.4	32.7	9.3	16.7	0 (Budget 0.4)
Win Rate (%)	1.21	1.29	0.99	1.39	2.28	2.11	0 (Budget 1.40)

CROWN PERTH	Dec 2017	June 2018	Dec 2018	June 2019	Dec 2019	June 2020	Sep 2020
YTD International and Interstate Turnover (\$b)	3.2	7.6	2.58	5.3	2.6	3.7	0.149 (budget 0.09)
Win Rate (%)	1.91	1.32	2.18	1.58	0.55	1.25	1.75 (budget 1.4)

Increased deviation between theoretical and actual win rates has the potential to impact overall business performance. Turnover is materially below budget, mostly due to the closure of the Australian borders (State and Country) and the continued shut down of the Melbourne property.

The Australian borders will remain closed for the foreseeable future, but some state borders should re-open in the near future.

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

3. Act of Terrorism on Property

The rating of this risk is largely aligned with the ASIO terrorism threat rating, as well as consideration for the prevention and response measures that Crown has in place. The rating has not been adjusted in the past 12 months, as the overall ASIO threat level remains consistent at 'probable', which is a 3 out of 5 possible rating scale.

Although the Melbourne property remains closed, it is not proposed that the rating be reduced during that period as Perth and Sydney are seeing extensive foot traffic.

Overall, the risk is rated as 'Critical', meaning under the oversight of the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>The calculated use of violence (or the threat of violence) against Crown's properties, employees and/or customers in order to attain goals of a political, religious or ideological nature.</p>	<ul style="list-style-type: none"> • Emergency and crisis management and planning framework including: <ul style="list-style-type: none"> – Emergency management planning – Corporate crisis planning – IT disaster recovery planning – Terrorist risk assessments undertaken at property level – Counter terrorism escalation planning – Tailored training across all operational areas. • Ongoing assessments and enhancements of deterrent measures on property, including by third parties. • 24/7 monitoring by security and surveillance of relevant FOH and BOH areas for suspicious behaviours. • Facial recognition technology in use. • Maintenance of close and productive relationships with key law enforcement agencies and other authorities in relevant jurisdictions for intelligence gathering.

MATERIAL DEVELOPMENTS

Crown Melbourne Initiatives



5.2

The Victorian Government has finalised its framework to allow certain locations of mass gathering to be “designated” locations for the purpose of deploying Protective Service Officers (**PSOs**). We understand the PSO’s will be deployed on a user pays basis. We are currently making enquiries to understand the process for Crown Melbourne to be a designated area and the expected cost associated with the deployment of PSOs.

Work by the Melbourne City Council to install bollards at each end of the Riverwalk due to commence 12th October has been delayed. The bollard installation is part of a city-wide initiative to protect the community against vehicles being used as weapons. The existing bollard and temporary planter box bollards will remain in place until the MCC project is completed.

The CCTV Project to replace the current system, which was originally installed when the property opened, with the new Semsy 5 surveillance system continues - system health checks, interface testing, communications centre workstation cutover and site acceptance testing remains ongoing with an expected completion by the end of November. Completion of this project is a key element in the property’s progression towards a fully digital surveillance system.

4. Major Reputational Damage

In light of all the media activity that has been taking place over the past 15 months, as well as the public nature of the ILGA Inquiry, the rating of this risk was increased to Major/Almost Certain in February 2020. As expected, the ILGA Inquiry has generated extensive media coverage, particularly since the commencement of the director hearings. Preliminary timelines suggest that the ILGA Inquiry will release its findings by 1 February 2021. We anticipate reputational challenge to be experienced over the next 12 months as a result.

Overall, the risk is rated as 'critical', meaning requiring the oversight of the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the **rating should remain unchanged**.

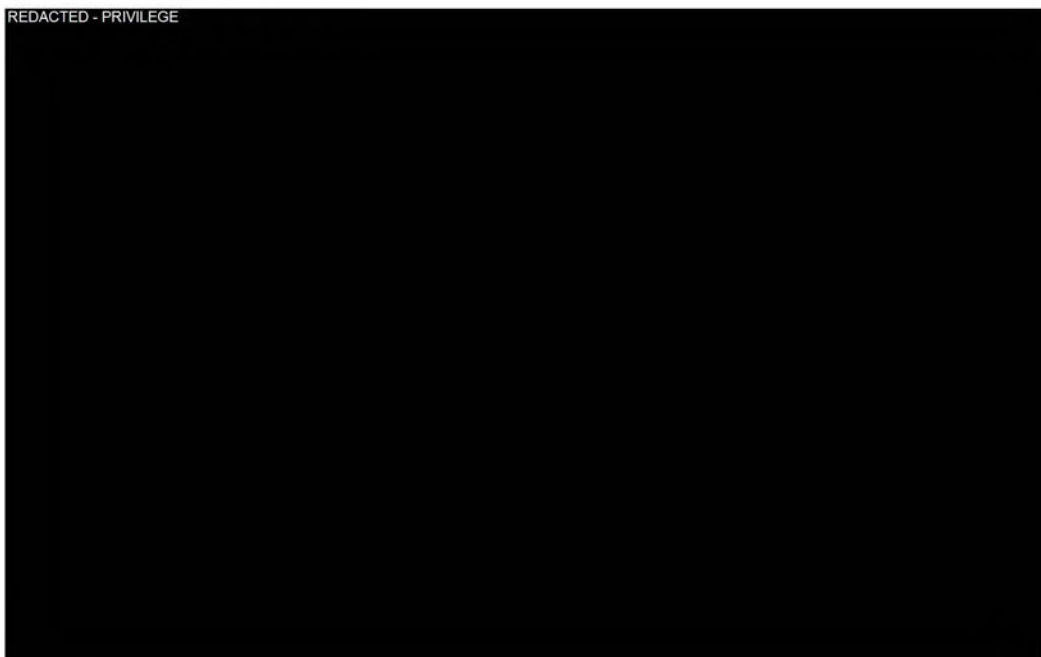
RISK DEFINITION

Definition	Key Controls
<p>Negative publicity/image of Crown and/or its affiliate businesses which may adversely impact Crown's reputation and/or performance and potentially jeopardise gaming licences.</p>	<ul style="list-style-type: none"> • Positive promotions of Crown's businesses which include, but are not limited to, raising awareness of Crown's breadth of business activity, corporate responsibility initiatives, responsible gaming commitments, employee inclusion programs and employee training to key stakeholders such as government representatives, regulators and key community leaders. • Engagement of external advisers to assist with communications strategies and proactive management of negative media attention. • Consideration of community expectations. • Adherence to, and awareness of, relevant legislative and/or regulatory policy, adoption of group wide and property level Anti-bribery and Corruption and other integrity related Policies and training of relevant employees/contractors where applicable. • Employee/contractor/supplier probity checks and performance monitoring and regulator licensing for relevant staff. • Maintenance of close and productive relationships with key stakeholders, including with key law enforcement agencies and other authorities in relevant jurisdictions. • Focus on corporate responsibility function and reporting. • External advisory panels in place in key

Definition	Key Controls
	<p>areas: RG, OSH.</p> <ul style="list-style-type: none"> • Business continuity management and planning. • Corporate crisis planning. • Development and adherence to Media Protocols and policy. • Monitoring all customer facing online channels and advertising for disruptions or events that may be damaging to reputation. • Privacy program and strict confidentiality protocols in place and staff training on privacy awareness. • Cyber security program in place and staff training on cyber security awareness. • Escalation of material matters to the Board for oversight and guidance. • Brand strategy, including engagement of external advisers. • Establishment of Brand Committee - replaced with ongoing management by the CEO - Crown Resorts, with regular updates provided to the Chair and Deputy Chair and the full Board.

MATERIAL DEVELOPMENTS

REDACTED - PRIVILEGE



5.2

REDACTED - PRIVILEGE

Crown Perth - Cashless Project

The first phase of Crown Perth's implementation of EFTPOS on gaming tables commenced on 27 July 2020. The implementation is currently in Phase 2 of its "pilot" phase, which involves EFTPOS on 24 tables for a period of 13 weeks. This is in advance of full operational implementation (Phase 3).

For the first approximately 6 months, Crown Perth has implemented the additional control of a \$500 maximum daily withdrawal limit to apply to all non-premium areas.

As required by the Commission, a report will be provided to the Commission after 3 months of operation, in relation to "the use, take up and any issues from the conduct of cashless gaming". The current action plan is to continue monitoring the implementation of the project and liaise with regulators and relevant external bodies.

Crown Aspinalls - Employee Claim

REDACTED - PRIVILEGE

Other matters:

Also see risk 7 - *Material Breaches of Gaming and Other Relevant Legislation/ Regulations* for details on a Show Cause Notice from the VCGLR and enforcement action from AUSTRAC.

A number of other matters have not seen any developments since the last report, but remain in progress with potential impacts to Crown, which include the Dinner by Heston matter.

5. Litigation (Strictly Confidential – Under Legal Privilege)

REDACTED - PRIVILEGE



5.2

REDACTED - PRIVILEGE



5.2

6. VIP Bad Debts

The rating of the risk of VIP Bad Debt was increased when the current class action was filed. Until the class action is resolved and in light of current and expected legal activity, no additional material matters have warranted a change in rating since then.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives. Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
Crown is exposed to the risk of default by customers across its affiliate businesses.	<ul style="list-style-type: none"> • Credit approval processes, including enhanced due diligence and validation of patrons through Central Credit Reports. • Management monitoring of financial performance and trends. • Management monitoring and review of credit policy. • Engagement of external debt collectors and/or initiation of legal action (in authorised jurisdictions only). • Hedging to manage any potential foreign currency loss.

MATERIAL DEVELOPMENTS

Australian Resorts – Bad Debt Position

Both Crown Melbourne and Crown Perth have continued to suspend the extension of credit to Chinese domiciled players with credit granted to other players on a selected basis only. The casino shutdowns, as well as the ban on international travel, which is expected to last some time in the new year, has further impacted the VIP business. The Board has also resolved not to carry on any junket business until at least 30 June 2021.

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

CROWN MELBOURNE	31 Dec 18 \$m	30 Jun 19 \$m	30 Dec 19 \$m	30 Jun 20 \$m	31 Aug 20 \$m
Gross debtors balance (net of safekeeping)					
Provision for doubtful debts					
Provision as a % of gaming debtors					
Net debtors balance					
CROWN PERTH					
Gross debtors balance (net of safekeeping)					
Provision for doubtful debts					
Provision as a % of gaming debtors					

5.2

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

Crown Aspinalls – Bad Debt Position

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

CROWN LONDON ASPINALLS - Debtors	31	30	31	30	31	30	30
	Dec	Jun	Dec	Jun	Dec	Jun	Sep
	17	18	18	19	19	20	20
	£m	£m	£m	£m	£m	£m	£m

Gross debtors balance (net of safekeeping)^	
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Provision for doubtful debts*	
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Provision as a % of gaming debtors	
------------------------------------	--

Net debtors balance	
---------------------	--

^(after discounts & recoveries) / *(includ	
--	--

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

Crown Aspinalls' un-provided net debt exposure is split to Far East + Non Far East. The debt committee has re-commenced it's bi-monthly meetings following re-opening of the business on 15 August 2020.

Following a reduced level of debtor collection activity due to COVID-19, management are currently reaching out to patrons and legal advisors to focus on debtor collections and continue legal action against those who have either not engaged in discussions or not met agreed timelines for repayments, as the business continues to proactively try to collect outstanding debts.

7. Material Breaches of Gaming and Other Relevant Legislation/ Regulations

The rating reflects the fact that Crown's business operations involve a material amount of manual processes, which therefore has an inherent weakness related to human error. Extensive training and supervision are in place to address this inherent weakness, however a residual risk remains through, for example, errors in processes or interpretation of requirements.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives. Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

It is worth noting that this risk includes a breach by Crown of its AML/CTF obligations. The other AML risk that is present in the Corporate risk profile is risk #12 – *Major criminal activity*, which reflects the risk of a patron or customer laundering money at Crown, amongst other criminal activities. This risk is rated 'Possible'/'Moderate' (overall 'High' – managed by the CEO and relevant Executives).

RISK DEFINITION

Definition	Key Controls
<p>Crown and its affiliate businesses operate in a highly regulated industry. There is a risk of systemic and/or serious breaches of regulatory requirements including:</p> <ul style="list-style-type: none"> • gaming, • anti-money laundering, • liquor, • promotion of gaming and liquor, • taxation or other regulatory/mandatory reporting requirements) 	<p><i>Generally</i></p> <ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of compliant processes and guidelines and training of relevant employees and contractors (where applicable). • Obtaining expert local and foreign legal advice in appropriate circumstances as required. • Employee / contractor / supplier probity checks and performance monitoring. • Extensive compliance training to relevant staff groups. • VIP operating model protocols in place for foreign jurisdictions. • Maintaining appropriate relationships with governments and regulators. • Legal, governance and compliance frameworks in place in each business. • Layers of operational auditing and compliance checks in place across critical areas (particularly gaming). • AML/CTF program. • Periodic internal audit reviews of the effectiveness of controls and processes in place to manage Crown's compliance frameworks and the overall internal control framework. • Whistleblower Policy and hotline.

MATERIAL DEVELOPMENTS

ASIC – Information Request

On 13 October 2020, Crown received an information request in respect of the financial report for the year ended 30 June 2020. ASIC has requested information in relation to the following areas:

- Asset Impairment – details regarding the discount rates used in relation to the Melbourne, Sydney and Perth casinos
- Disclosure of Non-IFRS Financial Information – explanation on the emphasis of non-IFRS financial information
- Disclosure of Future Prospects – detail how the Operating and Financial Review complies with the requirements in relation to the provision of information on the possible impacts of further COVID-19 lockdowns or a prolonged economic recession
- Segment Reporting Disclosure – confirmation that segment reporting information presented to the Chief Operating Decision Maker is provided on a theoretical basis

Crown is required to respond to the information request by 28 October 2020 and will work with Ernst & Young on the response. Crown will also engage Deloitte to assist with the draft response.

Crown Melbourne – Section 26 Notice Requesting Information and Notice to Show Cause

On 7 September 2020, the VCGLR issued Crown with a section 26 Notice for Information relating to Junket Operations. The nature of the request was directed to a Junket Agent, a Junket Operator and a Junket player.

Following Crown's response to the above s 26 Notice (which Crown partially responded to, noting that for a full response Crown staff would be required to attend Crown Melbourne to review hard copy records. Advice was sought from the VCGLR as to whether it required Crown staff to attend Crown Melbourne however no response has yet been received), the VCGLR issued Crown with a Notice to Show Cause – Contravention of s 121 of the *Casino Control Act 1991* (Vic) on 2 October 2020 for alleged failures to comply with cl. 2.5.1 of the Junket ICS in relation to the three persons the subject of the s 26 Notice. Clause 2.5.1 provides:

2. 5. 1 Crown will ensure that it has robust processes in place to consider the ongoing probity of its registered Junket Operators, Junket Players & Premium Players.

It is alleged that Crown failed to:

- Establish a Junket Agent's business interests, therefore, failing to request and obtain all available and relevant information regarding the Junket Agent, in accordance with cl. 2.5.1.;
- Verify the accuracy of media allegations in relation to a Junket Operator, in accordance with cl. 2.5.1; and
- Exercise appropriate discretion in re-engaging with a Junket Player, in accordance with cl. 2. 5.1.

Crown has 28 days in which to respond to the matter (by 30 October 2020).

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

Crown Melbourne – AUSTRAC Enforcement Team Investigation

Crown responded in late 2019 and early 2020 to s 167 Notices regarding Compliance Assessments of Crown Melbourne's AML/CTF Program, with a focus on High Risk Customers and Politically Exposed Persons.

5.2

The AUSTRAC Regulatory Operations team identified potential non-compliance by Crown Melbourne with the AML/CTF Act and Rules, including concerns with:

- Ongoing Customer Due Diligence (section 36)
- Adopting and maintaining an AML/CTF Program (section 81)
- Compliance with Part A of an AML/CTF Program (section 82)

The above three are all civil penalty provisions.

AUSTRAC has informed Crown Melbourne that the concerns have been referred to AUSTRAC's Enforcement Team which has initiated a formal enforcement investigation into the compliance of Crown Melbourne. The scope of the original review may be widened.

Crown has engaged Allens to assist with the investigation.

ILGA Inquiry – Riverbank / Southbank

The ILGA Inquiry has focused on elements of Crown's historical AML/CTF practices, particularly related to transactions on the Riverbank and Southbank accounts. Crown is engaged with AUSTRAC on this issue and is currently preparing a response to a number of queries AUSTRAC has put to Crown. Crown is continuing to review these accounts.

Crown Perth – COVID-19 Breach - Infringement

Crown Perth received an infringement in relation to a COVID breach. The incident concerned the Crown Promenade AFL Hub in which a contractor gained access into the area despite being notified not to enter the Hub.

Following the incident, further contractor controls were immediately implemented by Security/Surveillance/Hotels/H&S and Property Services. The infringement (\$5,000), which was issued on 30 August 2020, did not result in any adverse media.

While Crown considered challenging the infringement, this was ultimately decided against due to potential for adverse media and conflict with Police/Health – accordingly the infringement has been paid. No further action was required and the AFL Hub no longer operates.

Crown Perth – Juvenile Incident

In July 2020, a juvenile gained entry to the Main Gaming Floor, purchased liquor and played on a gaming machine. The juvenile's appearance, demeanor and confidence, did not raise suspicion with staff regarding her age. The juvenile was ultimately identified when she was unable to pay for drinks and was questioned by Security. Through this process, Security found identification which, although having a strong resemblance to the juvenile, did not belong to her.

Although the juvenile did appear over 18 years old and had fraudulently used another person's identification, in response to the incident, Crown Perth:

- undertook performance management of applicable staff;
- reinforced to applicable staff the need to ask for identification where they suspect a customer may be a juvenile; and
- included a specific focus for Crown Perth's RSA Officers on checking identification during their shifts following this incident.

Crown Perth's RSA Awareness Week, conducted in September 2020, included a key message that the checking of identification is "everyone's responsibility". The development of this key message was in direct response to this incident.

The matter was considered by the Commission at its October 2020 meeting and no further action was taken by Commission.

REDACTED - PRIVILEGE



Other matters:

A number of other matters have not seen any developments since the last report, but remain in progress with potential material impacts to Crown, which include:

- Crown Melbourne – EGM Continuous Play
- Crown Melbourne – Mercury Wheel
- Crown Perth - Rapid Fusion – Signature Checking Process
- Crown Perth - Fusion "First 4 Bets" – payments error

8. Data Misuse

This risk was introduced as a separate risk in the May 2019 review of the Corporate risk profile. The rating is mostly a result of the progress of the enhancements to the data risk management program led by IT, which includes the Data Loss Prevention (DLP) project, as well as the PCIDSS project. There have been no major data privacy breaches, but the control framework will afford better protection to Crown once those key projects are implemented.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives. Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**.

RISK DEFINITION

Definition	Key Controls
<p>Sensitive information may be leaked or sold to external parties including customer information.</p> <p>Loss of confidential customer or commercially sensitive data is a growing risk as the online businesses expand and the use of 3rd parties and data volume increases.</p>	<ul style="list-style-type: none"> • Adherence to and awareness of relevant legislative and/or regulatory policy including development of IT policy and security, with dedicated in-house IT data governance focus. • Cyber security program in place with 24/7 monitoring performed by third party and staff training on cyber security awareness. • Periodic penetration testing of IT systems, website and apps. • External review regarding integrity of security systems such as source code scanning. • Employee/contractor/supplier probity checks and performance monitoring. • Employee confidentiality agreements and restrictive covenants. • Intellectual Property Register. • User access management processes in place to key applications, data and reports. • Data loss prevention tools. • Privacy program and strict confidentiality protocols in place and staff training on privacy awareness. • Whistleblower Policy and hotline. • CDW and TM1 reporting systems.

MATERIAL DEVELOPMENTS

There have been no matters to report during this period. Please refer to agenda item 9 for further information on Crown's cyber program.

9. Breakdown in relationships with key government, legislative or regulatory bodies

This risk was introduced in the May 2019 review of the Corporate risk profile to reflect the increased enquiries and requests that Crown is receiving from its regulators, as well as reflect how important it is for the business to maintain professional and constructive relationships with all of its regulators. Reference to legislative bodies refers to Crown's ability to provide comments to draft legislation as allowable under the legislative process.

Overall, the risk is rated as 'High', meaning that it is managed by the CEO and relevant Executives.

Key events and other internal and external factors during this reporting period suggest the rating should **remain unchanged**.

RISK DEFINITION

Definition	Key Controls
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.	<ul style="list-style-type: none"> • Dedicated senior management and Directors engaging with relevant government stakeholders • Continuous reporting to the Board. • Strong compliance culture reinforced by the legal, governance and compliance frameworks. • Employee due diligence procedures and regulator licensing for relevant staff. • Training and awareness. • Brand Strategy, including engagement of external advisers.

MATERIAL DEVELOPMENTS

Please refer to section 7 for details on the following elements which may lead to impact on the relationship with the relevant regulatory bodies:

- Crown Melbourne – Section 26 Notice Requesting Information and Notice to Show Cause
- Australian Resorts – AUSTRAC Enforcement Team Investigation
- ILGA Inquiry – Riverbank / Southbank

NSW Supervisory Levy

On 31 August 2020, ILGA sent Crown an email setting out the Government's intention to impose a supervisory levy on Crown Sydney Gaming.

On 2 September 2020, Ken Barton, Mary Manos and Chris Reilly met with representatives of NSW Treasury, ILGA and the Department of Customer Service NSW. At the meeting, Crown noted that it has a series of agreements in place with ILGA and the State of New South Wales and that Crown is seeking to understand the basis upon which ILGA seeks to impose a supervisory levy and the basis of the proposed quantum.

As at the date of this Report, no response has been received from ILGA.

10. External Disruptors Outside Our Control

The rating of this risk was increased at the June 2020 meeting as a result of COVID-19 outbreak being declared a pandemic by the World Health Organisation (**WHO**), Australia closing its borders and Crown being instructed to close its properties. This risk is currently the highest rated risk in the Crown Resort's Corporate Risk profile, due to its severe impact on operations.

Overall, the risk is rated as 'Critical', meaning that it is overseen by the Committee or the Board.

Key events and other internal and external factors during this reporting period suggest the rating **should remain unchanged**. The main concern at this stage, outside of the uncertainty regarding the re-opening of the Melbourne property (both timing and conditions), is the uncertainty that current conditions present for our workforce, and our ability to keep both the required volume of staff for operational effectiveness as well as key personnel.

RISK DEFINITION

Definition	Key Controls
<p>Unfavourable changes in Australian and international economic conditions, including change in government; global geopolitical event and hostilities, act of terrorism (outside Crown), natural disaster, pandemic, etc.</p> <p>Loss of international commission business to competitors in South East Asia and Las Vegas. Increase in local competition (both gaming and non-gaming).</p> <p>Key exposures include, but are not limited to:</p> <ul style="list-style-type: none"> • Granting of additional gaming licenses • Oversupply of non-gaming facilities (e.g. hotel rooms, Airbnb, restaurants and conference centre facilities) • Expansion of online gaming • Changes in consumer behaviours 	<ul style="list-style-type: none"> • Dedicated senior management and Directors engaging with relevant government stakeholders • Annual strategic planning and business planning processes. • Contingency planning, including business continuity plans. • Appropriate and targeted marketing campaigns. • Management monitoring of: <ul style="list-style-type: none"> – international competitors; – the VIP program and relationships; – local and domestic competitors in all jurisdictions in which Crown operates; and – financial performance and trends. • Appropriate capital structure. • Capital investment in VIP facilities. • Effective escalation framework ensures matters are provided with adequate level of management oversight and response effort. • Targeted initiatives in product development, marketing, technology and people management to consistently demonstrate capability to differentiate gaming brands in a crowded market. • Revised operating plans. • Engagement with medical experts

MATERIAL DEVELOPMENTS

Crown Melbourne – Employee and EA considerations as a result of continued property shutdown

Whilst the Victorian Government is yet to provide a firm date for reopening, it is expected that when Crown Melbourne does reopen it will be required to do so in a reduced capacity whilst restrictions remain in place. This is likely to mean a significant number of employees will be required to remain stood down for an extended period post reopening.

Discussions are continuing with the United Workers Union with respect to delaying the commencement of some of the commitments made under the Main Enterprise Agreement (i.e. increase in full time positions, widening of part time bands etc.).

COVID-19 UPDATE

Australian Resorts (Melbourne and Perth)

On 11 March 2020, the WHO declared COVID-19 a worldwide pandemic.

Crown Melbourne and Crown Perth closed their doors on 23 March 2020. Over 95% of all of Crown's staff were stood down, and only minimal activity remained, which was in Hotel operations, with assistance being provided by Crown for travellers being quarantined after their return from overseas.

A second wave of infection impacted Melbourne in late June 2020, further pushing back the re-opening of the property. The Greater Melbourne Region went back into lock-down, including stage 4 in the Melbourne area and stage 3 in the rest of the state, the borders between Victoria and other Australian states closed, and the wearing of masks in Victoria has been mandated. In recent weeks, the number of new daily cases has materially reduced and restrictions are starting to be eased.

The impact in Perth is reduced, and the property was allowed to re-open on 27 June 2020, with increased physical distancing and hygiene standards in place.

A question mark remains around the opening of Crown Melbourne given ongoing community transmission numbers. The current State Government roadmap has Crown Melbourne tentatively able to open in a restricted capacity from late November but this remains uncertain.

In such a pandemic event, the main concerns with regards to re-opening the properties, are the ongoing health and safety of individuals, both employees, patrons and other stakeholders.

To prepare for re-opening, Crown has taken a number of steps, including:

- Crown is actively working with the relevant Health Departments and the State Government to set out procedures that will allow for the re-opening of the property in conditions that ensure the safety and wellbeing of all.
- The Executive team, led by the CEO – Australia Resorts, put together a project team that has worked on and continues to do so, the operational and strategic challenges that need to be considered and addressed for a successful re-opening process.
- Front of House and Back of House documents have been developed detailing the physical distancing and hygiene protocols to ensure the safety and wellbeing of our staff and patrons, as well as the articulation of the new procedures that are in place for all in the workplace.
- A COVID-19 Response Manager has been appointed in each property, supported by a team, to ensure the above protocols are adhered to and enhanced as appropriate.
- The gaming floor in Melbourne has been reconfigured, with partition walls segmenting the floor into smaller areas.
- All staff are receiving adequate state-mandated and Crown specific training as they re-engage with work.

- A Rapid Response plan has been developed to ensure all staff can respond promptly and effectively to any positive infection within the business.
- Crown has, and will continue to do so, actively developing strategies for re-engagement with both its staff and its patrons, as activities slowly start again.
- Crown developed a property re-commissioning plan to assist in its engagement with the gaming regulators on the gaming and re-commissioning activities.
- Internally, Crown Melbourne is also ensuring that as over 95% of staff have been stood-down and most departments across the organisation have materially stopped their day to day activities, it can re-activate its operations in a controlled and effective manner through the activation of its recovery plans, which have been prepared by all departments and are ready to progress with, once notice is received that the business can reopen.
- Crown Perth is also planning for its response should a second wave hit WA.

The situation in WA has allowed Crown Perth to re-open, using the tools developed above, and testing their effectiveness. A number of considerations have resulted from that opening, including the availability and willingness of staff to resume their functions on a part time basis while the JobKeeper payment is in place, and the requirement for increased and widespread uniform adjustments for staff returning after a prolonged period of absence.

Please also note that Crown has filed an insurance claim under its Industrial Special Risk Policy, having taken into account insurance broker and legal advice. The main insurers have declined the claim, and Crown is waiting on the outcomes of an industry led test case before it considers its next steps – See agenda item 11 for further details.

Crown Sydney

Crown Sydney has continued to prepare for operations through the isolation period, with minimal impact to date on the opening date.

Betfair

While the cancellation/suspension of a number of national/international sporting events did have an impact on Betfair's business and market offerings, many of Betfair's customers moved their betting activity to Australian racing events, and the pandemic did not have a material negative effect on Betfair's business.

Crown Aspinalls

Aspinalls reopened to its members on Saturday 15 August 2020, with modified trading hours of 11am-3am. On 24 September 2020, in line with a UK Government announcement, a curfew was imposed on the hospitality sector (including casinos), and trading hours were modified to 11am-10pm each day.

A COVID-19 secure management plan was created and delivered during the closure of the Club.

Crown London consulted with a Crisis Consultant around its risk assessment, processes and procedures. Employees underwent training and completed induction prior to returning to work. The review and implementation of the Management Plan is ongoing.

Since reopening on 15 August 2020, one Covid-19 positive case was identified and a review concluded there was no close contact with any other person onsite. The relevant authorities were notified and Crown London is fully cooperating with their enquiries.



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 16 October 2020
Subject: Culture

Dear Committee Members

The purpose of this paper is to provide the Committee with an overview of the proposed reporting on organisational culture indicators.

ASX Corporate Governance Principles and Recommendations

Principle 3 of the Fourth Edition of the ASX Corporate Governance Principles and Recommendations (**Principles and Recommendations**) is to 'Instil a culture of acting lawfully, ethically and responsibly'. This principle includes the following four recommendations:

1. A listed entity should articulate and disclose its values.
2. A listed entity should have and disclose a code of conduct for its directors, senior executives and employees.
3. A listed entity should have and disclose a whistleblower policy.
4. A listed entity should have and disclose an anti-bribery and corruption policy.

Furthermore, in relation to the recommendation to have the above listed policies, it is recommended that a listed entity ensure that the board or a board committee is informed of any material breaches of or incidents reported under those policies.

Crown Policies and Codes

Following the introduction of the Principles and Recommendations, work was undertaken by Crown to ensure that it met the recommendations, which took effect from 1 July 2020.

In the 2019 financial year, Crown adopted a purpose statement and values which are listed on our website and in our Annual Report and Corporate Responsibility Report.

Crown's purpose statement – *'Together we create memorable experiences'* – captures the belief that, as a team, Crown has the ability to create experiences that are worth remembering and that Crown is able to develop an emotional connection with customers and colleagues.

In delivering those experiences, Crown adheres to its four key values:

- We act respectfully;
- We are passionate;
- We work together; and
- We do the right thing.

In the 2020 financial year, Crown also introduced a group wide Code of Conduct and Whistleblower Policy. Crown's Anti-bribery and Corruption Policy, which has been in place since 2016, was updated in the 2020 financial year having regard to the commentary included in the Principles and Recommendations.

In addition, in June 2020, the Risk Management Strategy was updated to reference Crown's Risk Culture and formulate the Board's expectations with regards to the management of Risk Culture within the organisation.

Reporting to the Committee

Following the introduction of the group wide Whistleblower Policy in late 2020, incidents reported under that Policy have been reported to the Committee in the Compliance Report.

Now that a group wide Code of Conduct has been adopted, it is proposed that material breaches of the Code be reported to the Committee going forward, noting that this will capture breaches of the Anti-bribery and Corruption Policy.

The data should provide the Committee with greater visibility on organisational culture issues within Crown.

A preliminary data set for the period since 1 July 2020 is attached for the Committee's consideration. The format of this reporting will continue to be developed over the coming months.

ATTACHMENT
Material Breaches of Code of Conduct

PROPERTY	POSITION TITLE	DEPARTMENT	DESCRIPTION OF INCIDENT	DECISION / OUTCOME
1 July 2020 - 30 Sept 2020				
Betfair	Specialist; non-people manager	Corporate	Misconduct, Inappropriate workplace behaviours	4. First and Final Written Warning
Melbourne	Security Officer	Security	Conduct below standard	4. First and Final Written Warning
Melbourne	Security Officer	Security	Serious Misconduct	5. Termination - involuntary
Perth	Materials Control & QA Officer	Finance / Purchasing	Fraudulent medical certificates	5. Termination - employee resignation
Perth	Team Leader (Storeperson)	Warehouse	Breached COC Company Assets Breach of Crown Perth COC - Diversity & Respect Breach COC - Bullying & Workplace Violence	5. Termination - employee resignation
Perth	Bar Attendant	F&B	Breach RSA Inappropriate behaviour as a guest of Crown Perth	4. First and Final Written Warning
Perth	Bar Useful	F&B	Time & Attendance	4. First and Final Written Warning
Perth	Dealer	Table Games	Inappropriate behaviour / use of social media	4. First and Final Written Warning
Perth	Kitchen Steward	F&B	Misconduct	5. Termination - involuntary
Perth	Bar Attendant	F&B	Misconduct	5. Termination - involuntary
Perth	Bar Attendant	F&B	Unsatisfactory performance	5. Termination - involuntary

In addition to the above, 11 first written warnings and two second written warnings were provided during the period.



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Anne Siegers
Date: 16 October 2020
Subject: **Emerging Risks**

Dear Committee Members

Management has identified the following possible emerging risk for consideration by the Committee.

Overseas Gambling – China

On 13 October 2020, J.P. Morgan released a Macau Gaming Report advising that an amendment to China's Criminal Law, including new clauses related to gambling, is being reviewed by Congress. According to a state-run media organisation, a new definition of crime for "organizing and soliciting by cross-border casinos" would be established.

J.P. Morgan notes that *a clear-cut ban on such activity would undoubtedly lead to fear among many junket operators and agents, in our view, as even a personal solicitation may be viewed as (very) illegal under the reported amendment.*



AGENDA ITEM 6:
Compliance Report



Crown Resorts Limited

Compliance Report: 20 October 2020

Subject to Legal Professional Privilege & Commercial in Confidence

REGULATORY AND COMPLIANCE DEPARTMENT ACTIVITY OVERVIEW

Following the closure of the property on 23 March 2020 as a result of the COVID-19 pandemic, the Compliance and Regulatory team was largely stood down from 30 March 2020. Compulsory maintenance level activity has been ongoing since that date (including employee licensing renewals, regulator reporting, law enforcement requests, etc.). Project work has seen the team largely reinstated, including to update the Standard Operating Procedures to give effect to the new Joint AML Program; submissions for the opening of Crown Sydney; a re-write of property based policies into a set of streamlined group business policies and Section 25 work.

COMPLIANCE FRAMEWORK STATUS

The planned review of the Requirements Register in both Melbourne and Perth has now been undertaken and an external review of the Compliance Framework will be commissioned during this financial year.

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

	Compliance Officer Committee	Executive Risk and Compliance Committee
Crown Melbourne	N/A ¹	No meetings of the ERCC have been held since the last update
Crown Perth	5 August 2020 26 August 2020 13 October 2020 ²	No meetings of the ERCC have been held since the last update

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

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

MATERIAL CHANGES IN COMPLIANCE OBLIGATIONS

Crown London Aspinalls – Legislative Changes

On 31 October 2020, the new Licence Conditions and Codes of Practice will be published requiring more enhanced self-reporting from casino operators.

On 30 September 2020, the Gambling Commission announced strict new Guidance for operators in order to restrict the accessibility of VIP programs.

Please refer to Agenda Item 5.2 for a more detailed update on these changes.

MATERIAL POTENTIAL NON-COMPLIANCES

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

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

In recognition of the fact that there are a number of long standing compliance issues that have not been resolved, Crown has drafted a letter to the VCGLR seeking formal closure of outstanding matters, so that Crown can incorporate any necessary adjustments to its control framework as a result of any VCGLR findings or feedback that will direct our focus on improvement opportunities.

Potential material non-compliances, or other material matters, have been reported at Agenda Item 5.2 in the Material Risk Report, in particular within the risk "Material Breaches of Gaming and Other Relevant Legislation/Regulations". Below in this respect are the main high-level items for noting.

Crown Melbourne

- **Section 26 Notice** - Crown Melbourne received a s 26 Notice from the VCGLR, seeking information (regarding dates and player programs) relating to three persons (a Junket Agent, a Junket Operator and a Junket Player). Crown partially responded to the Notice, noting that for a full response Crown staff would be required to attend Crown Melbourne to review hard copy records. Advice was sought from the VCGLR as to whether it required Crown staff to attend Crown Melbourne however no response has yet been received.
- **Notice to Show Cause** - Following Crown's response to the above s 26 Notice, the VCGLR issued Crown with a Notice to Show Cause, as to why disciplinary action should not be taken against Crown, with regard to the three persons noted in the s 26 Notice. The Show Cause Notice alleges Crown failed to comply with clause 2.5.1 of the Junket Internal Control Statement, which requires robust processes to consider the ongoing probity of its registered Junket Operators, Junket Players and Premium Players. Minter Ellison is assisting Crown with preparation of a response, which is due by 30 October 2020.
- **Poker Tax** - There have been no further developments since the previous report.
- **EGM C8308 allegedly operating in 'Unrestricted Mode'** – - There have been no further developments since the previous report.
- **Roulette Wheels** - There have been no further developments since the previous report.

- **Service of Alcohol to a Minor Quarantined in the Hotel** - There have been no further developments since the previous report.

OTHER COMPLIANCE RELATED MATTERS

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

- **China matter:** Refer Agenda Item 5.2: Material Risk Report.
- **VCGLR request for copies of minutes, papers and compliance reports** - There have been no further developments since the previous report.
- **Adverse media – Andrew Wilkie** - There have been no further developments since the previous report.
- **Adverse media – As a result of the various allegations raised by Fairfax Media in July -2019,** there are a number of regulatory actions taking place including:
 - The ILGA Inquiry continues with a number of Crown directors and employees (along with past directors and employees) providing evidence;
 - The ACLEI investigation into border entry processes (Operation Angove) has concluded with none of the corruption allegations substantiated. Crown has provided a copy of the Report to its Australian Gaming Regulators.

REDACTED - SECRET INFORMATION

- A VCGLR audit of junkets and premium player programs in accordance with the internal controls, which has resulted in the above noted Notice to Show Cause being issued to Crown; and
- An AUSTRAC AML/CTF Program Compliance Assessment focussed on high risk patrons and politically exposed persons (although not referenced as specific to the allegations, it is not unrelated). From that review, AUSTRAC has now identified potential non-compliance with the AML/CTF Act and Rules, including concerns with:
 - Ongoing Customer Due Diligence (section 36)
 - Adopting and maintaining an AML/CTF Program (section 81)
 - Compliance with Part A of an AML/CTF Program (section 82)

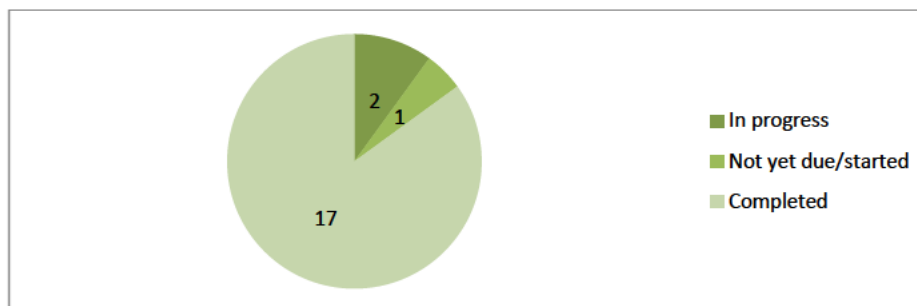
The concerns have been referred to AUSTRAC's Enforcement Team which has initiated a formal enforcement investigation into the compliance of Crown Melbourne.

ILGA Inquiry – Riverbank / Southbank

The ILGA Inquiry has focused on elements of Crown's historical AML/CTF practices, particularly related to transactions on the Riverbank and Southbank accounts. Crown has engaged with AUSTRAC on this issue and is currently preparing a response to a number of queries AUSTRAC has put to Crown. Crown is continuing to review these accounts.

SECTION 25 RECOMMENDATION STATUS

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



Crown Melbourne continues to work through the Recommendations, which require considerable resources and attention. Crown has responded to each Recommendation when due (with the exception of Recommendation 20, which requires a meeting between the VCGLR Commissioners and Crown Resorts Directors – the compliance date was 30 March 2020 and has been postponed as a result of the COVID-19 pandemic and the ILGA Inquiry.

REGULATORY REPORTING AND CONTACT

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

Crown Melbourne

Section 167 Notices

(AUSTRAC's Risk Assessment of Junkets)

There have been no further developments since the previous report.

Technical Requirements – Gaming Machines

Crown Melbourne has engaged with the VCGLR on a re-draft of the Technical Requirements Document for Gaming Machines, which captures, to a limited extent, Electronic Table Games. Crown Melbourne has also received a draft 'Baseline' document from the VCGLR, which seeks to amend the gaming and related systems that Crown requires approval for. The Technical Requirements Document is now complete and is scheduled to go to the Commission for approval. A full review of the Baseline Document will follow.

Crown Sydney

Liquor and Gaming NSW

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

Crown Perth*Cashless – Use of EFTPOS*

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

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

The first phase of Crown Perth's implementation of EFTPOS on gaming tables commenced on 27 July 2020, comprising of one device on one table, with limited local media interest.

The implementation is currently in phase 2 of its "pilot" phase, which involves EFTPOS on 24 tables for a period of 13 weeks. This is in advance of full operational implementation (Phase 3).

For the first approximately 6 months, Crown Perth has implemented the additional control of a maximum of \$500 daily withdrawal limit to apply to all non-premium areas.

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

The current action plan is to continue monitoring the implementation of the project and liaise with regulators and relevant external bodies.

Crown Aspinalls

REDACTED - PRIVILEGE

REDACTED - PRIVILEGE





AGENDA ITEM 7:
Anti-money Laundering



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Nick Stokes – Group General Manager Ant -Money Laundering

Date: 16 October 2020

Subject: **Proposed Revisions to AML Joint Program**

7.1

Dear Committee Members

The purpose of this memorandum is to:

- notify the Committee of a proposed revised Joint AML/CTF Program which is currently being finalised;
- seek the Committee's endorsement of the appointment of a new AML Compliance Officer for Crown's Australian resorts.

Background

At its meeting on 9 August 2019, the Committee was presented with a new joint AML/CTF Program proposed to be consistently applied across all of Crown's Australian resorts' reporting entities.

Following approval by the Crown Board, the joint AML/CTF Program was formally adopted by each of the Crown Melbourne Limited and Burswood Nominees Limited Boards.

As the Committee is aware, implementation of the joint AML/CTF Program has progressed and an update on key steps in the process has been included in the papers for this meeting at Agenda Item 7.2. The implementation process essentially involves aligning key procedures and policies across the group and enhancing and tailoring the necessary training required to support the joint AML/CTF Program.

Revised Joint AML/CTF Program

In progressing implementation of the joint AML/CTF Program, the AML team have had the opportunity to consider the operationalisation of the new joint AML/CTF Program. Upon reflection, and having regard to the previous experience of new members of the AML team, a further refined version of the joint AML/CTF Program (**Revised Program**) is being developed.

Initialism and MinterEllison have been engaged to review the Revised Program.

The Committee will be presented with the Revised Program in due course for consideration before it is presented to the reporting entity Boards' for approval.

Summary of Enhanced Features of the Revised Program

While the Revised Program will be broadly consistent with the current approved version, a number of key structural changes will be made to the way in which the Revised Program is presented. In an effort to simplify the Revised Program, procedural aspects will be moved into a separate Crown Resorts AML/CTF Policy and Procedures document (the **Procedures Document**). That Procedures Document will inform all standard operating procedures across the various departments. Key additions of the Revised Program are summarised as follows:

Description of Key Controls	The Revised Program sets out more clearly the AML/CTF systems and controls that Crown has in place (see for example, sections 4 (employee due diligence), 6 (transaction monitoring), 8 (enhanced customer due diligence), and 10 (suspicious matter reporting).
Adoption of Three Lines of Defence Model	Implementation of the Crown Resorts Risk Management Strategy's three-lines of defence model by clearly identifying AML/CTF roles and responsibilities across each line of defence.
AUSTRAC Reporting	The Revised Program introduces a new concept of an Unusual Activity Report (UAR). It is proposed that where appropriate, the UAR is completed by a frontline team member (usually a manager) and sent to the AML team for investigation. If the AML team subsequently determines that reasonable grounds for suspicions are established, a Suspicious Matter Report (SMR) can then be prepared and sent to AUSTRAC by the AML team. The UAR process will enhance the quality of SMR's submitted to AUSTRAC.
Employee Due Diligence	In accordance with its risk-based approach to employee due diligence, the Revised Program includes the following new requirements: <ul style="list-style-type: none"> • the conduct of risk assessments of each employee category involved in the provision of designated services; • the screening of all new and existing employees deemed to be in moderate or high risk categories against the Dow Jones Risk and Compliance database, and specifies the consequences for employees who are found to be in breach of the Proposed Program.
Training	The Revised Program requires the tailoring of programs to be more fit for purpose, including the following scenarios: <ul style="list-style-type: none"> • Induction; • Online Risk Awareness; • Business Unit specific; • Refresher; and • Remedial.
Further Know Your Customer ("KYC") and Enhanced Customer Due Diligence	The Revised Program includes a revised method for determining customer risk and makes provision for electronic verification and "eKYC" (see for example, Part B).

AML Compliance Officer

The AML Compliance Officer for Crown's Australian resorts is currently Joshua Preston. It is proposed that Nick Stokes – Group General Manager, AML – be appointed as the AML Compliance Officer for each of Crown's Australian resorts reporting entities (ie Crown Melbourne Limited, Burswood Nominees Ltd and Crown Sydney Gaming Pty Ltd). Nick Stokes meets the AML Compliance Officer requirements as set out in the Joint AML/CTF Program.

The appointment must be notified to AUSTRAC within 14 days of the date of change.

It is proposed that, subject to the endorsement of the Crown Resorts Board, the following resolution be passed by each of Crown's Australian resorts reporting entities:

It was **RESOLVED** that, Mr Nicholas Stokes, be appointed as the AML/CTF Compliance Officer of the Company.

7.1



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Xavier Walsh – Chief Operating Officer, Crown Melbourne
Nick Stokes – Group GM – AML

Date: 16 October 2020

Subject: **Implementation of AML Joint Program**

7.2

Dear Committee Members

Attached for the Committee's consideration is a chart summarising the key milestone dates associated with the implementation of the Proposed Joint AML/CTF Program (**Proposed Program**).

Actions completed to date include:

- Finalisation of the Proposed Program (subject to Board approval);
- Finalisation of the Joint AML/CTF Policy;
- Amendment of Business Unit Standard Operating Procedures to incorporate the requirements of the Joint AML/CTF Policy; and
- Development of revised AML/CTF Awareness Training which has been rolled out onto Crown Learn. Employees at all three properties have commenced undertaking this training. It is intended that all employees that provide designated services will complete this training prior to recommencing/commencing duties at Crown Melbourne and Crown Sydney, respectively. Completion of the training by all employees at Crown Perth is being pursued as a priority.

Actions to be completed before the end of October include:

- Amendments to other policies and policy statements flowing from the adoption of the Proposed Program will be completed;
- Business Unit targeted training (face to face) will be developed and delivered; and
- Initial Employee Due Diligence screening of employees providing designated services will be undertaken.

Going forward, testing of and enhancements to the Proposed Program will continue with the assistance of external consultants, where appropriate. Progressive automation of manual steps in the system is a key feature of future enhancements.

Progress updates will be provided to the Committee at its future meetings.

7.2

Week ending	Responsibility	Start	End	05-Oct	12-Oct	19-Oct	26-Oct	02-Nov	09-Nov	16-Nov	23-Nov	30-Nov	07-Dec	14-Dec	
				5 6 7 8 9 5	2 3 4 5 6 7 8	9 20 2 22 23 24 25	26 27 28 29 30 3	2 3 4 5 6 7 8 9 0	2 3 4 5 6 7 8 9 0	6 7 8 9 20 2 23	23 24 25 26 27 28 29 30	2 3 4 5 6 7 8 9 0	2 3 4 5 6 7 8 9 24		
Joint Program															
Updated Joint Program approved by the Board	Nick Stokes	05-Oct-20	21-Oct-20	[Gantt bar]											
Joint Program AML/CTF Policy approved by the CEO Crown Resorts	Nick Stokes	05-Oct-20	19-Oct-20	[Gantt bar]											
SOP and ICS Updates - Melb, Perth & Sydney	Compliance	05-Oct-20	16-Oct-20	[Gantt bar]											
On line Training development	Learn & Dev, A Sutherland	05-Oct-20	16-Oct-20	[Gantt bar]											
Busines Unit ("BU") Specific Training Development	A Sutherland, Individual BU's	13-Oct-20	30-Oct-20	[Gantt bar]											
Training roll-out - Perth & Sydney	A Sutherland, Individual BU's	12-Oct-20	13-Nov-20	[Gantt bar]											
Training roll-out - Melbourne	A Sutherland, Individual BU's	12-Oct-20	20-Nov-20	[Gantt bar]											
Employee Due Diligence	Nick Stokes	05-Oct-20	30-Oct-20	[Gantt bar]											
Update of other Policies & Procedures	Xavier Walsh	05-Oct-20	16-Oct-20	[Gantt bar]											
AML Sentinel															
Crown Melbourne				<i>Implemented and operating with existing rules (but property closed)</i>											
Crown Perth				<i>Implemented and operating with existing rules (live environment)</i>											
Crown Sydney				<i>Available to work in conjunction with IGT Advantage from commencement of gaming</i>											
Additional rules															
- 16 further rules delivered by IT for User Acceptance Testing (UAT)	IT	05-Oct-20	16-Oct-20	[Gantt bar]											
- UAT	N Stokes/A Sutherland	19-Oct-20	06-Nov-20	[Gantt bar]											
- 2 additional rules developed by IT	IT	02-Nov-20	27-Nov-20	[Gantt bar]											
Recruitment															
Head of Financial Crimes and Compliance	Heidrick & Struggles	05-Oct-20	16-Nov-20	[Gantt bar] <i>Commencement date subject to applicable notice period</i>											
Additional resourcing	Nick Stokes	05-Oct-20	18-Dec-20	[Gantt bar]											
Initialism engagement															
Review and refinement of the Joint Program	Initialism	05-Oct-20	16-Oct-20	[Gantt bar]											
Transaction Monitoring Source Information review	Initialism	19-Oct-20	13-Nov-20	[Gantt bar]											
Promontory engagement															
AML vulnerability and strategic capability assessment	Promontory	02-Nov-20	11-Dec-20	[Gantt bar]											
- AML vulnerability assessment	Promontory	02-Nov-20	11-Dec-20	[Gantt bar]											
- Strategic capability assessment	Promontory	02-Nov-20	18-Dec-20	[Gantt bar]											
- Report drafting and finalisation	Promontory	02-Nov-20	18-Dec-20	[Gantt bar]											
Independent Review of the new Joint Part A Program	Promontory			<i>To be undertaken post implementation in Q2 2021</i>											
Additional controls around cash deposits into bank accounts															
Notification to customers of additional controls	Xavier Walsh	05-Oct-20	13-Oct-20	[Gantt bar]											
Streamlined flagging and reporting of cash deposits in real time	Alan McGregor			<i>Ongoing in conjunction with ANZ</i>											



Crown Resorts Limited

AML/CTF Update: 15 October 2020

7.3

1. ACTIVITIES DURING COVID-19 CASINO CLOSURE

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

All members of the AML team have been stood back up to 100% capacity. The Perth AML Compliance Manager has resigned to pursue further study and a recruitment process is underway to replace this role.

2. AUSTRAC

(a) AUSTRAC Compliance Assessments

Melbourne

AUSTRAC commenced its AML/CTF Program Compliance Assessment in September 2019 of Crown Melbourne in the form of a s167 Notice. The thematic assessment focused on Politically Exposed Persons and High Risk Customers active during FY16 and FY19. Crown Melbourne responded to the Notice on 19 October 2019, receiving a follow up Notice on 30 October 2019, with Crown's response completed on 12 December 2019. AUSTRAC sought some further documents on 23 January 2020 which Crown provided on 6 February 2020.

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

On 2 October 2020, Crown was contacted by the AUSTRAC Regulatory Operations team notifying Crown that AUSTRAC has identified potential non-compliance with the AML/CTF Act and Rules, including concerns with:

- Ongoing Customer Due Diligence (section 36)
- Adopting and maintaining an AML/CTF Program (section 81)
- Compliance with Part A of an AML/CTF Program (section 82)

The above three are all civil penalty provisions.

AUSTRAC advised that the Compliance Assessment had been referred to the Enforcement team for investigation, noting that the Enforcement team has discretion to widen the scope of the original s167 which was targeting high risk customers and PEPs. AUSTRAC advised that the outcome of the enforcement investigation could be one of the following:

- Civil penalty order
- Infringement notice
- Enforceable undertaking
- No action taken

As of 14 October 2020, Crown has not yet received any further correspondence on this matter.

Perth

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

(b) Section 167 Notices – Risk Assessment of Junkets

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

As of 13 October 2020, Crown has not received any feedback or further correspondence from AUSTRAC on our response.

(c) Section 167 Notices – Australia Wide Industry Risk Assessment of Casinos

On 18 September 2020, Crown received a s167 notice from AUSTRAC requesting information from both Crown Melbourne and Crown Perth. AUSTRAC is developing a Money Laundering and Terrorism Financing Risk Assessment of Australia's casino industry.

Crown is working towards providing a response to AUSTRAC by 21 October 2020.

(d) Riverbank and Southbank Bank Accounts

As a result of the ILGA inquiry, Crown commenced a review of sub-\$10,000 cash deposits into the Riverbank and Southbank accounts of which it has notified AUSTRAC. In this respect, Crown undertook to AUSTRAC to conduct a review of the Southbank and Riverbank bank accounts and report the outcomes to AUSTRAC in due course. AUSTRAC has subsequently written to Crown seeking a range of information which Crown is collating and will respond shortly. Crown has engaged, through Minter Ellison, external experts to assist with this matter.

As of 14 October 2020, 20 SMRs have been lodged with AUSTRAC related to the review of the transactions.

(e) AUSTRAC and Industry Updates

At a recent financial crime panel discussion (14 October 2020), *An Ever Present Danger: A Deep Dive into Australia's Financial Crimes Landscape*, AUSTRAC's National Manager of Regulatory Operations, Dr Nathan Newman was asked a series of questions, highlights of which are below.

What is AUSTRAC's current focus

Dr Newman noted "governance, governance, governance. I can't stress that enough. Business needs to be aware of the AML obligations and Boards and senior management need to be engaged and we have seen that come out in public facing actions in the past few years. We have several different types of reporting, IFTIs, SMR, all of that information is required to identify criminals and support our national security agencies. This is really important."

Dr Newman noted that AUSTRAC is also focused on assessing risk. Business needs to assess and identify risks of its products, customers, ongoing and enhanced customer due diligence. Risk management is very critical for organisations.

Dr Newman also noted that assurance is as critical noting that it is good that people have governance regimes and can identify risk, but there must be a level of assurance, second and third line are very important to ensure that issues are being identified. At AUSTRAC we recognize that organisations will face challenges and this is where assurance is very important.

Dr Newman was asked about compliance culture

Dr Newman noted that culture is critical to an effective compliance culture. This is not just focused on financial crime. I sit down with my regulatory counterparts and talk about particular issues and particular businesses and we often share similar concerns, this is because the issues are often linked to culture.

Part of the Board role is to set organisational culture with the CEO. The Board shouldn't wait for information to be brought to them about financial crime compliance, they should be proactive in asking for information and asking, are we doing the best we can be doing. We have seen through the Royal Commission and recent APRA reviews, there is work to be done.

Part of the culture is a willingness to ventilate problems and engage and understand the problems. Make sure the culture is there that means there can be an honest discussion with the regulator about some of these issues. Making sure resources are allocated in the right place. Culture links back to governance. If you have an effective culture, you also need a strong governance tools.

AUSTRAC has focus on oversight by the Board, being able to assess risks correctly. We are playing a more active role in shaping and directing organisations in this area. We are seeing positive improvements, where organisations have come under our purview. We now have organisations who come to us with small issues and have a discussion. They come with genuine disappointment and they are personally invested in the mistakes and bringing these to AUSTRAC and recognizing the whole purpose of financial crime compliance. It is not just meeting the law, it is about protecting the community, stopping criminals who are exploiting the financial crime section, child exploitation, drugs. It is very much a community thing. We are trying to protect them in the best way possible. It isn't an academic argument. Organisations need to think about "why" are they doing this and why is it so important.

What are expectations for typologies and how they should be used:

We expect industries to look at the typologies and guidance and consider how these may be used to enhance their processes. There is also a wealth of information being shared by other agencies and industry should be grasping hold of this and seeing if it applies to its model. It might be putting in place new controls. Absolutely AUSTRAC has a role to play in this, this is a priority from the CEO down.

His forward looking perspectives:

From a supervisory perspective, what is going to happen over the more 12-18 months, there will be more enforcement action. This has been said publicly by our CEO. You will see continued expectation of uplift in capabilities. You will see more thinking and more consideration by the industry, in the broadest possible sense, about resourcing financial crime compliance vs commercial areas. This is a risk management discussion about how much resource we put to a compliance function, what is the risk of missing something in a compliance area vs commercial. Talent challenges, you will see ongoing talent challenges in AU, people poaching from us. We will build up a critical mass of talent in AML in Australia, but we are talking years. You will see investment by AUSTRAC in a new transaction reporting system. We will be replacing our near 20 year old system, using the money we received in the budget.

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

The revised and updated 2020 Joint Program has been reviewed by Initialism and is currently being reviewed by Minter Ellison for compliance with the AML/CTF Act and Rules. Please refer to Agenda Item 7.1 for further information on the revised Joint Program.

The 2020 Joint Program will be independently reviewed in Q2, 2021 by Promontory.

(b) Training

The new Online AML/CTF Risk Awareness Training Module went live on 12 October 2020. As at 14 October 2020, 1,950 employees have completed the module.

The AML Team in Perth has provided one round of targeted training to the Perth Cage team in relation to the new Unusual Activity Report (**UAR**) process and money laundering (**ML**) red flag indicators.

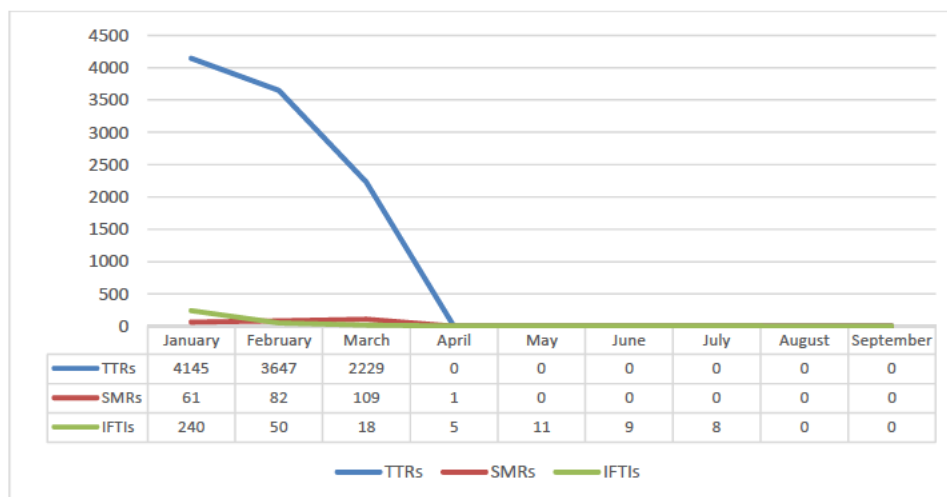
The AML Team will continue to deliver this targeted training to other relevant business unit management teams, with a similar focus, i.e. the UAR process and ML red flag indicators.

(c) Reporting statistics (1 January 2020 – 30 September 2020)

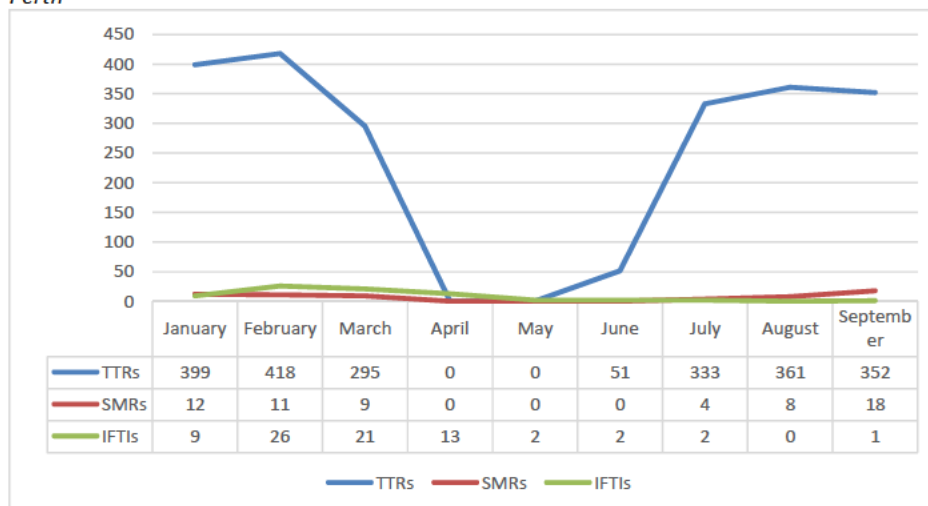
The graphs below detail the number of Suspicious Matter Reports (**SMR**), IFTIs and TTRs reported to AUSTRAC by Crown Melbourne and Crown Perth for calendar year 2020 (reported by transaction date):

7.3

Melbourne



Perth



4. AML Projects

(a) Case Management

The AML Team, together with the IT Team is working on a case management solution with Unifii. The first phase of this project will be the digitisation of the UAR workflow. The Commercial IT Team are engaging with Unifii on terms of the agreement between the parties.

(b) AML Sentinel Project

The AML team received 16 new Alerts from IT on 12 October for User Acceptance Testing (UAT), following their own testing and QA process. During UAT, the AML team will provide feedback to the IT team which may include a request to further tweak the rules prior to the 'Go Live' phase.

(c) CURA – AML/CTF Customer Risk Register

Development work is now complete. The AML Team now has the ability to add attachments into a Customer's risk profile in CURA, for example ECDD reports, news articles, relevant decisions, emails, LEA requests and unusual activity reports.

The AML Team is working on a Group-wide customer risk database (single customer view) so that all properties are aware of the potential ML/TF risks customers may present. We are exploring the possibility of including this in the Case Management workstream being developed jointly with Unifii.

(d) Digitised Unusual Activity Report/SMR process

The IT and AML teams have begun work with Unifii to digitise this process end to end. Some of the benefits of digitizing the process is expected to be:

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

The Commercial IT Team is working with Unifii on terms of the agreement between the parties.

5. Customer Due Diligence**Dow Jones Risk and Compliance Screening**

The AML Team cleared the backlog of alerts in Dow Jones at the beginning of October. A bulk upload of potential Sydney customers (who have not been active in Melbourne or Perth and therefore have not been screened through Dow Jones) has been uploaded by the IT team into the Dow Jones Risk and Compliance Screening tool.

This upload has generated approximately 300 customers with alerts that require dispositioning, previous experience suggests that more than 90% of the alerts will be false positives. The AML Team will work to disposition these alerts in the coming weeks.

On Wednesday 29 July, the AML held a meeting with Crown's local Dow Jones relationship managers and a product specialist from the UK for the AML team to provide feedback on the high number of false positive alerts generated through the Dow Jones tool. Dow Jones came back to Crown in mid-September and advised that a large amount of work is underway on other product enhancements and advised that a solution would not be available until Q1/Q2 2020.

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

There was number of Gaming Initiative Form received since the last meeting no AML concerns were noted.

7. Employee Due Diligence

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

8. Countries

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

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

9. Compliance Breaches

AML/CTF Program compliance breaches are reported:

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

There was one compliance breach in Perth during the reporting period 1 January to 30 September 2020.

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

¹ A Cage supervisor completed a TTR and failed to notice the WADL was expired. The transaction was completed by a third party, his ID was correct, but the owner of the chips’ ID was not current. This is not a breach of the AML/CTF Act or Rules as his ID was current when his identity was originally verified. A note has been placed on his account to obtain updated ID.

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

10. Legislative Changes and other relevant information

(a) Relevant Updates to the AML/CTF Act and Rules

There have been no updates since the last meeting of the Committee.

11. Process Mapping

At the last meeting of the Crown Sydney Board, the Board requested that future reports demonstrate the processes involved in key AML/CTF reporting requirements and describe the assurance mechanisms and escalation processes in place for these processes.

Below for the Committee's consideration is a process map for Threshold Transactions (TTR).

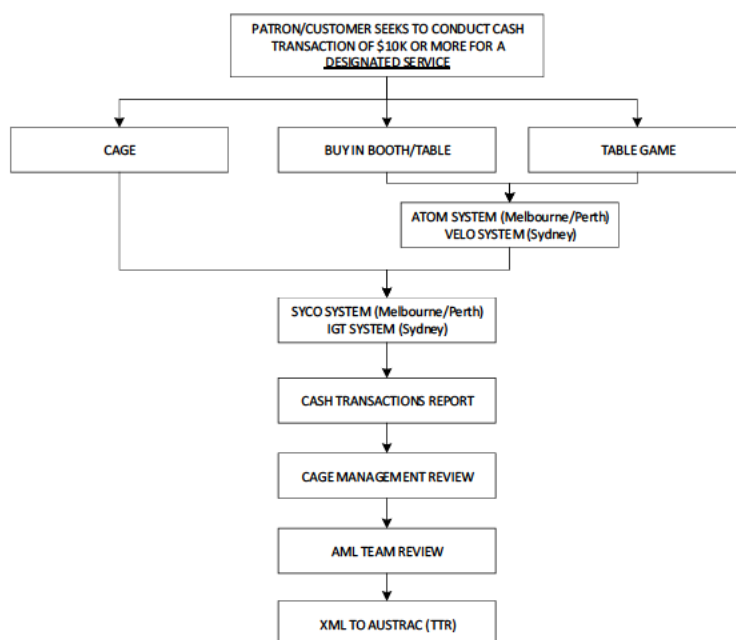
Future reports will contain additional process maps for other reporting requirements.

A 'Threshold Transaction' is a cash transaction, with a Customer, that has a cash component of AUD \$10,000 (or its foreign currency equivalent) or greater. Crown must submit a report of the TTR to AUSTRAC within 10 Business Days after Crown conducts the Threshold Transaction.

Threshold transactions occur at Crown in the following three ways:

- at a Crown Cage;
- at a Table Game; and
- at a Table Games Booth/Table.

TTR Process Flow Diagram



Over the last 2 years Crown has developed and continues to enhance the TTR Gate. The TTR Gate is a tool designed using Splunk to find defined errors in reports that are to be uploaded to AUSTRAC.

As a tool, the Gate should primarily be used by the business (first line of defence) to identify errors and data quality issues in reportable details prior to the reports being submitted to AUSTRAC.

The Gate will continuously be improved to identify any other common mistakes and data entry errors as they become known.

In addition to any IT quality assurance testing, the AML Team is currently working with the IT Team to develop a reconciliation tool to confirm that all TTRs entered into the various entry points in Crown systems flow through to the final reports that are reported through to AUSTRAC.

This reconciliation tool will be in the form of a dashboard in Splunk and will enable the AML team to review TTRs raised through source systems, and provide assurance that these have each been included in a file for submission to AUSTRAC with any gaps identified for remediation .

7.3



MEMO

To: Crown Resorts Risk Management Committee
From: Brett Hereward (AML Compliance and Internal Risk Manager – Betfair Pty Limited)
Date: 13 October 2020
RE: **Betfair's AML/CTF Program / recently completed Independent Review**

7.4

1. Betfair's Business

Betfair Pty Limited (**Betfair**) operates a betting exchange business under a betting exchange licence (**NT Licence**) issued by the Northern Territory Racing Commission pursuant to section 109C of the *Racing and Betting Act* (NT). It provides **account based** wagering services to customers that bet on the outcome of events that take place anywhere in the world. It has offices in Darwin and Melbourne and all customers are required to register for accounts online through either the website, the mobile phone application or over the phone. Betfair accept bets through the aforementioned mediums.

A betting exchange allows members to bet against each other rather than a bookmaker/house. Customers can offer odds to, or request odds from, fellow bettors. Where traditional bookmakers risk going head-to-head with gamblers on markets, a betting exchange takes on no risk at all. Instead, a betting exchange provides the platform for its customers to match bets against each other and takes a small commission on winnings. A fundamental difference of the exchange is that it allows lay betting, meaning, backing a selection to lose rather than win.

The global betting exchange is owned by the Flutter Group. Pursuant to agreements with Flutter, Betfair has a licence to offer the global betting exchange to its customers. Betfair's customers reside in Australia and New Zealand, and our customer base consists of individuals and corporate entities.

Betfair is regulated on all wagering activity (i.e. local events and foreign events) of its customers and customers will – at all times – be betting with Betfair under its NT Licence.

2. Compliance with AML Legislation

Betfair is a reporting entity and therefore must comply with the requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**) and the *Anti-Money Laundering and Counter-Terrorism Financing Rules* (**AML/CTF Rules**).

Betfair provides the following designated services as per Table 3 – Gambling Services as contained in section 6 of the AML/CTF Act.

Item	Provision of a designated service	Customer of the designated service
1	receiving or accepting a bet placed or made by a person, where the service is provided in the course of carrying on a business	the person

Table 3—Gambling services		
Item	Provision of a designated service	Customer of the designated service
4	paying out winnings in respect of a bet, where the service is provided in the course of carrying on a business	the person to whom the winnings are paid
11	<p>in the capacity of account provider, opening an account, where:</p> <p>(a) the account provider is a person who provides a service covered by item 1, 2, 3, 4, 6, 7, 8 or 9; and</p> <p>(b) the purpose, or one of the purposes, of the account is to facilitate the provision of a service covered by item 1, 2, 3, 4, 6, 7, 8 or 9; and</p> <p>(c) the service is provided in the course of carrying on a business</p>	the holder of the account
12	<p>in the capacity of account provider for a new or existing account, allowing a person to become a signatory to the account, where:</p> <p>(a) the account provider is a person who provides a service covered by item 1, 2, 3, 4, 6, 7, 8 or 9; and</p> <p>(b) the purpose, or one of the purposes, of the account is to facilitate the provision of a service covered by item 1, 2, 3, 4, 6, 7, 8 or 9; and</p> <p>(c) the service is provided in the course of carrying on a business</p>	the signatory
13	<p>in the capacity of account provider for an account, allowing a transaction to be conducted in relation to the account, where:</p> <p>(a) the account provider is a person who provides a service covered by item 1, 2, 3, 4, 6, 7, 8 or 9; and</p> <p>(b) the purpose, or one of the purposes, of the account is to facilitate the provision of a service covered by item 1, 2, 3, 4, 6, 7, 8 or 9; and</p> <p>(c) the service is provided in the course of carrying on a business</p>	<p>both:</p> <p>(a) the holder of the account; and</p> <p>(b) each other signatory to the account</p>

7.4

As a regulated entity under the AML/CTF legislation, Betfair is required to have an Anti-Money Laundering and Counter-Terrorism Financing Program (**AML/CTF Program**) and a designated Anti-Money Laundering Compliance Officer (**AMLCO**). Betfair is committed to high standards of anti-money laundering compliance and requires management and employees to adhere to these standards in preventing the use of its products and services for money laundering purposes. All employees are responsible for adhering to Betfair's AML/CTF Program.

3. Betfair's AMLCO

In November 2015 Brett Hereward commenced in the AMLCO role (2.5 days per week). It is noted that Brett was a shared resource between CrownBet and Betfair, up until CrownBet was sold by Crown in early 2018. Post the sale of CrownBet, Brett became a full-time employee of Betfair, and from June 2018 through to December 2018, Brett worked 3 days per week at Betfair (performing the AMLCO role) and 2 days per week at Crown Melbourne. Due to the demand of the AMLCO role the position moved to 5 days a week at Betfair from December 2018.

Prior to joining the online wagering industry, Brett worked at AUSTRAC (the AML regulator) for 5 years. At AUSTRAC, Brett performed the role of Supervisory/Compliance Officer, regulating across the various sectors covered by the AML/CTF legislation (including wagering, banking, money remittance, cash in transit, superannuation and precious metals).

Brett is also currently an uncertified member of the Association of Certified Anti-Money Laundering Specialist.

Brett also presents as an AML expert in online wagering at the Federal Government's Financial Intelligence Analyst Course. This has occurred seven times since the course commenced in 2017. Brett voluntarily performs this 'presenter' role at the request of AUSTRAC, and maintains a strong relationship with key contacts at AUSTRAC.

4. Development of current AML/CTF Program

At all times, Betfair has had an AML/CTF Program in place which has been compliant with AML/CTF legislation.

Betfair's AML/CTF Program was first drafted in or around December 2007. Between 2007 and 2015, the AML/CTF Program was updated on a regular basis to ensure that Betfair remained compliant with the AML/CTF legislation.

In late 2015, when Brett Hereward commenced as Betfair's new AMLCO, Brett completed a comprehensive review of Betfair's AML/CTF Program and AML processes, and identified opportunities for improvement. Following this review, Betfair's AMLCO rewrote the AML/CTF Program (creating the current Program) and revamped certain AML processes. This is discussed in more detail below (see section 5).

The current Betfair AML/CTF Program was approved by the Betfair Board in November 2016. In compliance with the AML legislation, the AMLCO has ensured that all amendments to the AML/CTF Program since November 2016 have been reported to, and approved by, the Betfair Board.

5. Summary of AML/CTF Program rewrite

The rewrite of the AML/CTF Program (referred to above) also incorporated all relevant amendments to the AML/CTF Act and AML/CTF Rules and a more detailed risk assessment.

The material changes that form the rewrite and reflect the new processes were as follows:

- increase in the scope and frequency of Betfair's transaction monitoring program;
- clarification around the undertaking of specific enhanced customer due diligence (**ECDD**);
- processes to identify beneficial owners of customers;
- specific actions undertaken to identify customers who may be politically exposed persons (**PEPs**);
- amendments to reflect Betfair's reporting obligations; and

- clarification and description of requirements for 'know your customer' procedures including dedicated approach to dealing with discrepancies and updating customer information.

Betfair is satisfied its AML/CTF Program has effective systems and controls to enable Betfair to identify, manage and mitigate the AML/CTF risks it faces based upon the size, nature and complexity of its business.

6. Independent Review of Betfair's AML/CTF Program

In December 2019, Betfair engaged Initialism to undertake an independent review of its AML/CTF Program (**Independent Review**).

Prior to completing the Independent Review for Betfair, Initialism completed an independent review of the Crown Resorts AML/CTF Program.

7. Independent Review Findings

Under the requirements of the AML/CTF Rules, the results of the Independent Review, including any report prepared, must be provided to the governing board of the reporting entity. The report that Initialism prepared after completing the Independent Review (**the Report**) was provided to the Betfair Board in March 2020. A copy of the Report is attached to this memo.

There were no adverse findings in the Report, and Initialism found that Betfair had no issues regarding compliance with its obligations under AML/CTF legislation.

It is noted that Initialism uses a Red, Amber, Green system in addressing all areas of compliance with the AML/CTF obligations and Betfair was "green lighted" in all areas.

In summary, Initialism found that:

- *The ML/TF risks faced by the business are well understood and documented via both an Enterprise ML/TF risk assessment and a customer ML/TF risk assessment.*
- *Betfair's systems and controls applied to identify, manage and mitigate the ML/TF risks reasonably faced appear robust.*
- *The AML/CTF Compliance Officer displayed a good understanding and application of Betfair's systems and controls to comply with its AML/CTF obligations.*
- *The review only identified a handful of minor observations as Betfair was able to demonstrate effective compliance with the requirements set out in its AML/CTF Program and the AML/CTF Rules*

8. Recommendations in the Report

The following recommendations were made in the Report:

1. *The Anti Money Laundering Compliance Officer's current title should be correctly reflected in the organisation chart. Initialism noted this as a "minor point".*

Betfair accepted this recommendation and has amended the organisation chart as required.

2. *A business improvement process was recommended around the politically exposed persons screening.*

The recommendation was a result of Betfair being unable to temporarily screen new customer signups due to Betfair using a non-static IP address and the PEP screening provider "white washing" an IP address to allow a login. Betfair, prior to the Report being issued, undertook an exercise to have a range of IP addresses white washed to eliminate the issue. Note – the Report acknowledges that the matter had been addressed and all screening performed.

A copy of Betfair's written response to the Report is also attached to this memo.

9. Next Independent Review

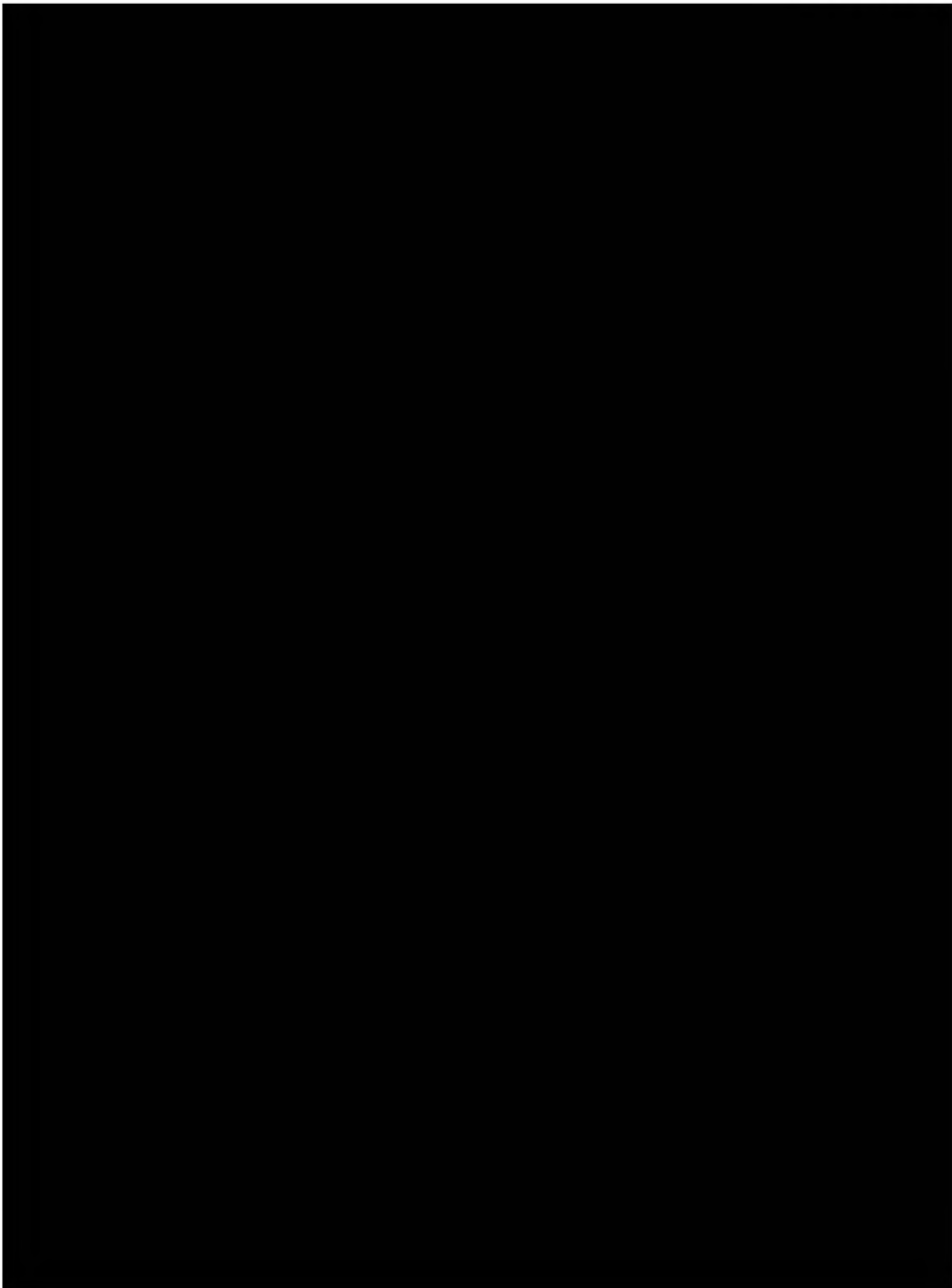
It was discussed on the issuing of the Report that Betfair's independent review approach of within a 5-year cycle is sufficient, with every 3 years the recommended approach.

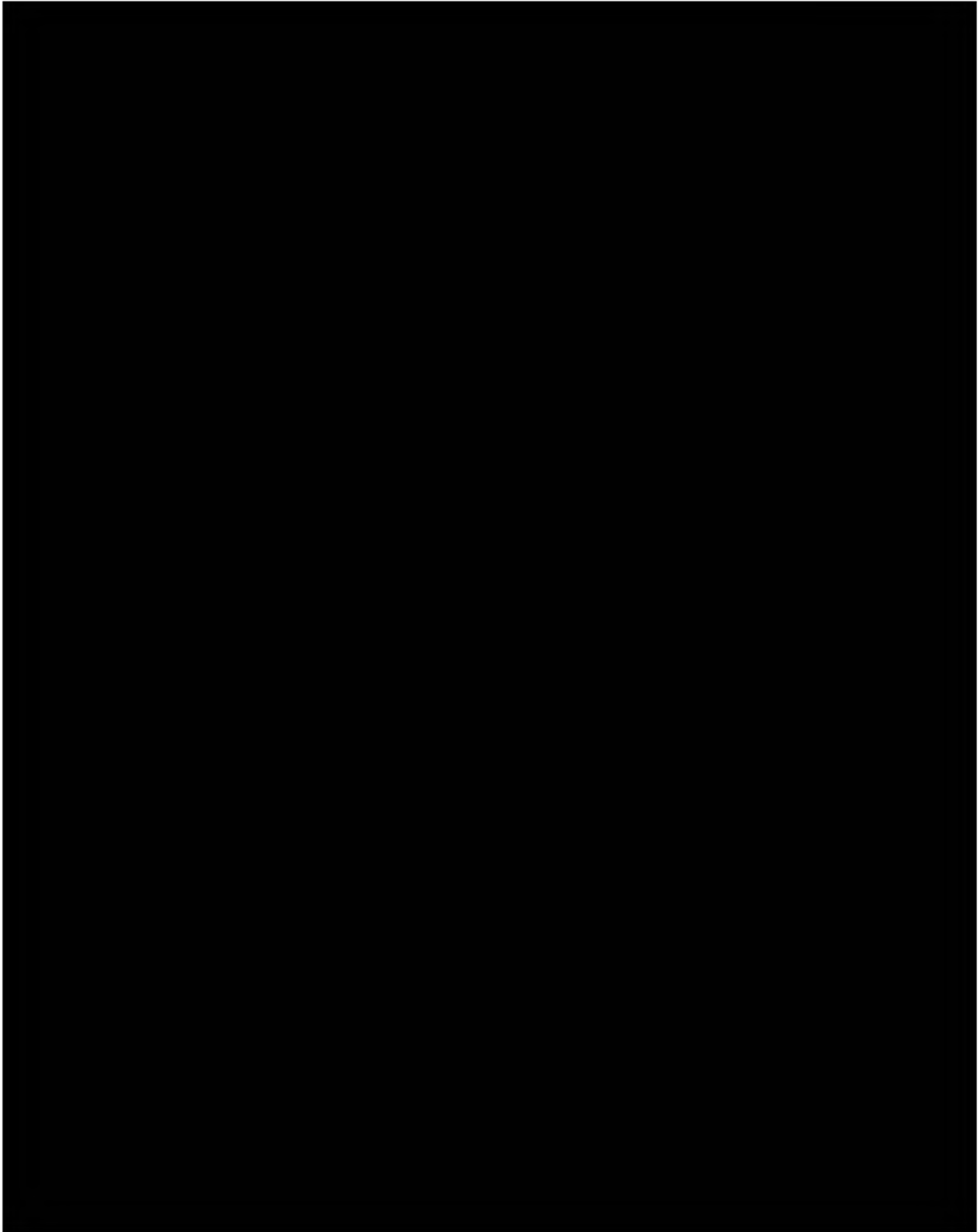
10. Conclusion

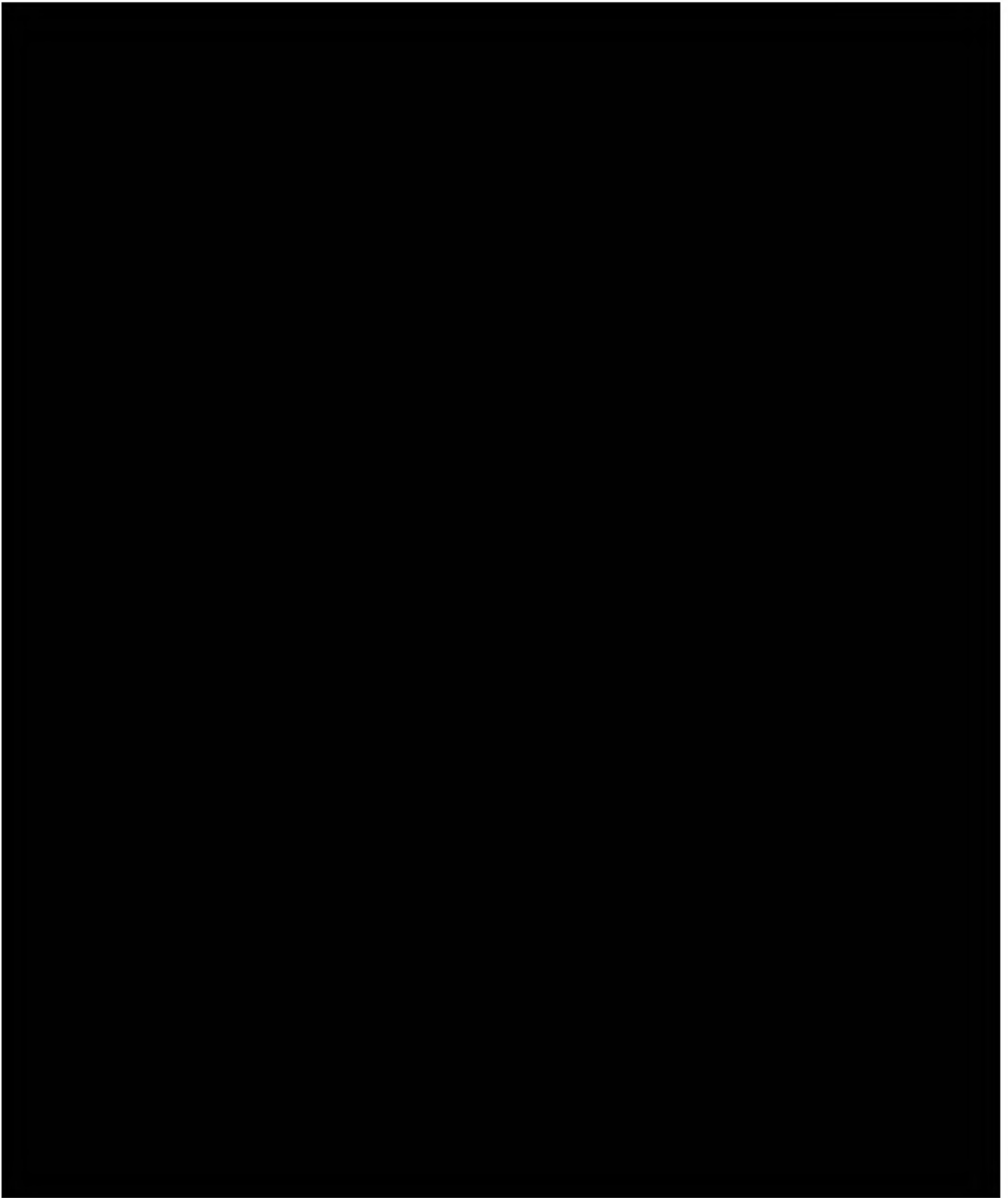
Betfair was pleased with the outcome of the Independent Review and the findings in the Report. It is proposed that another external independent review occur in 2023.

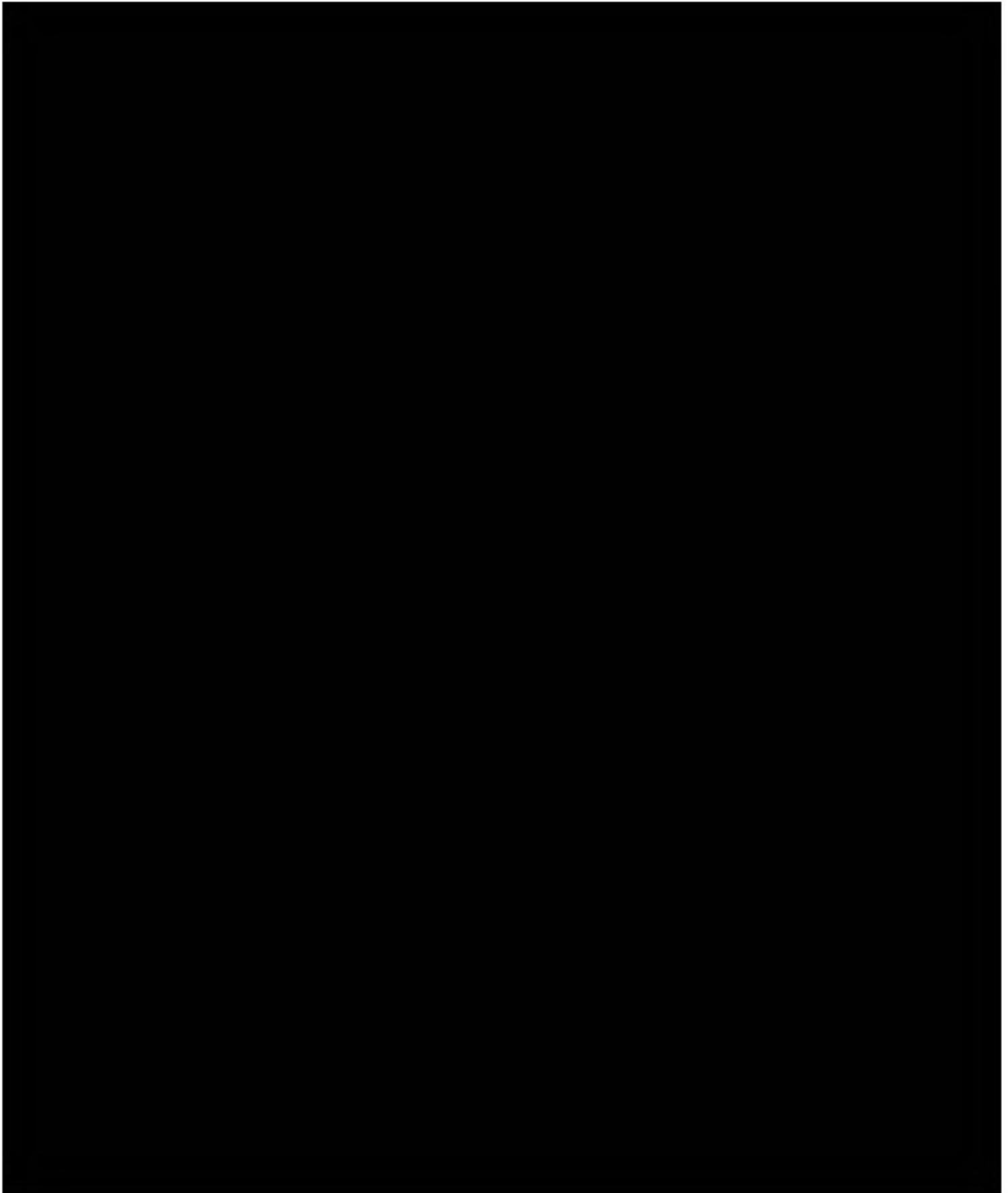
As an aside, it is noted that, going forward, AML will be a standing agenda item for all Betfair Board meetings.

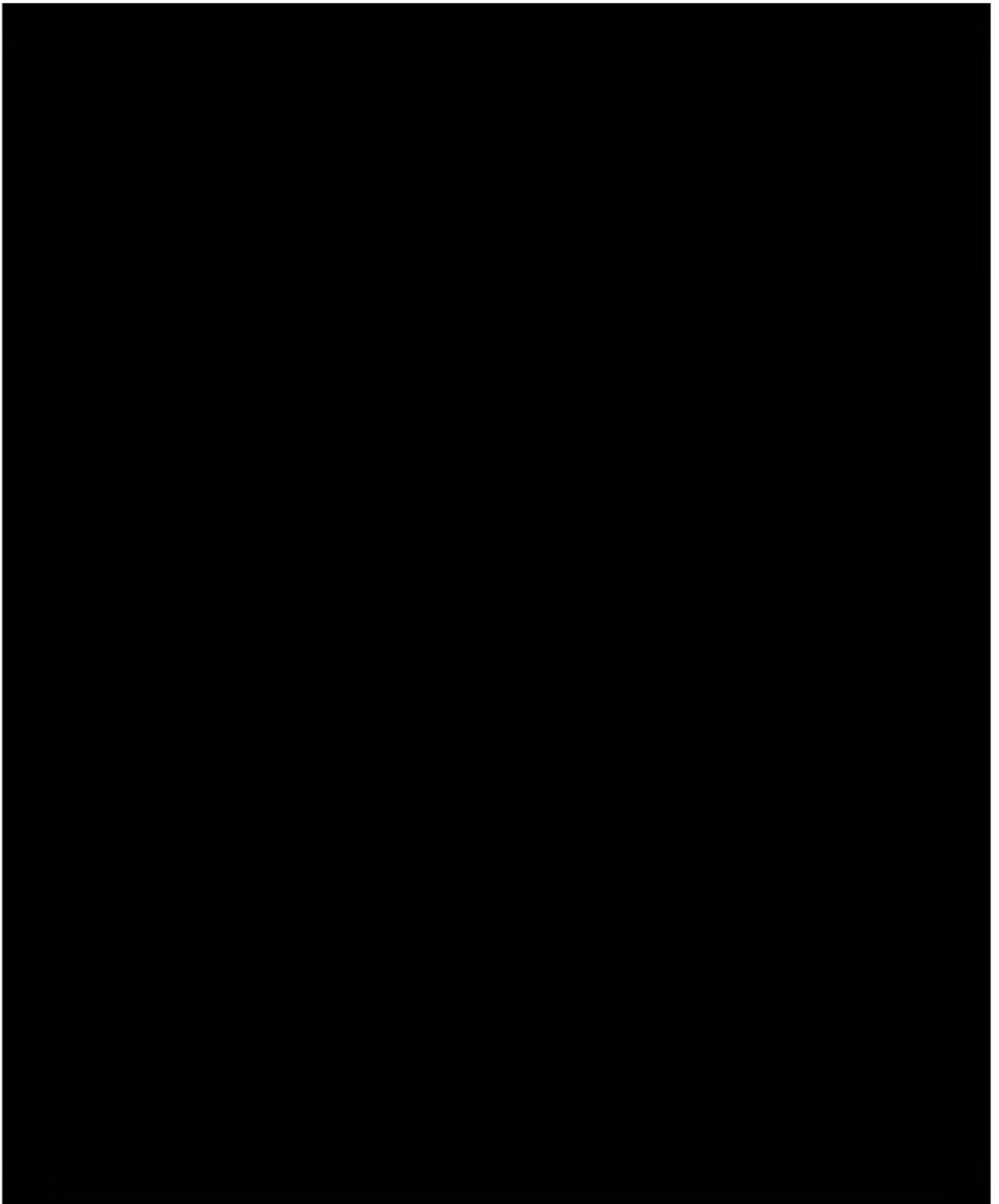
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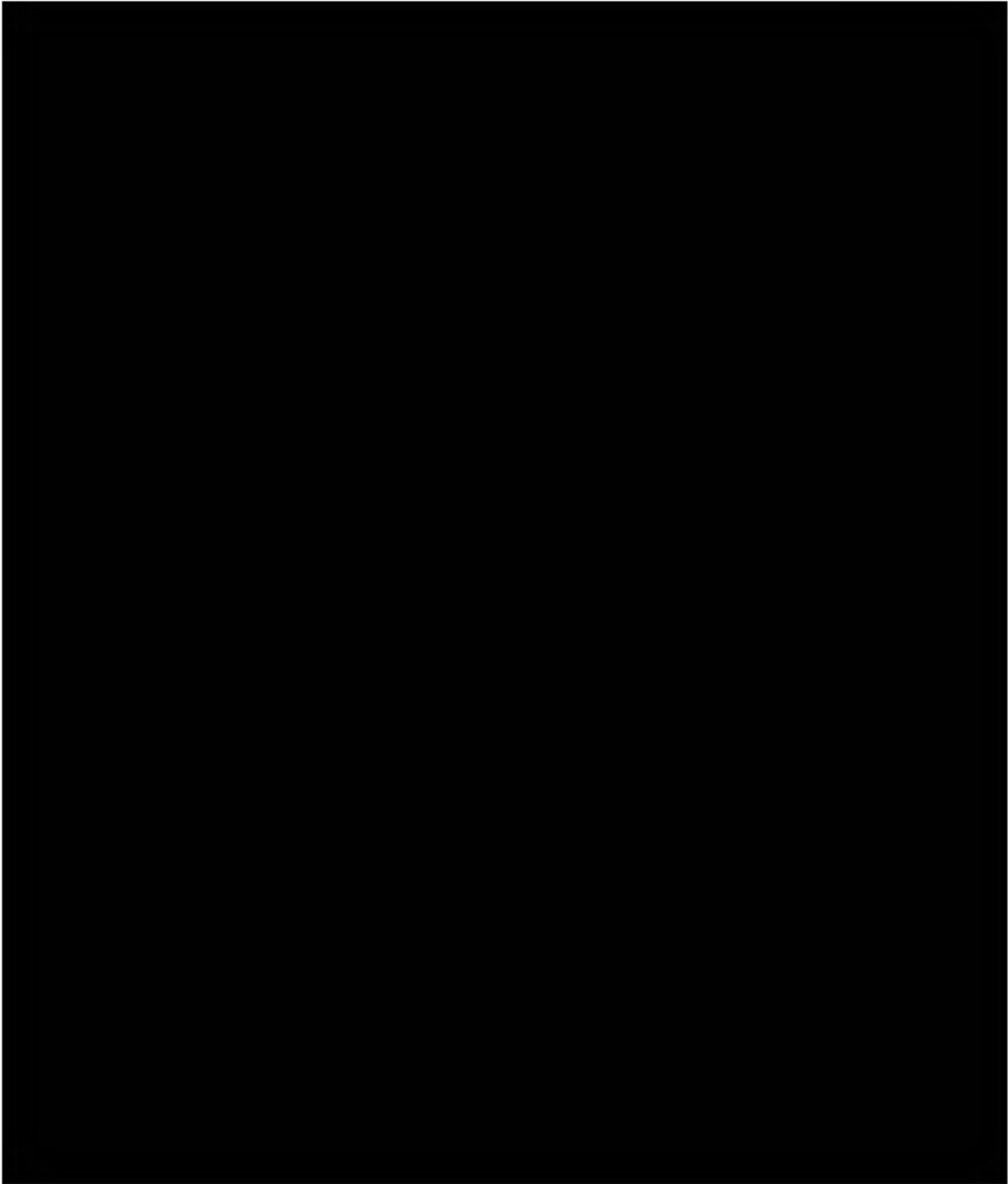


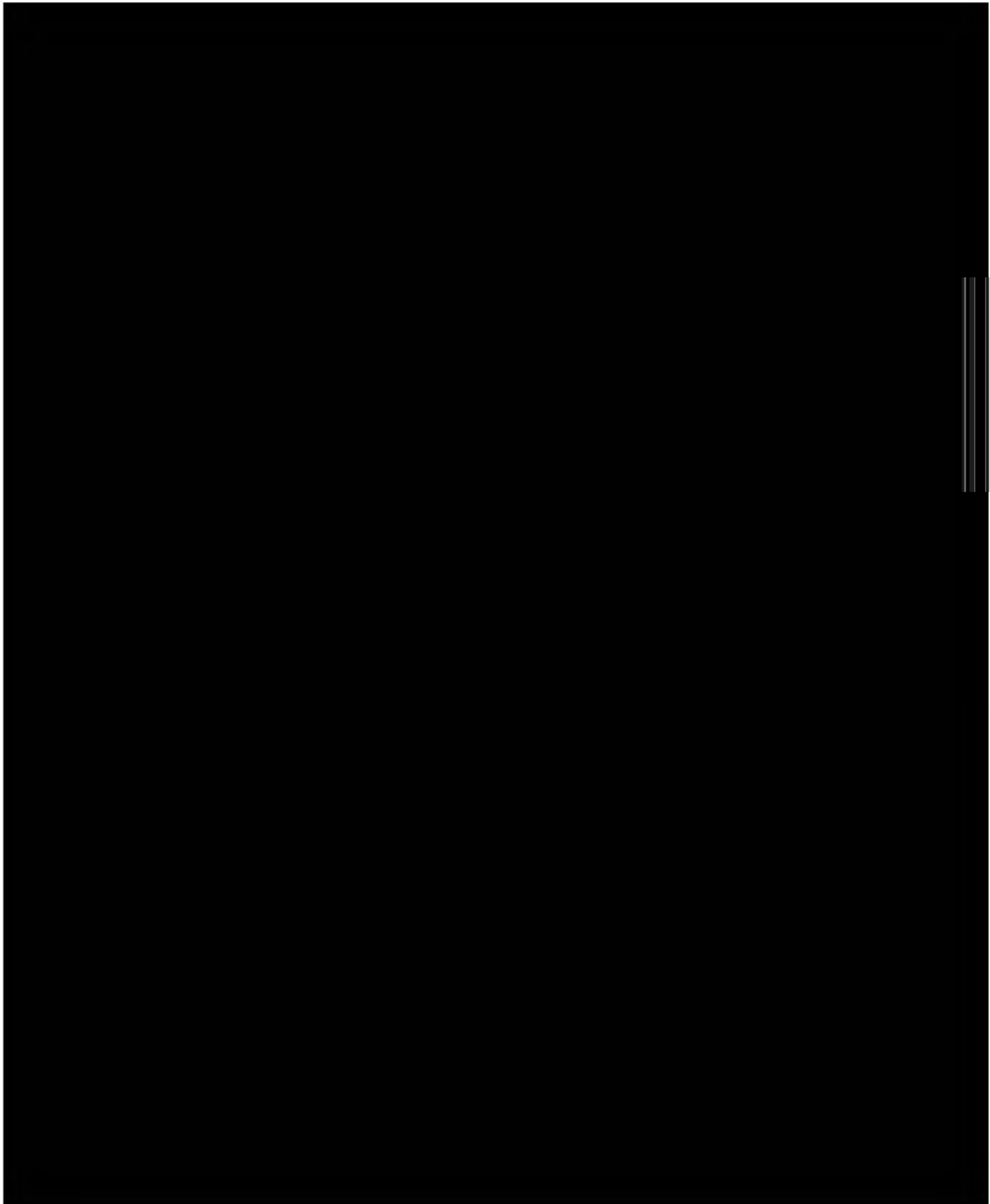


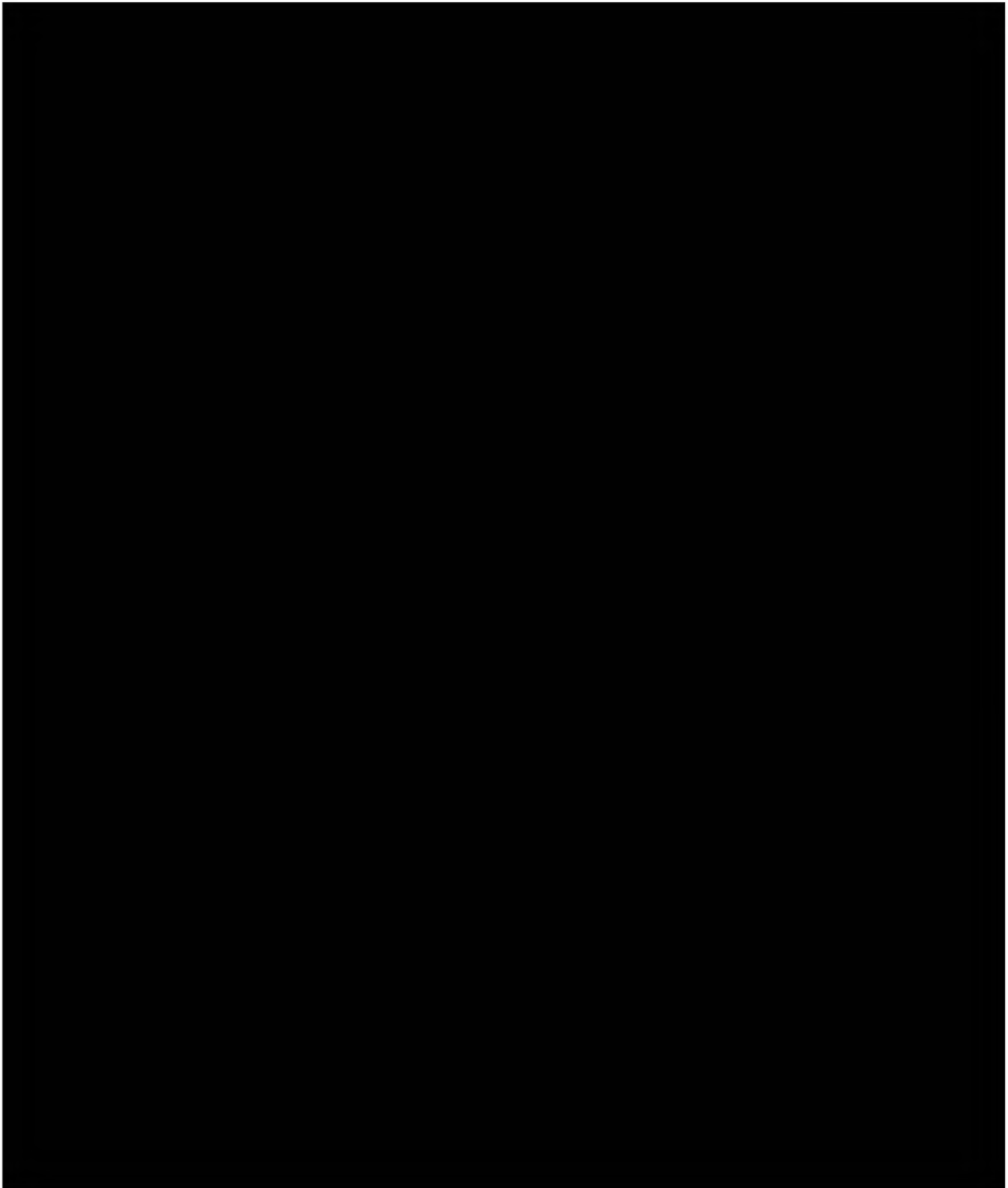


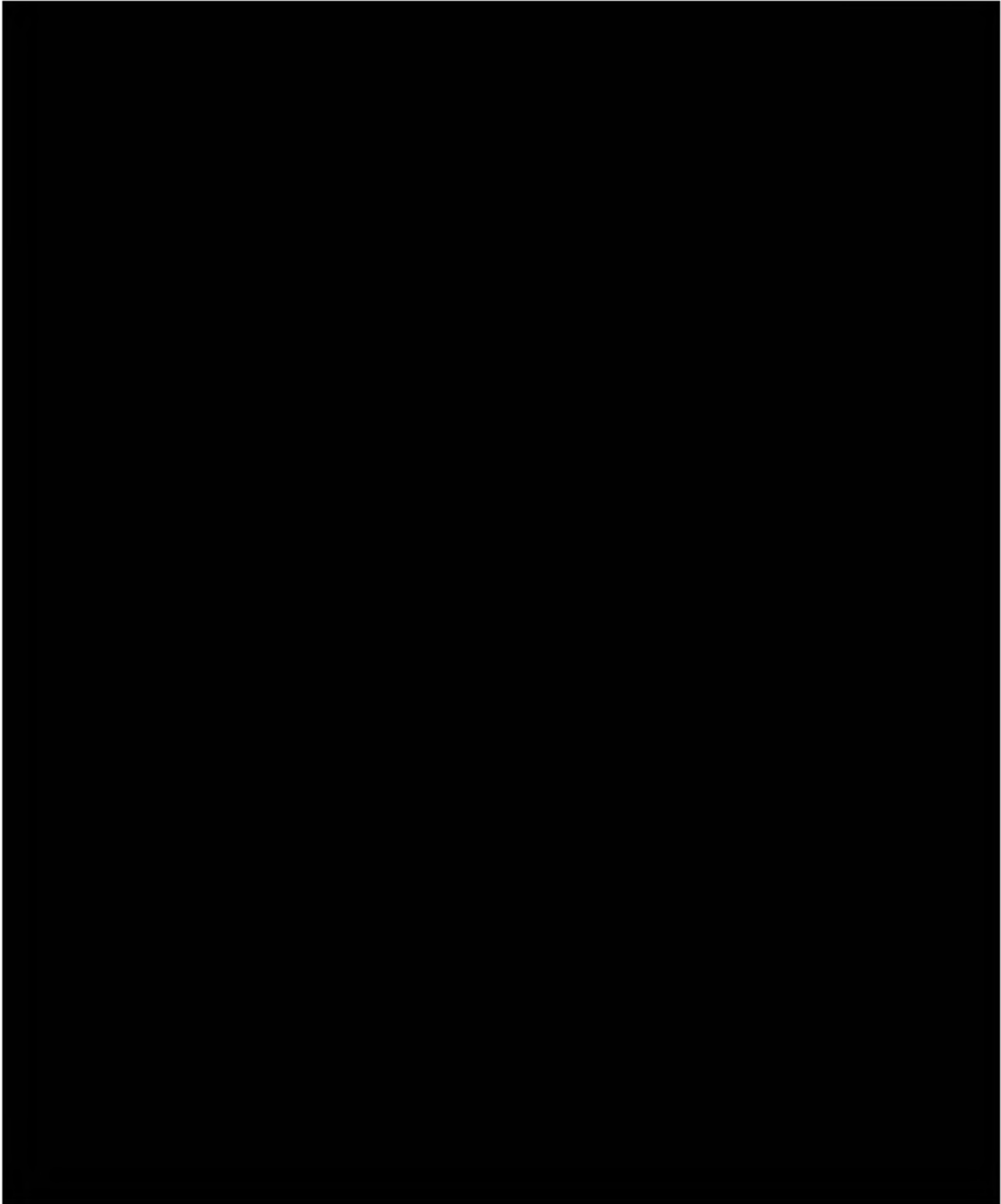


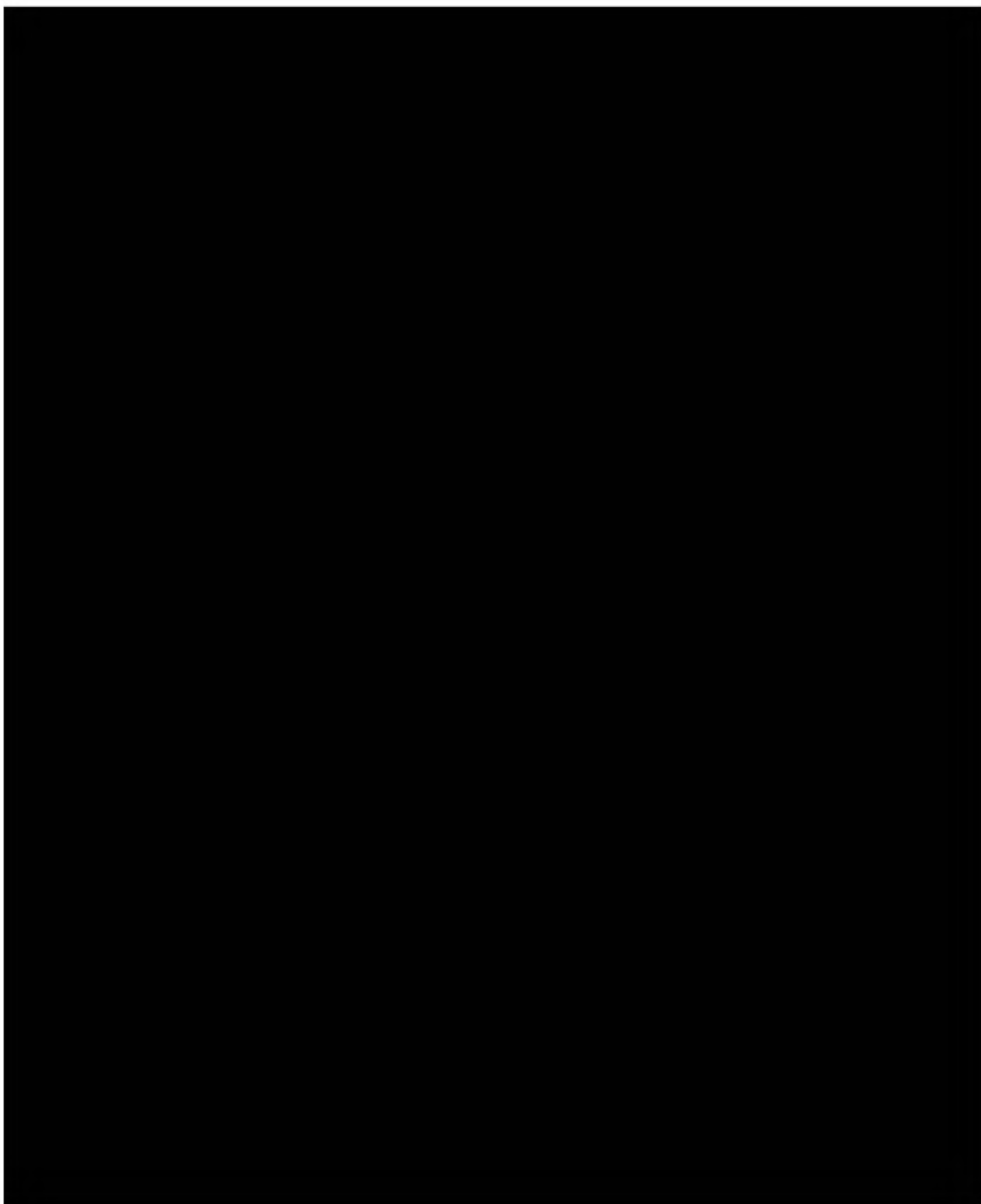


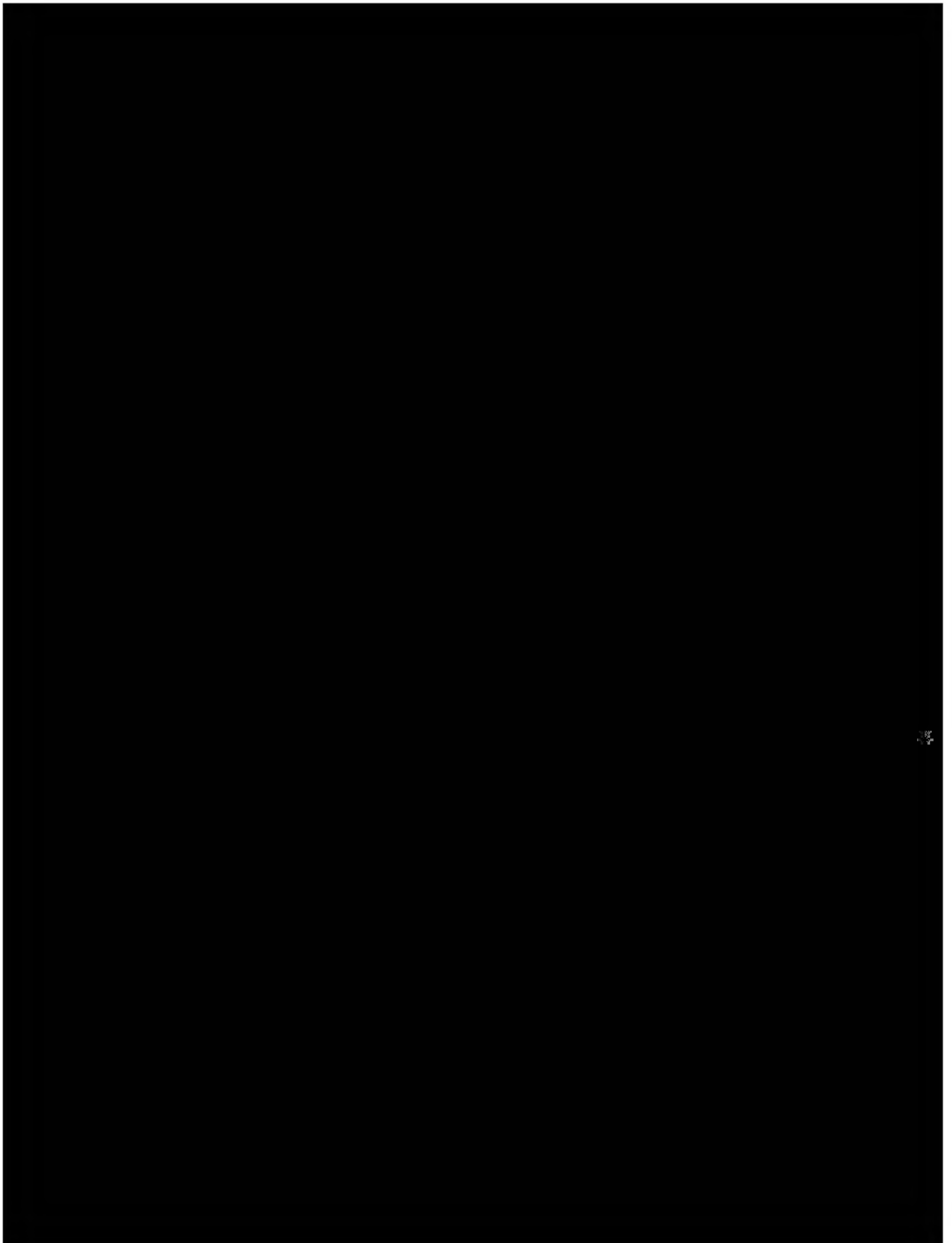


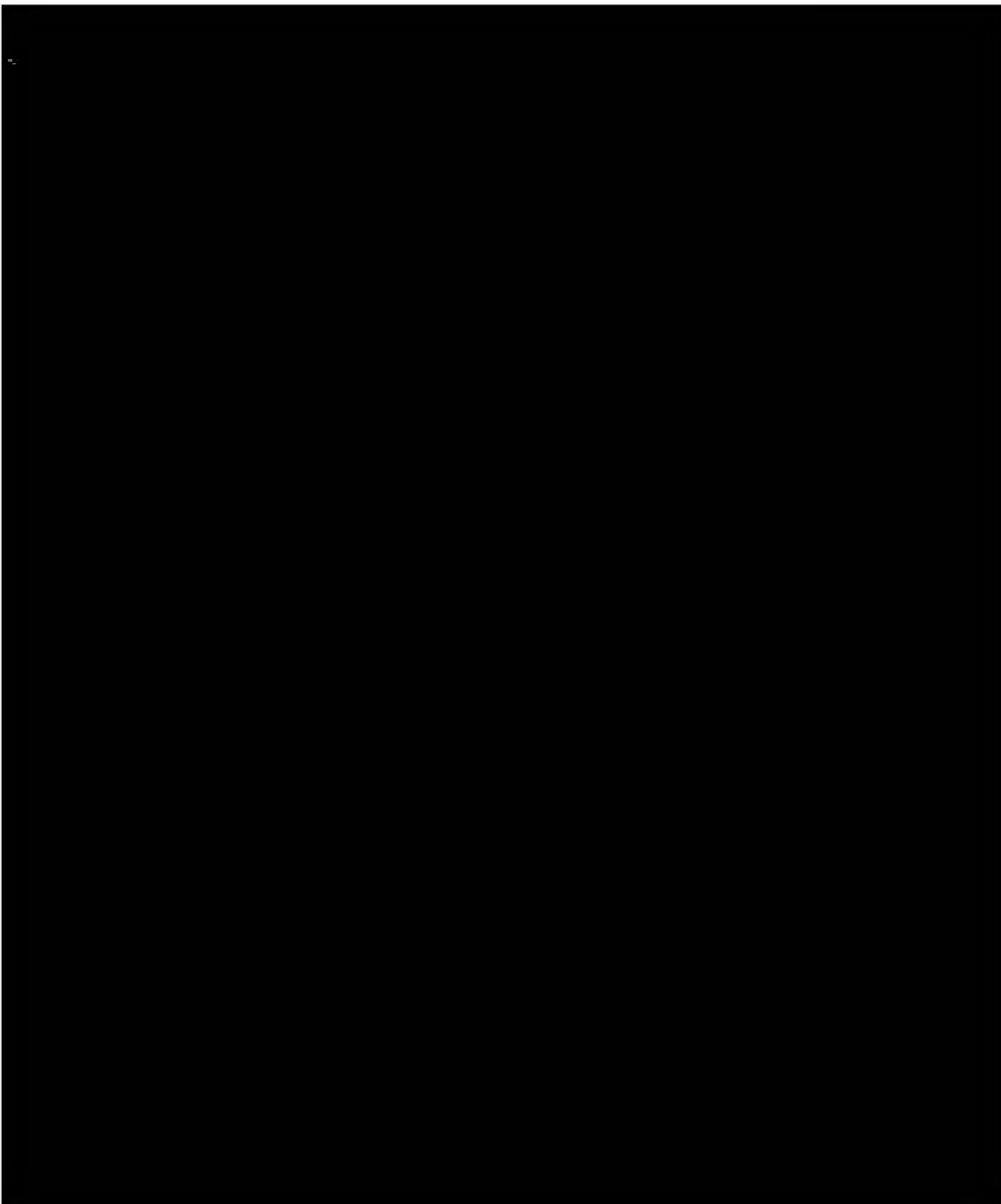


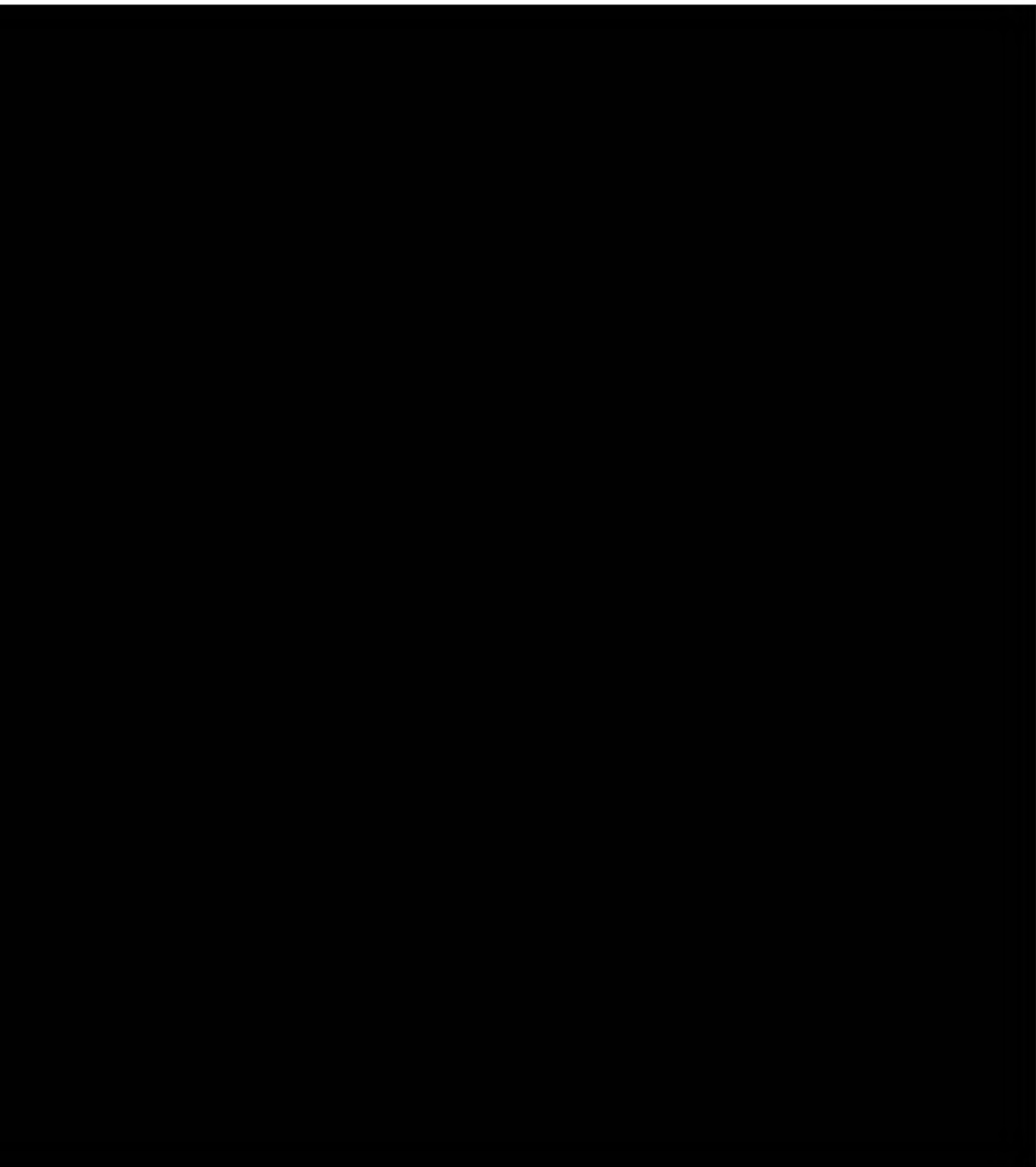


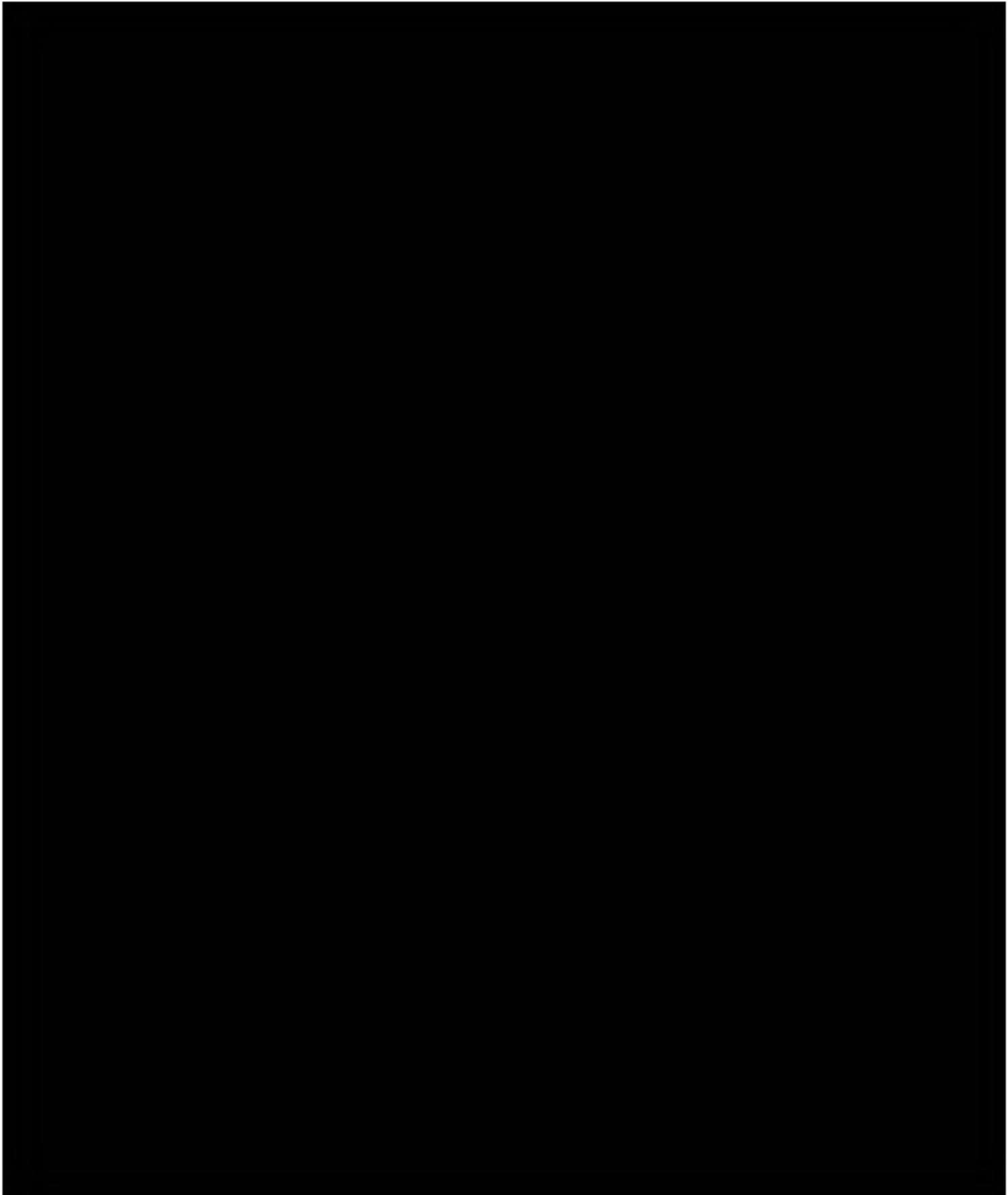


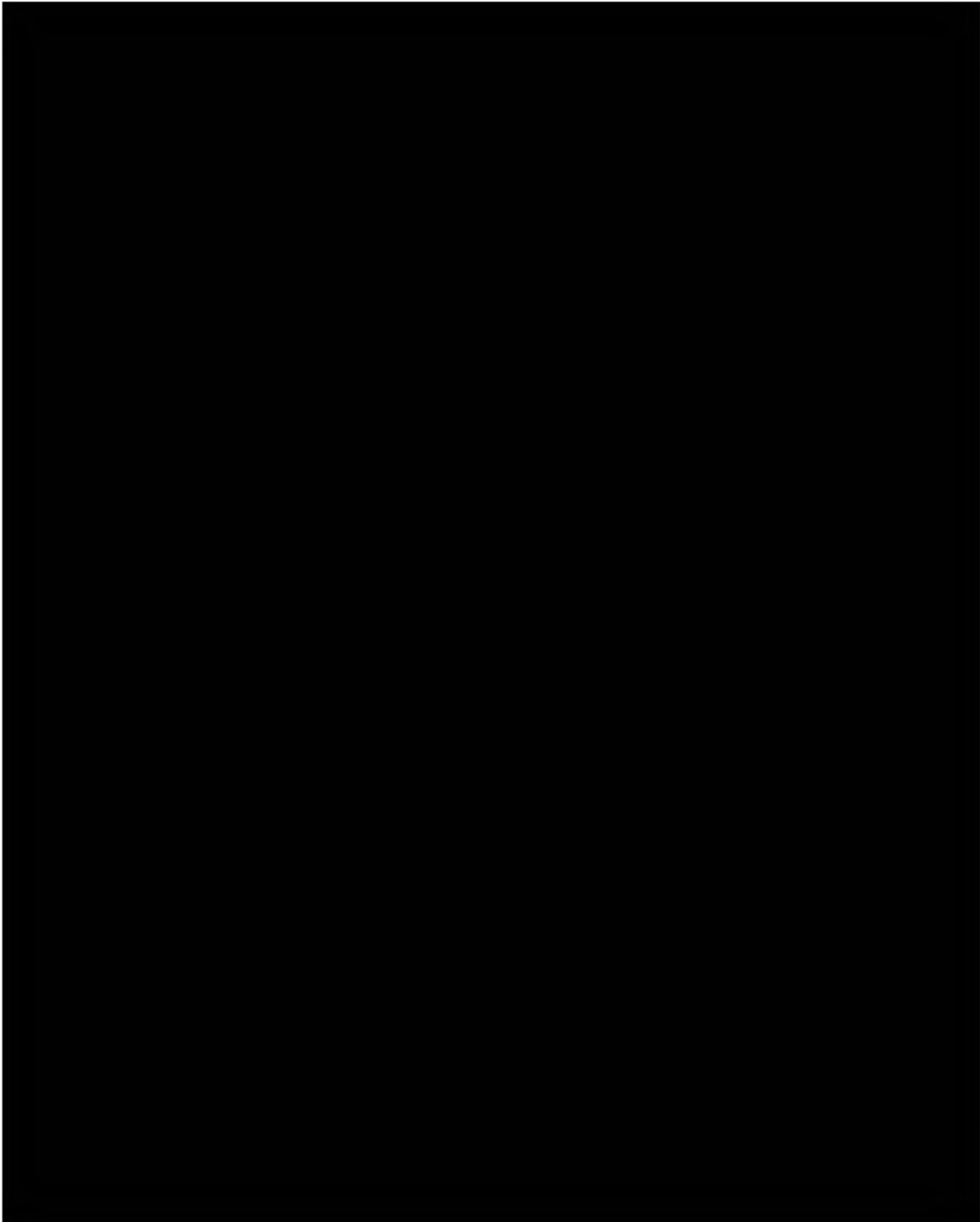


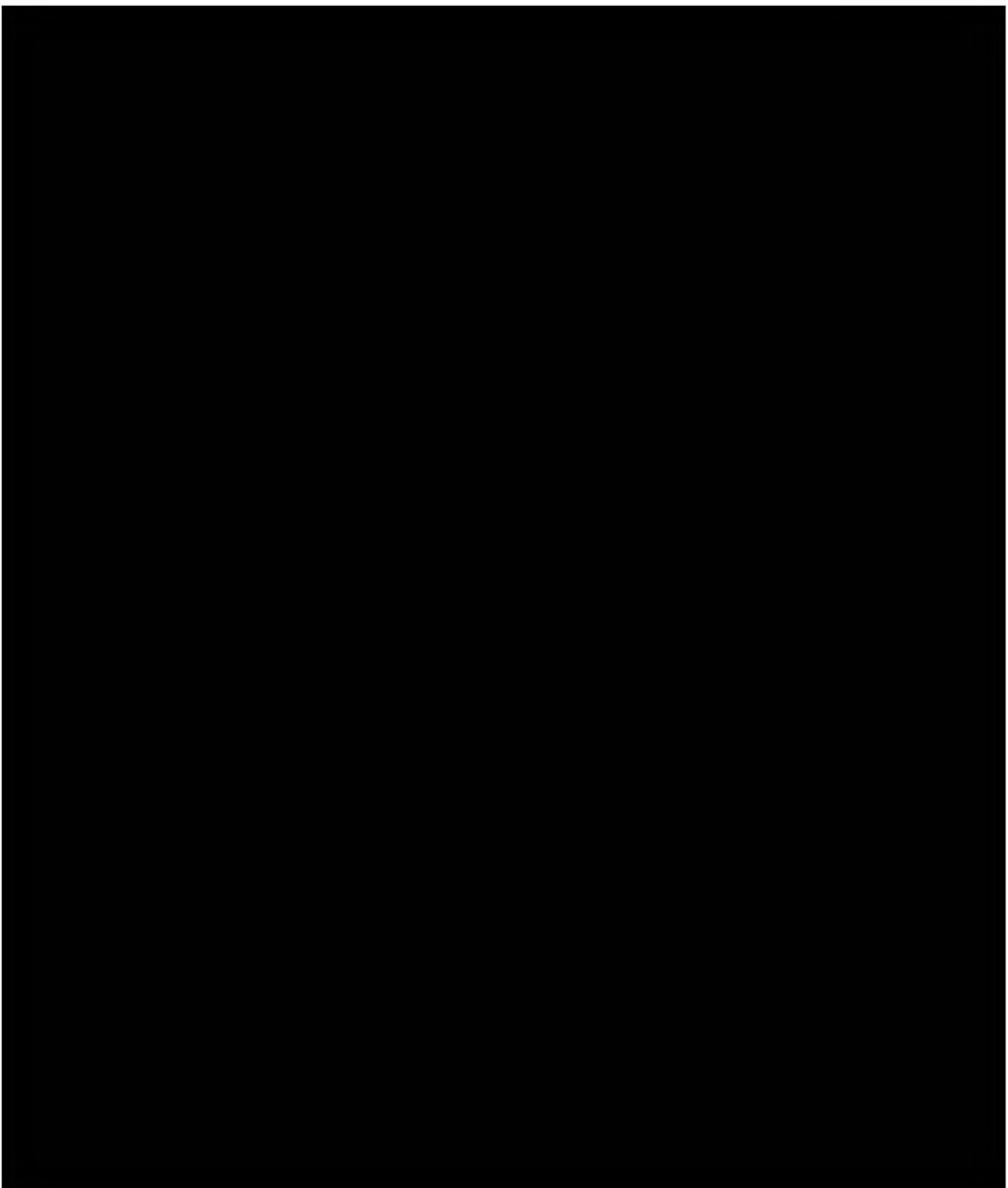


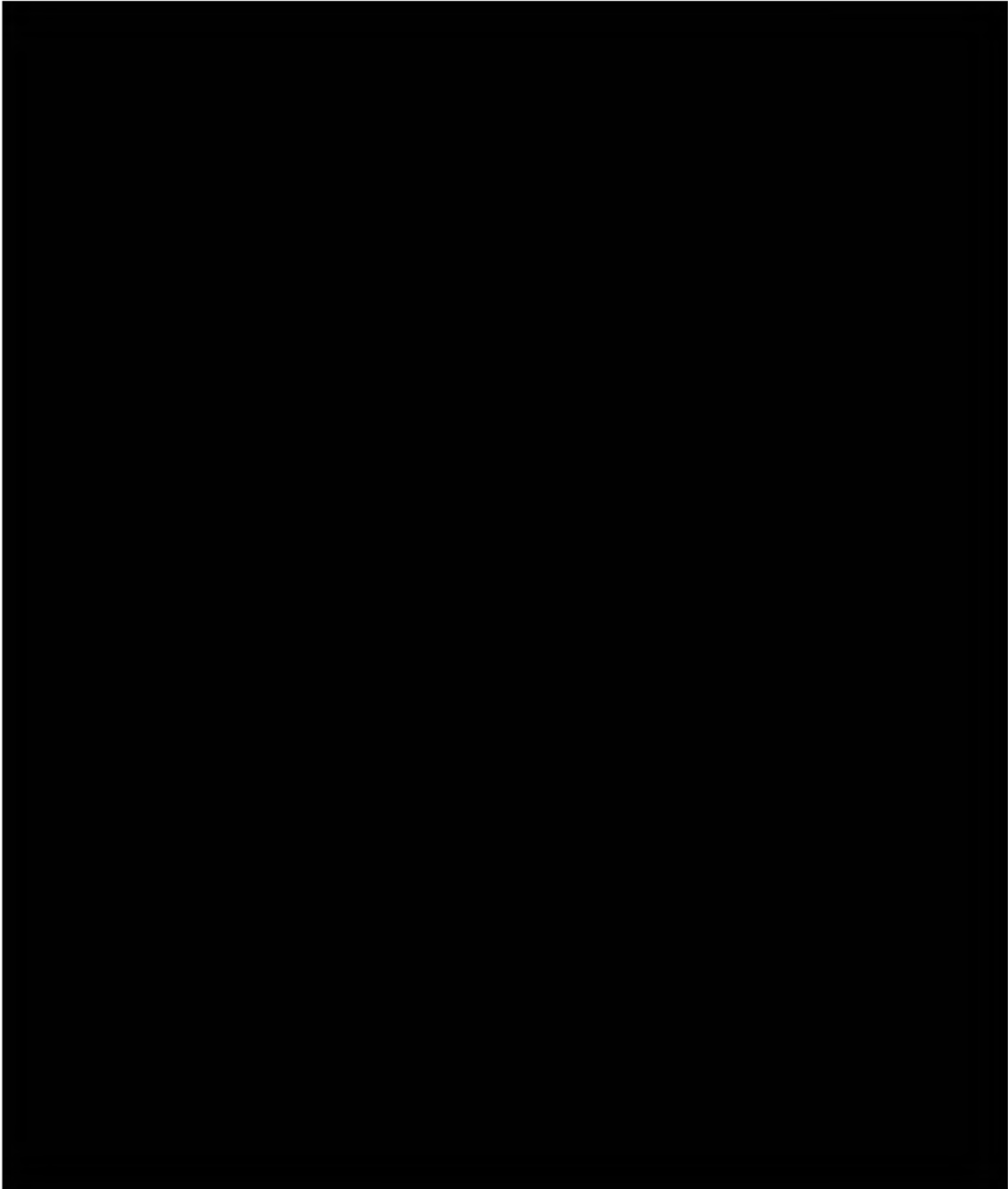


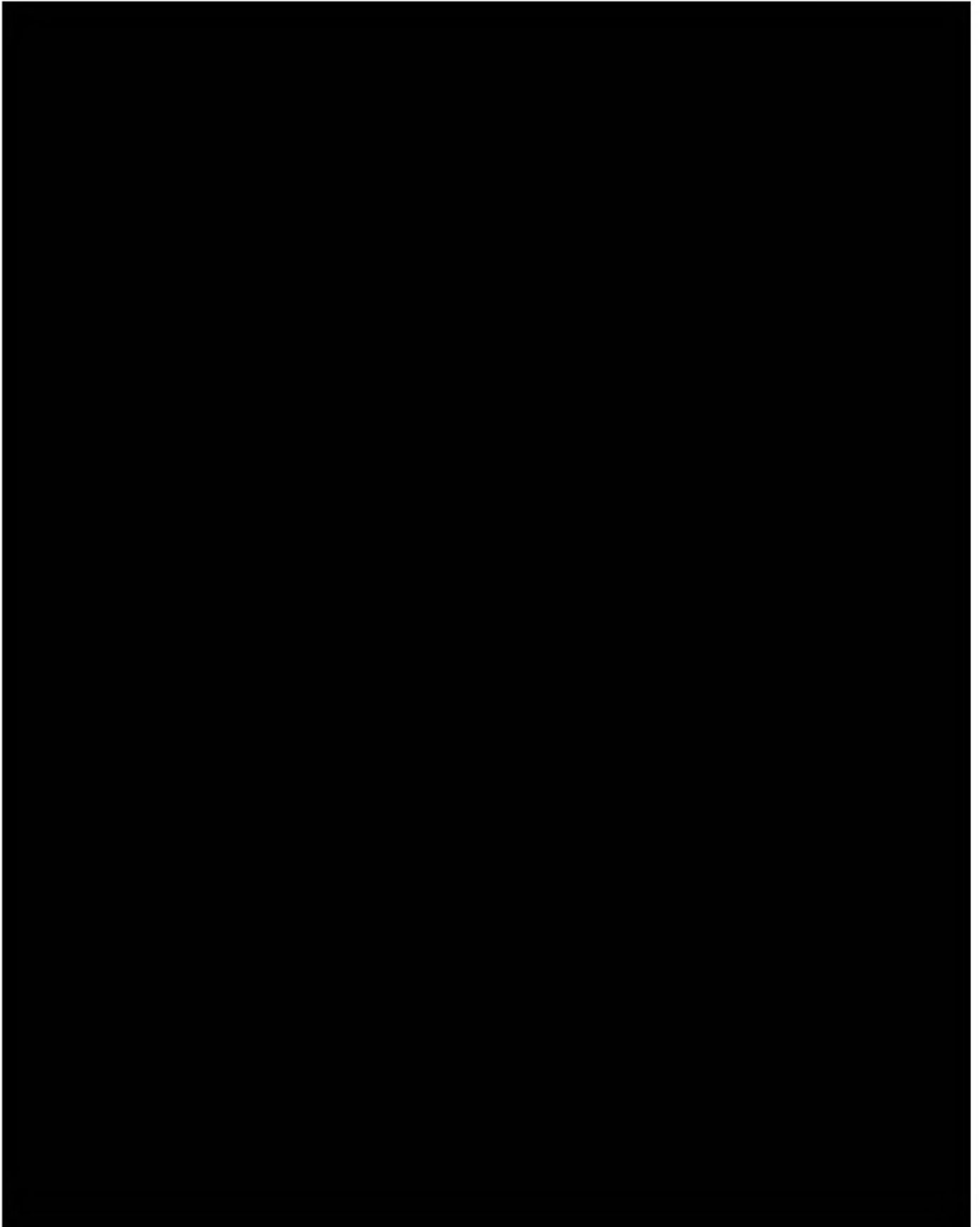


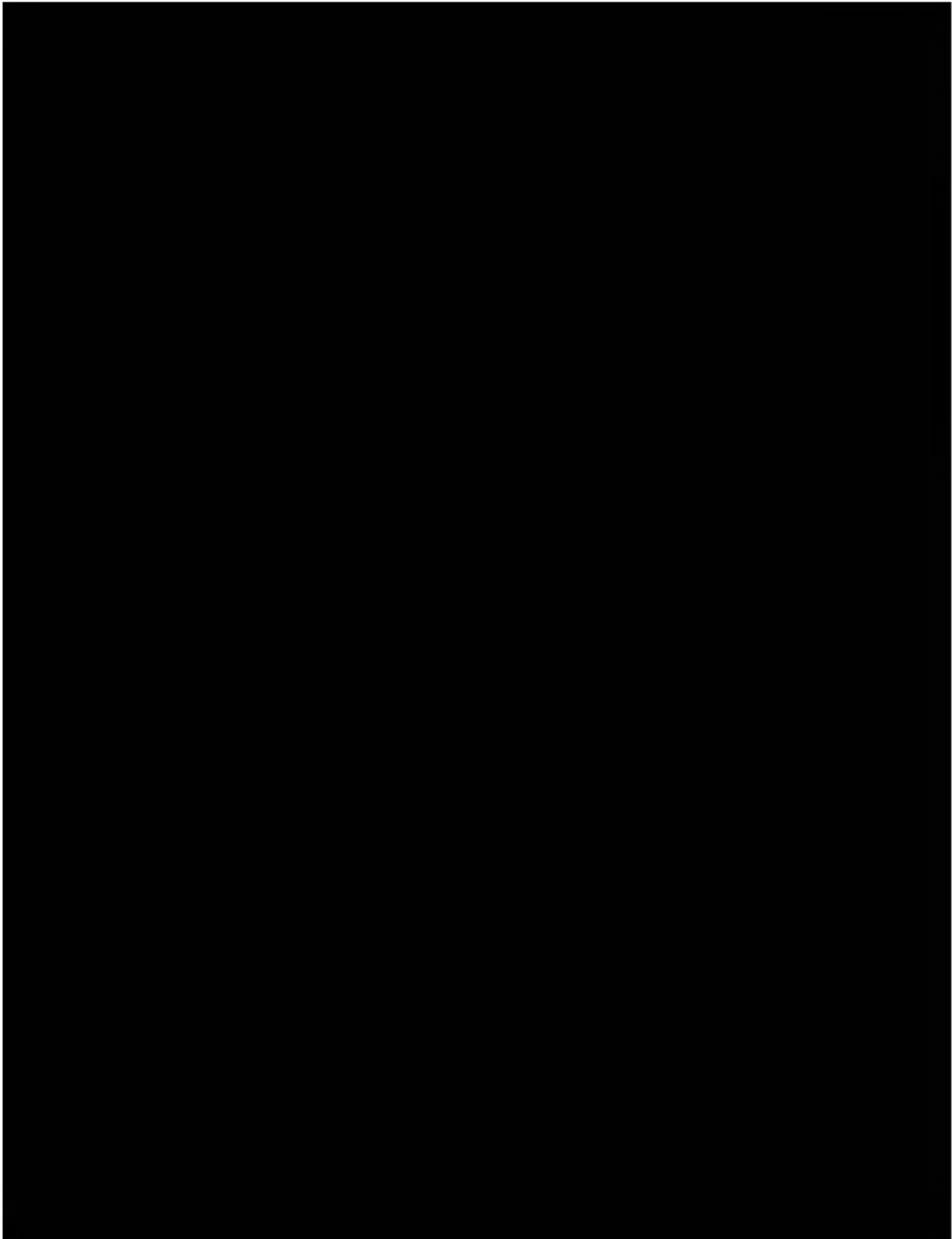


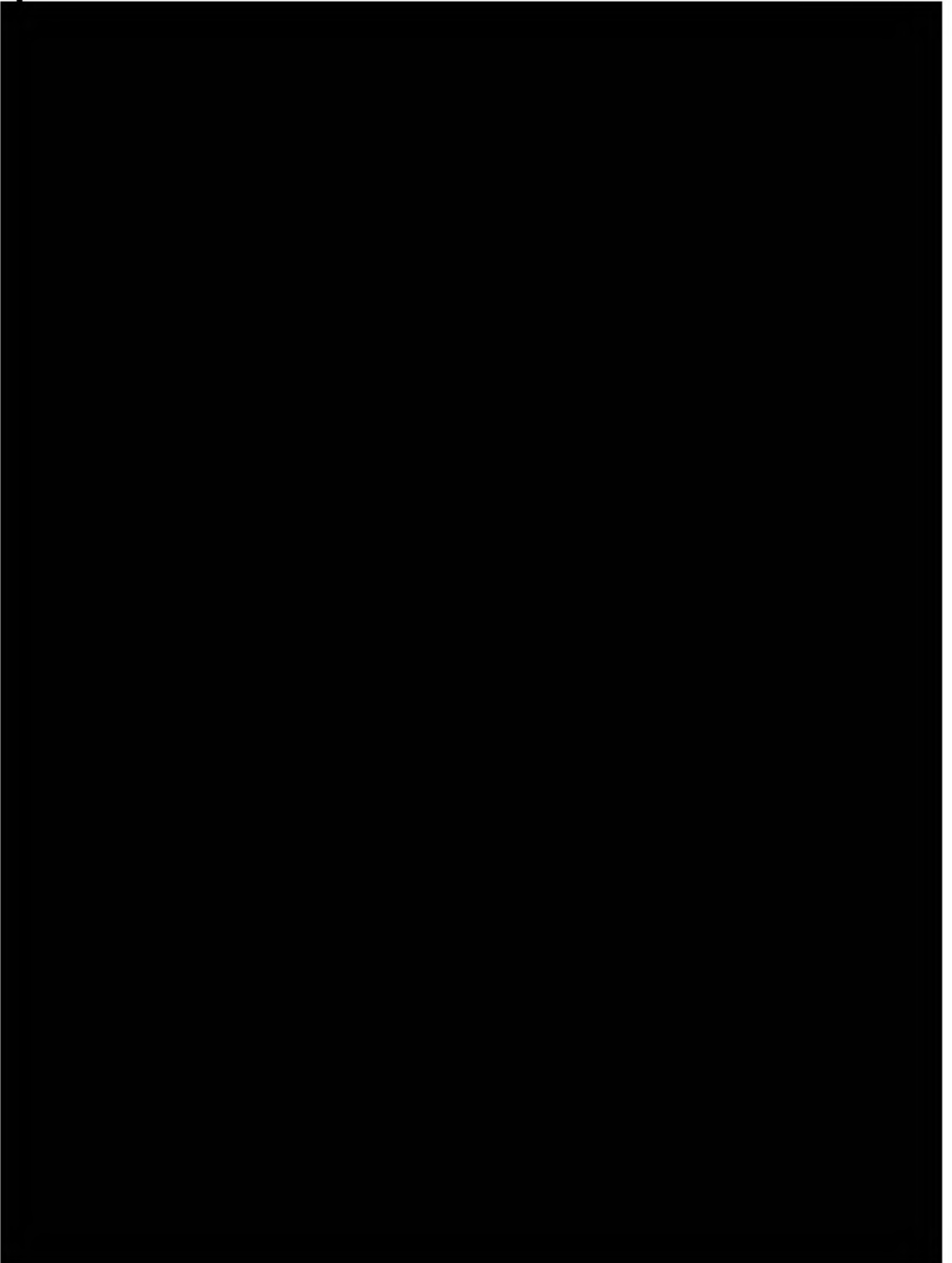


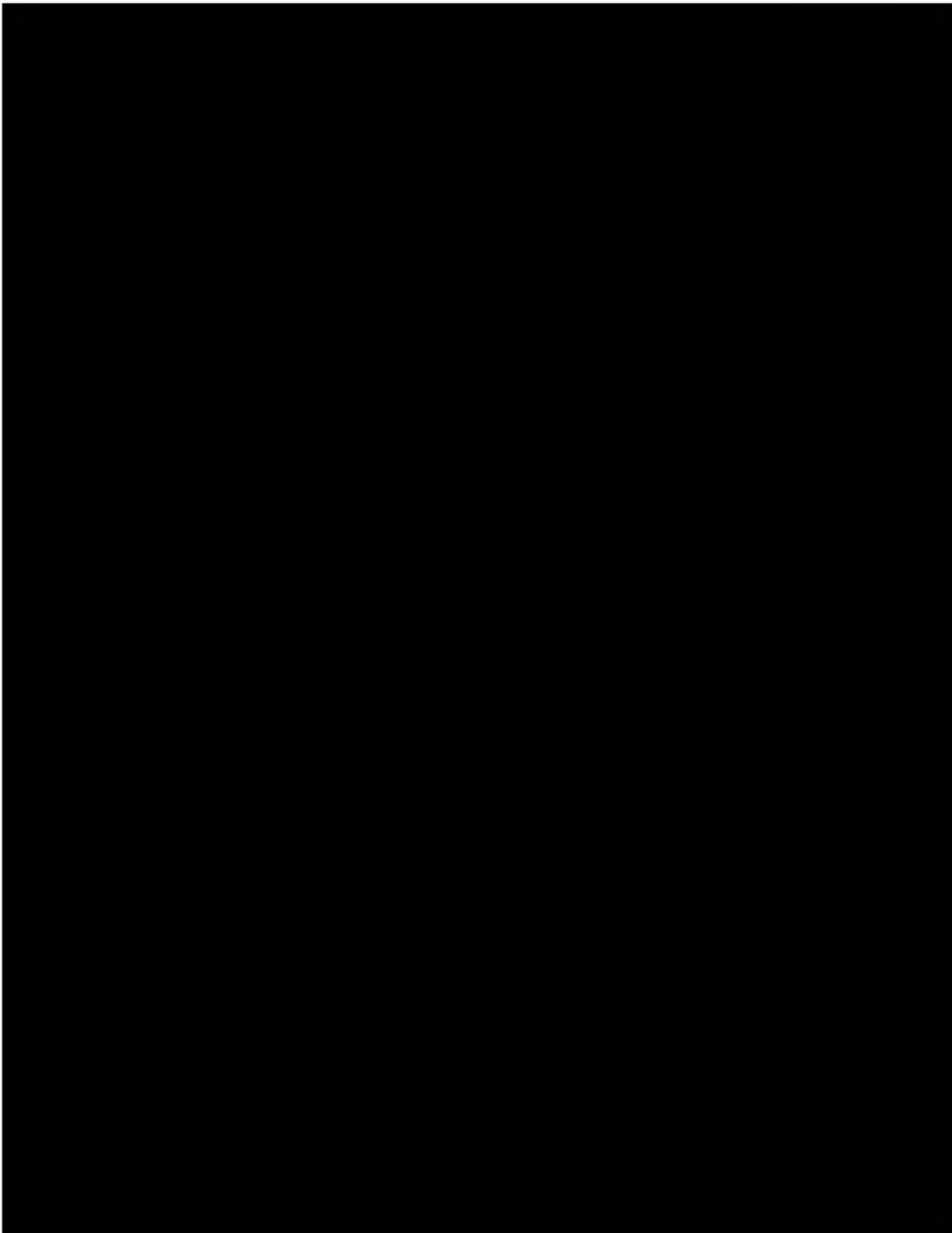














Level 13, 565 Bourke Street,
Melbourne, Victoria, 3000

T +61 (03) 9947 5900

Brett Hereward
AML Compliance and Internal Risk Manager

Direct line:

[REDACTED]

Email:

[REDACTED]

6 March 2020

Neil Jeans
Principal - Initialism Pty Ltd

Level 8, 90 Collins Street,
Melbourne, Victoria, 3000
Australia

Dear Neil

**Response - Anti-Money Laundering and Counter Terrorism Financing
Independent Review**

Betfair Pty Limited (**Betfair**) acknowledges your Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Independent Review Report received on 4 March 2020.

Betfair acknowledges that no adverse findings or areas of non-compliance have been identified in the Independent Review Report and all matters have been green lighted.

Betfair makes the following observations regarding the findings as presented by Initialism.

Oversight and Governance

Initialism noted that *Betfair should amend its organisational chart to reflect the current title of the AML/CTF Officer*. Betfair will adopt the recommendation. Betfair also acknowledges that the incomplete title within the organisational chart does not result in any breach of the AML/CTF legislation or requirements.

Applicable Customer Identification Procedures

Initialism recommended *Betfair should undertake a business improvement process to ensure that all IP address changes are reported to Equifax as soon as possible*. Betfair notes that the resolution of the IP address issue which, occurred subsequent to the onsite component of the Independent Review, involved Betfair having a range of IP addresses it uses "white washed" by the PEP screening provider. Therefore, the business improvement process has already been undertaken to avoid any delays occurring in the future.

Betfair would like to acknowledge the professionalism of Initalism in conducting the Independent Review. I would also like to personally acknowledge the time and courtesy extended to myself.

Yours sincerely

A large black rectangular redaction box covering the signature of Brett Hereward.

Brett Hereward
AML Compliance and Internal Risk Manager

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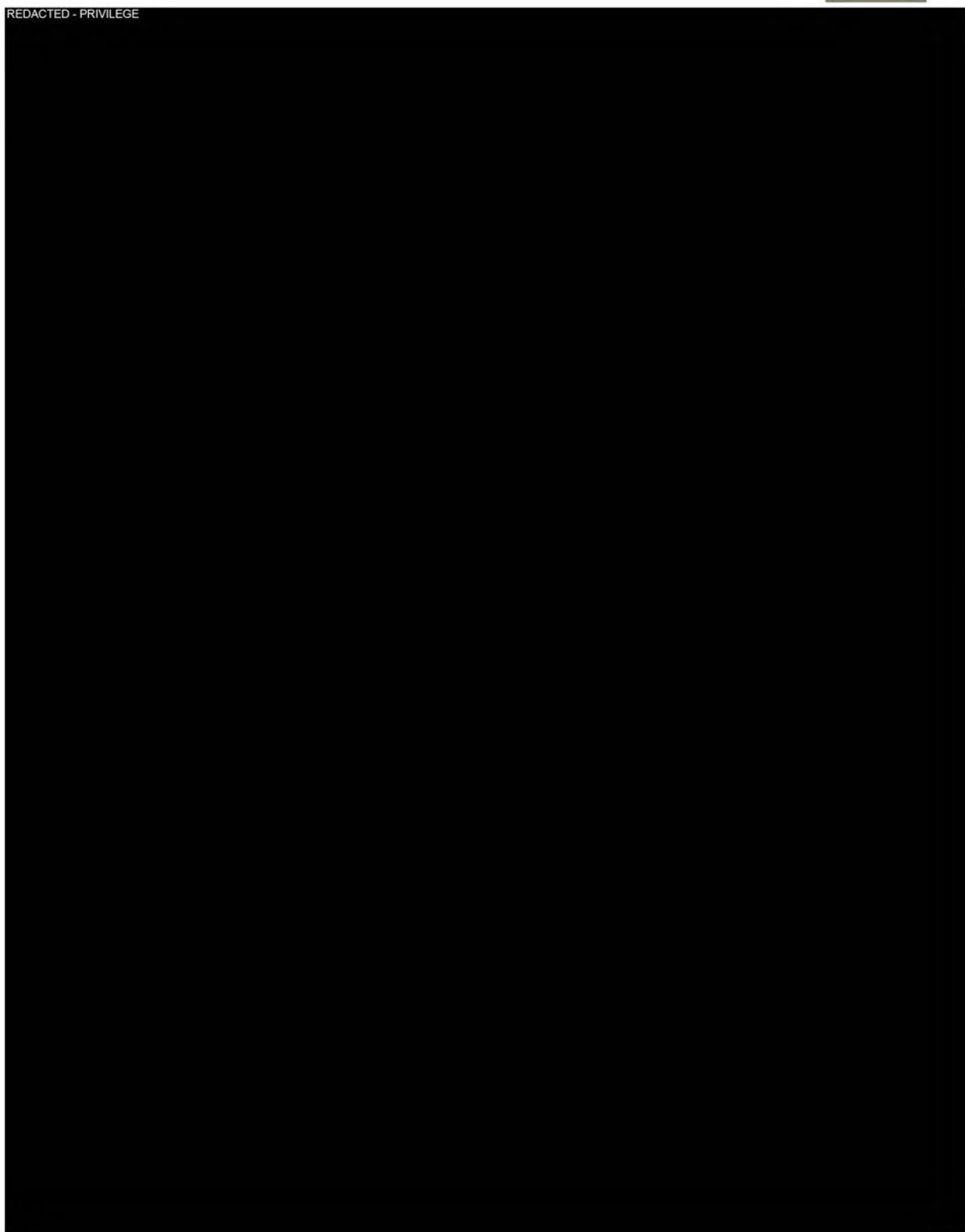
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AGENDA ITEM 8:
Payroll Compliance Review



REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



REDACTED - PRIVILEGE



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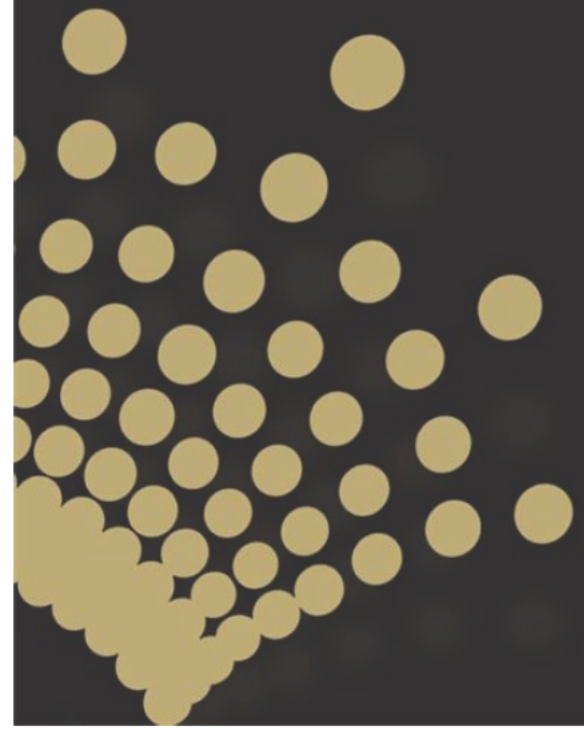


AGENDA ITEM 9:
Cyber Risk Presentation



Crown Resorts Cyber Program

October 2020



Executive Summary

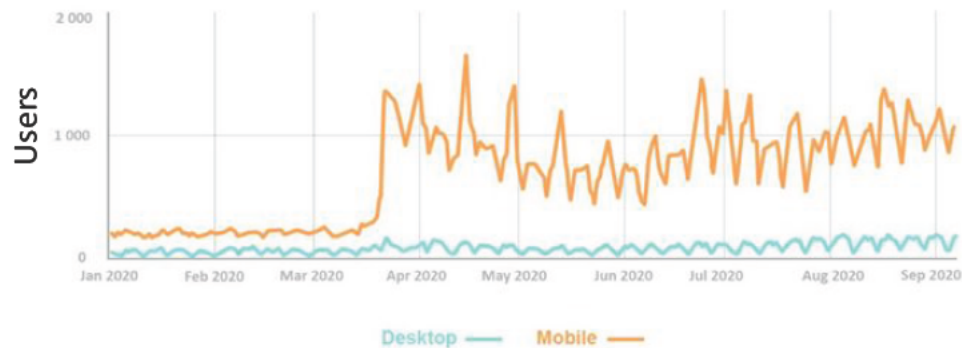


- **Cyber Landscape – Business Conditions and Emerging Threats**
- **Threat Identification – Advanced Threat Protection**
- **Cyber Program – Years F17 to F19 and Investment**
- **Crown Protect – Framework and Practice**
- **Planning – Current Year and Beyond**

Cyber Landscape



Transformed User Activity



Remote Access Demand

- 1,000 mobile users per day
- 540 desktop connections per day

Daily Email Statistics

- 215,000 Received
- 82% Genuine Emails
- 15% Potentially Malicious
- 3% Malicious Emails

Emerging External Threats

- Traffic from Suspicious Domains
- Increased Impersonations
- Fraudulent Login Attempts

Advanced Threat Protection



Crown's most targeted email address was sent 505 malicious emails in August 2020

Anti-Phishing



Protection from phishing attacks and safety tips on suspicious messages.

Safe Attachments



Protection from malicious content in email attachments, files in SharePoint, OneDrive and Teams.

Safe Links



Protection from opening and sharing malicious links in emails and Microsoft Office desktop applications.

Favour

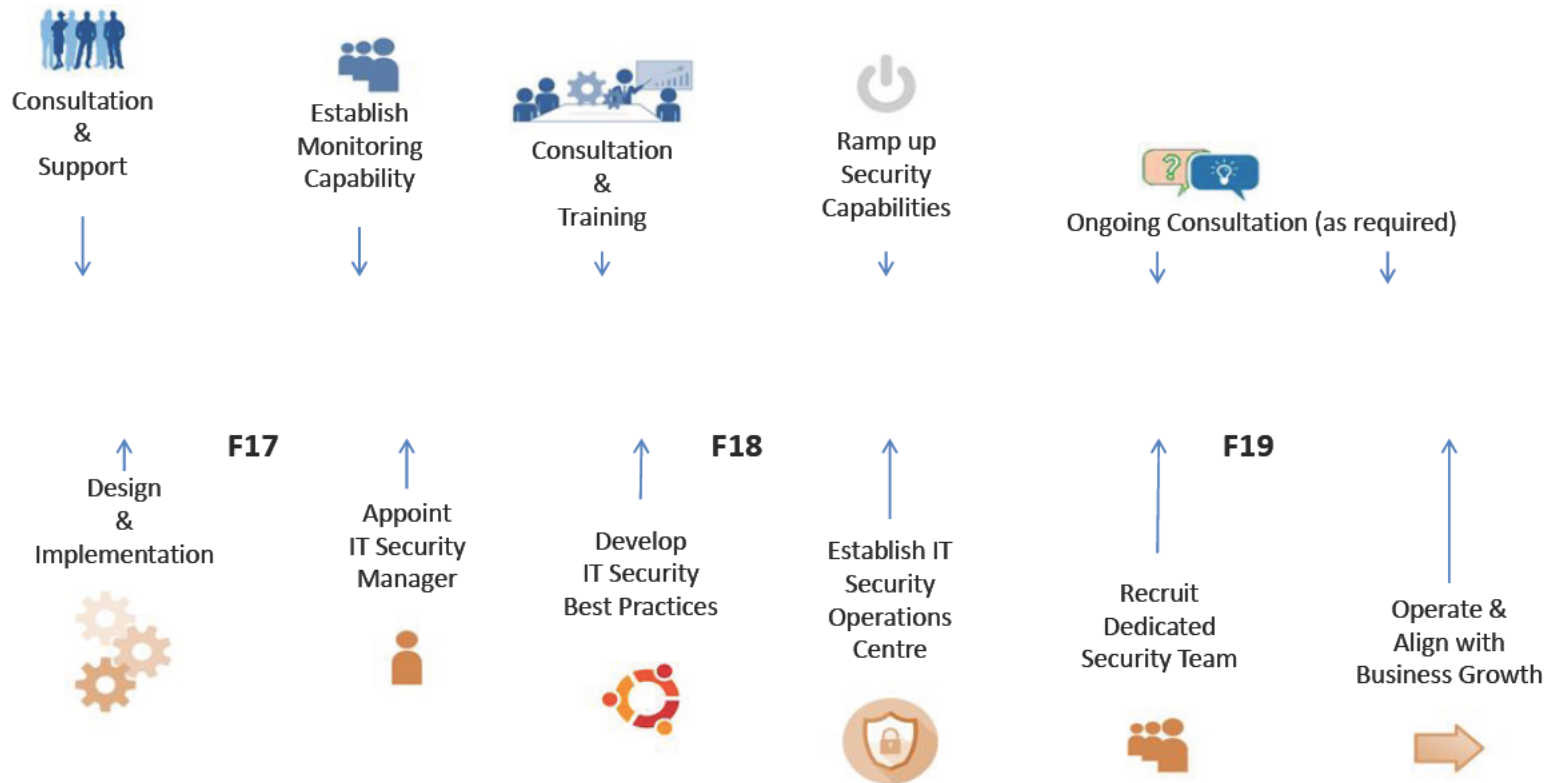


Andre Ong <andreong@inbox.lv>
To Craig Preston

[ANDREONG@INBOX.LV](#) appears similar to someone who previously sent you email, but may not be that person. [Learn why this could be a risk](#)

Be Cyber Aware: This email originated from outside of Crown Resorts. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Cyber Program Foundation



Cyber Program Investment Re-cap



	F17	F18	F19
Delivered	<ul style="list-style-type: none"> ✓ Cyber Consultation ✓ High Level Roadmap ✓ Strategic Principles <ul style="list-style-type: none"> • Awareness • Detection • Protection • Sustain 	<ul style="list-style-type: none"> ✓ Strategic Outlook ✓ Manager appointed ✓ Cyber Consultation ✓ Maturity Assessment ✓ Established Programs <ul style="list-style-type: none"> • Cyber • IT Risk & Compliance • PCI Compliance 	<ul style="list-style-type: none"> ✓ Sustained Cyber Program ✓ Cyber Security Framework ✓ Cyber Operational Function ✓ Strategic Cyber Partnerships ✓ Cyber Threat Analysis ✓ Cyber Vulnerability Testing ✓ 24 x 7 Cyber Intelligence Centre <ul style="list-style-type: none"> • Monitor • Detect • Response
	<p>CAPEX -</p> <p>OPEX [Bar chart showing investment]</p>	<p>CAPEX [Bar chart showing investment]</p> <p>OPEX [Bar chart showing investment]</p>	<p>CAPEX [Bar chart showing investment]</p> <p>OPEX [Bar chart showing investment]</p>

Cyber Security Framework



Threat Landscape

Crown

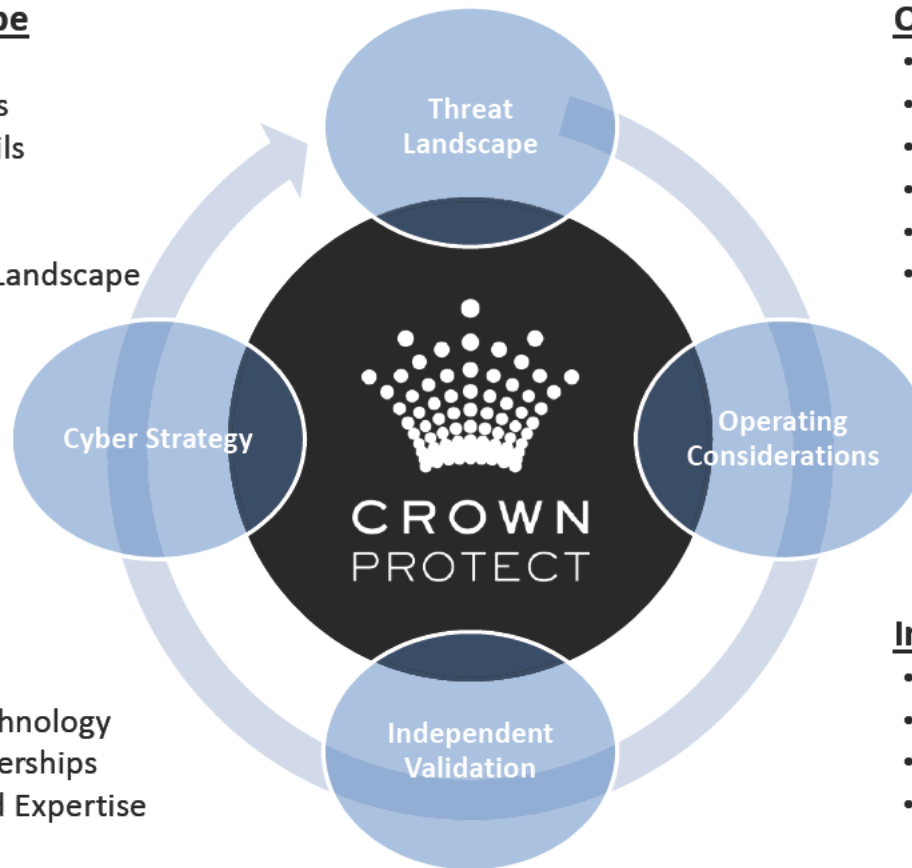
- Cyber Incidents
- Malicious Emails

Cyber Partners

- Threat Feeds
- Global Threat Landscape

Cyber Strategy

- Initiatives
- Supportive Technology
- Strategic Partnerships
- Knowledge and Expertise
- Alignment



Operational Considerations

- Work from Home
- Workforce Mobility
- Cloud Hosted Environments
- Collaboration
- Data in Transit, Rest and in Use
- Crown Sydney

Independent Validation

- Maturity Assessments
- External Auditors
- Cyber Security Testing
- Compliance Verification

Crown Protect Practice



- ✓ Cyber Intelligence Centre
- ✓ IT Risk & Compliance
- ✓ Cyber Maturity
- ✓ Privacy Protection
- ✓ Cyber Forensics



- ✓ Vulnerability Assessment Program
- ✓ IT Audit Program
- ✓ Cyber Awareness
- ✓ Disaster Recovery
- ✓ Regulatory Compliance

Governance

- Privacy and Data
- User Authentication
- Threat Identification

Services

- Advisory
- Support
- Education

Facilities

- Mobile Device Protection
- Secure Payment Integration
- Advanced Threat Protection

Crown Protect Roadmap



F20 - Expansion

- Threat Visibility
- Forensic Function
- Cyber Monitoring
- Cyber Practice

F21 - Enhancement

- Threat Intelligence
- Foundation Boundaries
- Sydney Onboarding

F22 - Optimisation

- Intelligent Risk based Cyber Practice
- Sophisticated Cyber Practice
- Intrinsically adapt and adjust to evolving Threat Landscape



Thank You



AGENDA ITEM 10:
Internal Audit Review



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Anne Siegers

Date: 16 October 2020

Subject: **Independent Quality Assessment of the Internal Audit Department**

Dear Committee Members

BACKGROUND

In accordance with requirements of the *'International Standards for the Professional Practice of Internal Auditing'* (IA Standards), Crown requested an independent Quality Assessment of its Internal Audit Department. The Quality Assessment was performed by the Institute of Internal Auditors–Australia (IIA–Australia).

The IA Standards are contained in the 'International Professional Practices Framework' (IPPF) issued by the IIA internationally. The IA Standards require internal audit departments to develop and maintain a quality assurance and improvement program which includes an independent external assessment of the internal audit department at least once every 5 years.

The review also assessed Crown's conformance with internal audit related requirements of the ASX Corporate Governance Council 'Corporate Governance Principles and Recommendations, 4th edition' (2019).

A summary of the review is set out below and a copy of the full IIA-Australia report is included in the presentations tab of the Diligent book.

OBJECTIVES OF THE REVIEW

The review focused on the following six main objectives:

1. Assess conformance of Internal Audit Department services with mandatory requirements of the 'International Professional Practice Framework' (IPPF) issued by the Institute of Internal Auditors (IIA), including the 'International Standards for the Professional Practice of Internal Auditing'.
2. Ascertain expectations of Internal Audit Department services expressed by the Audit Committee and Senior Management and whether these are being met.

3. Assess effectiveness of the Internal Audit Department as a 3rd line of assurance activity integrated into the strategic management and governance framework.
4. Review whether Internal Audit Department operations represent contemporary good practice.
5. Evaluate skills, knowledge and experience capability within the Internal Audit Department.
6. Review whether the Internal Audit Department adds value and contributes to improving business operations.

SCOPE

The scope of the Quality Assessment focused on the Internal Audit Department, its operations, and its relationships with key stakeholders including the Crown Melbourne Audit Committee and Senior Management.

CONCLUSIONS OF THE REVIEW

- There is general conformance with the IA Standards; this is the highest rating that can be achieved as shown below.



- The Internal Audit Department is operating professionally and provides effective internal audit coverage for Crown.
- The Internal Audit Department is well-managed and comprises experienced and competent professionals.
- Stakeholders interviewed for the Quality Assessment expressed satisfaction at the internal audit services provided to Crown Melbourne and Crown Perth. The Group General Manager Risk and Audit is seen as a good leader.
- Based on the IIA's substantial experience performing Quality Assessments of internal audit departments in organisations, they have suggested some opportunities to enhance Internal Audit Department operations. The improvement opportunities are set out from page 41 of the full report.
- The review has assessed Crown's Internal Audit Department maturity as 'Managed / Optimising' as shown below. This means the Internal Audit Department is operating effectively in accordance with the Internal Audit Standards, and continuously seeks to further enhance its operations and services to the company.



Please note: 'managed' means effective as possible while 'optimising' means continual enhancement is sought and implemented.

Conclusion:	<ul style="list-style-type: none"> ➤ <i>Crown Internal Audit Department is operating professionally and generally conforms with the Internal Audit Standards; this is the highest rating that can be achieved.</i> ➤ <i>Internal audit services are valued by stakeholders.</i>
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AGENDA ITEM 11:
Insurance Renewal



Risk Management Committee

Memorandum

To: Risk Management Committee

From: Mary Manos and Anne Siegers

Date: 16 October 2020

Subject: Insurance Renewal Update

Dear Committee Members

Crown's insurance program expires on 30 November 2020. Crown is continuing to work with Marsh, our insurance broker, to finalise the renewal of the program.

Updates on the D&O and General Insurance Lines are provided below.

D&O Insurance Renewal

At the last meeting of the Committee, it was noted that the annual D&O insurance premium was expected to increase significantly [REDACTED] and that Marsh would be engaged to provide an analytical assessment of Crown's D&O Side C exposure to provide a quantitative assessment of Crown's risk through a severity model which will allow us to consider our options in relation to D&O risk.

Since the last meeting of the Committee, the Chief Executive Officer, Chief Financial Officer and General Counsel and Company Secretary presented to Crown's D&O insurers in London and Australia.

The D&O Insurer presentations were well received and Marsh believes they provided some clarity around the questions being raised in the ILGA Inquiry.

Marsh has indicated renewal premiums of 100-200% (and in fact it could be higher than this), on a like for like basis. Pricing is currently unknown. Crown currently has a [REDACTED] deductible for Side C cover which is expected to double to [REDACTED] on renewal.

Crown's current D&O insurance program is comprised of the following cover:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Marsh expects that the Side ABC limits will drop to approximately [REDACTED] which could be replaced with Side AB cover, with an expected maximum Side AB cover of [REDACTED].

Expected annual premiums are set out below.

Cover	\$ per million	Expected Annual Premium
Side ABC		
Side AB		
Side A		
TOTAL		

Having regard to the expected reduction in available cover and the increase in premiums and deductibles, Crown, with the support of Marsh, is exploring alternative risk transfer options, including captives, which provide Crown with the ability to fund self-insured exposure, whether that be the deductible or participation in a layer somewhere within the program structure. If a captive is selected, Crown can build capital within that captive to pay for any future losses.

Management will continue to explore its options in respect of D&O Insurance, with a formal proposal to be put to the Committee for approval at its next meeting.

Attached for the Committee's consideration is a paper from Marsh setting out the ideal D&O model for Crown.

General Lines Insurance Renewal

As previously advised, the general insurance lines market is materially hardening, with both capacity and premiums expected to be materially impacted this renewal.

On Crown Sydney, FM Global is evaluating our property to provide an additional insurance option and point of challenge to our existing insurance panel.

The renewal process is progressing to plan with regards to data gathering. Quotes and terms will be obtained closer to the renewal date and will be presented to the Committee for approval at its next meeting.

Update on Business Interruption Insurance Claim

In light of the impact on Crown's business arising from the COVID-19 closures, management reviewed Crown's existing Industrial Special Risk Policy (which provides for property damage and business interruption insurance) (**ISR Policy**). Based on the initial advice from Marsh in February, it was considered unlikely that Crown would have any meaningful coverage in respect of loss arising from the impacts of COVID-19 as the ISR Policy is linked to our Property insurance, which requires property damage to be incurred for the ISR Policy to be activated.

Upon seeking further advice, Marsh noted that there had been developments in the insurance sector as a result of COVID-19 both in Australia and overseas where insureds have been seeking to challenge a number of clauses in their policies. REDACTED - PRIVILEGE

REDACTED - PRIVILEGE

This proposition was presented to the Risk Management Committee at its June meeting and endorsed.

On 31 July, Marsh informed us that the primary insurer (AIG) had issued a preliminary response to Crown's claim and expressed the view that indemnity is not triggered under the ISR Policy. Chubb provided a similar response.

Two important events are currently underway that may have a material impact on Crown's response and potential chances of success for our claim under the ISR Policy.

The first is that, the Insurance Council and AFCA (Australian Financial Complaints Authority) have agreed to launch a business interruption test case to challenge the insurance industry on its response to the contagious disease (or Notifiable Disease) clauses that are common to most ISR policies. They are doing this for the benefit of the insureds, and the outcomes of this test case will inform Crown's ability to claim under the contagious disease clause.

In the UK, a similar process has recently concluded and was found in favour of the AFCA equivalent. Insurers are challenging that outcome.

Although this is an important development, it will only have a minimal financial benefit to Crown should it want to pursue this option as the contagious disease clause in our ISR Policy has a sub-limit of [REDACTED]

If the test case is successful, it will negate the insurers' argument that because there is no physical property claim, the ISR Policy is not triggered. Like most insurance programs, our ISR Policy is linked to our property insurance – meaning our ISR Policy is only triggered after our property insurance is.

Secondly, the Star has initiated proceedings against its insurers for Business Interruption cover caused by the COVID-19 pandemic. The Star's ISR policy includes a similar clause to our Civil Action Clause. The current market assessment is that the Star will not be successful in its claim.

Crown is awaiting the outcomes of these two separate processes to re-assess our position.

In the meantime, we have informed our insurance panel of our strategy and confirm that we are reserving our rights to pursue the claim at a later stage.

Proposed Resolution

It is recommended that the Committee note the update on the insurance renewal strategy for the period to 30 November 2021 as well as the business interruption insurance claim update.

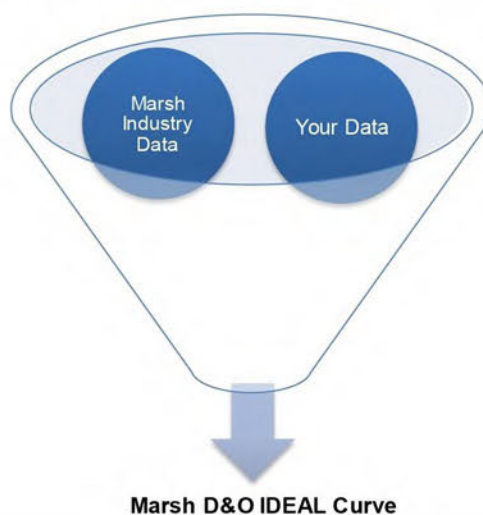
Crown D&O IDEAL Model



Modelling Methodology

Marsh Analytics has developed a proprietary model in assessing companies probabilistic exposure to D&O losses, it is known as the IDEAL (Identify Damages, Evaluate and Assessment Limits) Model. The dynamic decision support tool projects a full range of outcomes to guide D&O insurance limit purchase decisions.

The modelling relies on use of relevant loss data and company financials combined with the IDEAL loss modelling algorithm. A predictive regression model is used to determine the relationship between settlement size of D&O losses and series of independent variables including attributes such as region, industry, revenue exposure, previous class actions etc.



Results Summary

We have explored 2 options in respect to Crown's D&O program for 2020/2021, one including and one excluding Side C coverage. The probability of adequacy of the respective options is as follows:

Option (i)

Side A Limit [REDACTED] which translates to greater than 99.0% probability of adequacy
 Side B Limit [REDACTED] which translates to greater than 95.0% probability of adequacy
 Side C Limit [REDACTED] which translates to greater than 50% probability of adequacy

Option (ii)

Side A Limit [REDACTED] which translates to greater than 99.0% probability of adequacy
 Side B Limit [REDACTED] which translates to greater than 95.0% probability of adequacy
 Side C Limit Nil

For both Side AB options Crown are above Marsh's client average Benchmark limit of 88%, however with a Side C limit of [REDACTED] they fall below that average, acknowledging however that market conditions, and not Crown's appetite dictate the amount of Side C coverage available.

Crown D&O IDEAL Model



Data Landscape

Through our Marsh Global network and third party vendors, we have been able to compile one of the largest data repositories of insured and uninsured loss data to organisations worldwide. This database spans 20 years and consists of over 12,500 D&O related data points with incurred losses over \$420 billion. The application and purpose of this database is to extract and complement areas where an organisation's own data is scant or non-existent.



SIC 7011 represents companies involved in Hotels and Motels business from Real Estate industry.

Note: SIC code (Standard Industrial classification is a 4 digit code that gives an indication of a company's main line of industry)

Detailed Model Results

1. Our benchmarking of Marsh clients indicate that on average they purchase limits that equate to approximately an 88% (1 in 8 years) adequacy. Based on the data in the table on the following page this would equate to approximately [REDACTED] for Side AB and [REDACTED] for Side C.

2. Companies like Crown are not subject to regulatory requirements governing how much cover they need to hold, this being dependent upon, risk appetite, risk tolerance and available market capacity. For benchmarking and comparison purposes however a sensible reference point may be a 99.5% probability of adequacy, which is the minimum capital requirements insurers must adhere to.

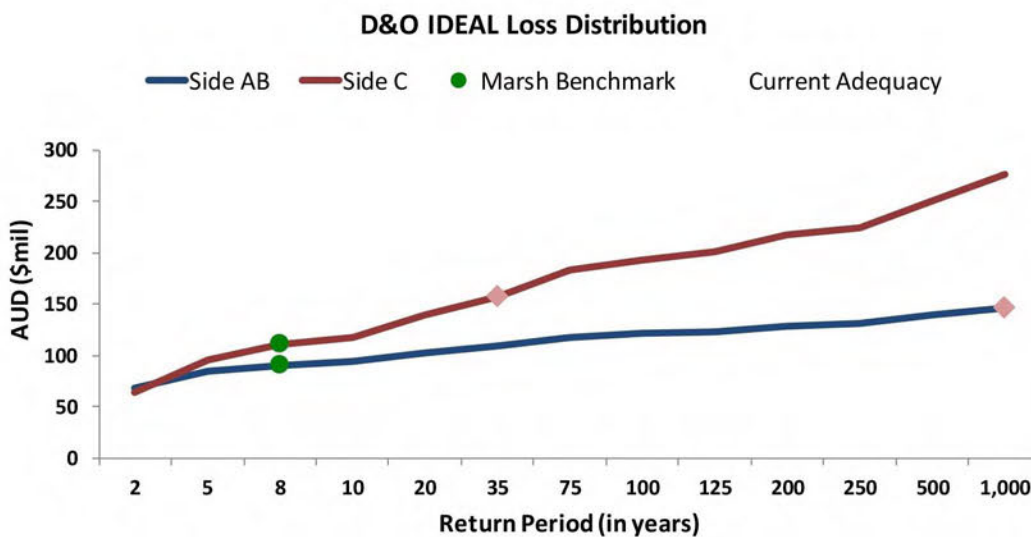
3. Under the program outlined in option (i), a Side A limit of [REDACTED] Side B limit of [REDACTED] (Deductible [REDACTED]) and Side C limit of [REDACTED] (Deductible [REDACTED]) would translate to a probability of adequacy of 99%, 95% and 50% respectively. Alternative option (ii) with Side A limit of [REDACTED] Side B limit of [REDACTED] (Deductible [REDACTED]) and the exclusion of Side C coverage would translate to a probability of adequacy of 99% for Side A and 95% for Side B.

Crown D&O IDEAL Model



Event likelihood	Probability of Adequacy	Loss Distribution (AUD\$mil)	
		Side AB	Side C
1 in 2 year	50%		
1 in 5 year	80%		
1 in 8 year	88%		
1 in 10 year	90%		
1 in 20 year	95%		
1 in 35 year	97%		
1 in 75 year	98.7%		
1 in 100 year	99%		
1 in 125 year	99.2%		
1 in 200 year	99.5%		
1 in 250 year	99.6%		
1 in 500 year	99.8%		
1 in 1000 year	99.9%		

D&O Loss Distribution



Crown D&O IDEAL Model

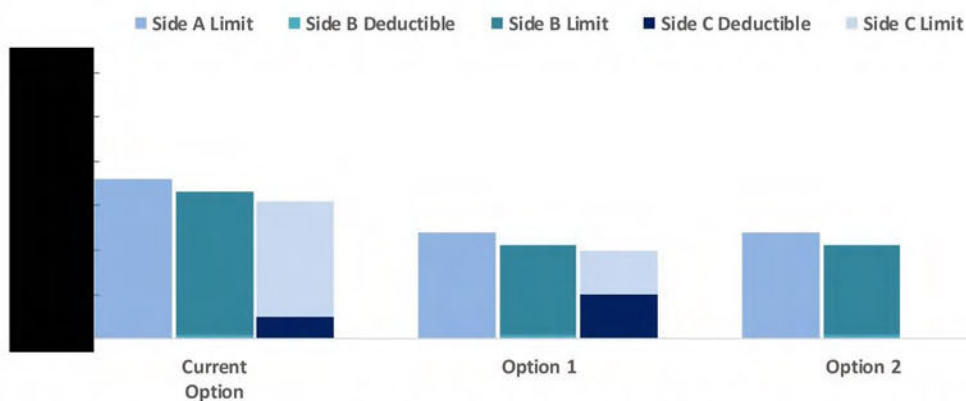


Alternative Insurance Structures

The Table below summarises the current Program structure, the Option we believe we are most likely to achieve with Side C included and an option with Side C excluded. Notwithstanding the probability of adequacy ratios it is acknowledged that Side A and Side B must be at least equal to Side C and it is common in the current market environment that additional Side AB limits will be purchased as it is the principal reason for Director's & Officer's Liability insurance.

AUD (\$mil)	Current	Option 1	Option 2
Side A Limit			
Side B Limit			
Side B Deductible			
Side C Limit			
Side C Deductible			
Side A Limit + Deductible			
Side B Limit + Deductible			
Side C Limit + Deductible			
Indicative Premium 2020/21			

D&O Insurance Structures



The image above is a graphical representation of the current and alternative structures considered in the stress testing of financials.

Crown D&O IDEAL Model



Crown Resorts Scenario Impact Analysis Scenario 1 - 1 in 20 year loss ()

Designed to complement the IDEAL Model results, a scenario impact analysis based on a 1 in 20 year loss, seen to be a moderately sized impact, is conducted on Crown's financials, which in this case is equal to a loss impacting side C. Key performance indicators (KPIs) have been taken from Crown's 2020 annual report. If certain indicators were not available in the annual report, the figures are supplemented using alternative sources.

See below for Crown's current P&L and balance sheet measures and the impact to the measures as a result of a 1 in 20 year loss ().

Company Financials		Current	Option 1	Option 2
Base Scenario AUD(\$mil)		Stress Scenario AUD(\$mil)		
Profit & Loss				
Revenue	2,237			
EBITDA	505			
EBIT	153			
NPAT	82			
NPAT Attr to Shareholders	80			
Interest Expense	10			
Balance Sheet				
Cash	287			
Current Assets	457			
Non-Current Assets	6,709			
Total Assets	7,166			
Current Liabilities	670			
Debt (Non-Current)	1,122			
Non-Current Liabilities	1,741			
Total Liabilities	2,411			
Total Equity	4,755			
Shares on Issue (mil)	677			

See below for Crown's current key financial metrics and the impact to the metrics as a result of a 1 in 20 year

Company Financials		Current	Option 1	Option 2
Base Scenario AUD(\$mil)		Stress Scenario AUD(\$mil)		
Performance Metrics				
Return on Equity	1.7%			
Return on Assets	1.1%			
Net Profit Margin	3.7%			
Operating Profit Margin	6.8%			
Current Ratio	0.7			
Interest Cover	15.0			
Gearing Ratio	23.6%			
Earnings per Share	0.12			
Impact			Lowest	Highest
Cost			Highest	Lowest

Crown D&O IDEAL Model

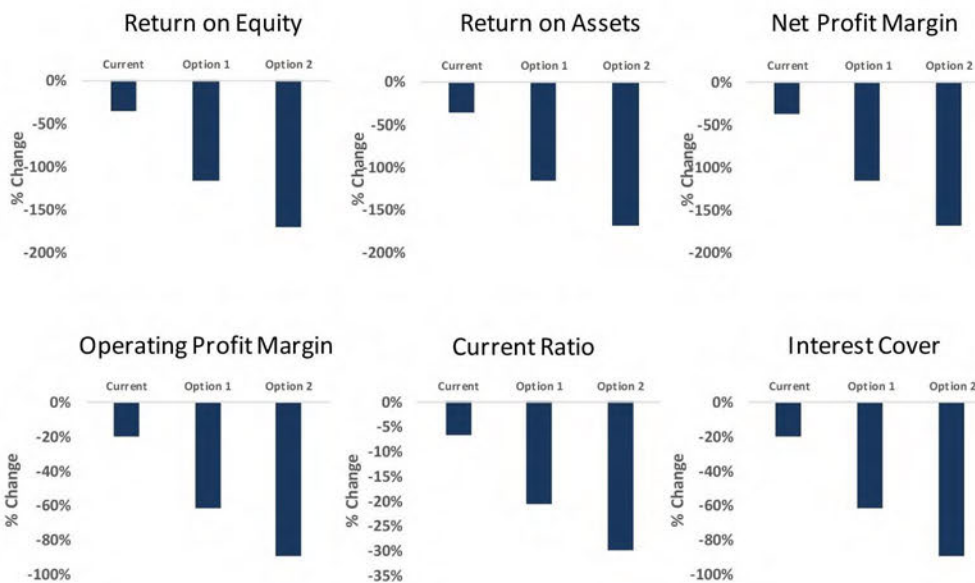


The table above shows, not surprisingly, that in the event of a 1 in 20 year loss the higher the limit and cover, the lower the impact on the financials and conversely if there is no Side C coverage, this will have the highest impact on the financial metrics, but at a lower premium.

The table below provides another lens on a 1 in 20 year loss scenario, showing the impact on the balance sheet if a loss of [REDACTED] was to occur. The impact takes into account both the applicable deductible and also the uninsured component if the theoretical loss exceeds the limit under the given insurance structure.

Balance Sheet Impact	Current	Option 1	Option 2
Loss	[REDACTED]	[REDACTED]	[REDACTED]
Side C Limit	[REDACTED]	[REDACTED]	[REDACTED]
Side C Deductible	[REDACTED]	[REDACTED]	[REDACTED]
Balance Sheet Loss	[REDACTED]	[REDACTED]	[REDACTED]

The following graphs show the percentage change to the financial metrics given a 1 in 20 year stress impact scenario.



Crown D&O IDEAL Model



Crown Scenario Impact Analysis Scenario 2 - 1 in 100 year loss [REDACTED]

The table below provides another lens on a 1 in 100 year loss scenario, showing the impact on the balance sheet if a loss of [REDACTED] was to occur. The impact takes into account both the applicable deductible and also the uninsured component if the theoretical loss exceeds the limit under the given insurance structure.

Company Financials		Current	Option 1	Option 2
Base Scenario AUD(\$mil)		Stress Scenario AUD(\$mil)		
Profit & Loss				
Revenue	2,237			
EBITDA	505			
EBIT	153			
NPAT	82			
NPAT Attr to Shareholders	80			
Interest Expense	10			
Balance Sheet				
Cash	287			
Current Assets	457			
Non-Current Assets	6,709			
Total Assets	7,166			
Current Liabilities	670			
Debt (Non-Current)	1,122			
Non-Current Liabilities	1,741			
Total Liabilities	2,411			
Total Equity	4,755			
Shares on Issue (mil)	677			

See below for Crown 's current key financial metrics and the impact to the metrics as a result of a 1 in 100 year loss ([REDACTED]).

Company Financials		Current	Option 1	Option 2
Base Scenario AUD(\$mil)		Stress Scenario AUD(\$mil)		
Performance Metrics				
Return on Equity	1.7%			
Return on Assets	1.1%			
Net Profit Margin	3.7%			
Operating Profit Margin	6.8%			
Current Ratio	0.7			
Interest Cover	15.0			
Gearing Ratio	23.6%			
Earnings per Share	0.12			
Impact			Lowest	Highest
Cost			Highest	Lowest

Crown D&O IDEAL Model



Below we have the balance sheet impact as a result of a 1 in 100 year loss, equal to [REDACTED]. It details the actual figure to impact once alternative insurance structures have absorbed a portion of the cost. The loss impacts the Cash metric, and in the case of an overflow, the overflow figure impacts the Debt.

Balance Sheet Impact	Current	Option 1	Option 2
Loss:	[REDACTED]	[REDACTED]	[REDACTED]
Side C Limit	[REDACTED]	[REDACTED]	[REDACTED]
Side C Deductible	[REDACTED]	[REDACTED]	[REDACTED]
Balance Sheet Loss	[REDACTED]	[REDACTED]	[REDACTED]

Captive and/or Protected Cell Considerations

In conjunction with the modelling detailed in this report we have been exploring alternative Risk Transfer options, including Captives and Protected Cells, which provide Crown with the ability to fund self-insured exposure, whether that be the deductible or participation in a layer somewhere within the program structure. If a captive is the selected vehicle Crown can build capital within that captive to pay for any future losses. We will share our findings as part of the renewal terms updates, in the meantime however we acknowledge that the benefit of establishing such an alternative structure may not necessarily be of benefit to Crown, given the strength of your balance sheet and the less than material impact on the various financial metrics as analysed in this report.

Conclusion

Given the current D&O market environment, capacity is limited and Crown will not be able to obtain the same limits, even if they are prepared to pay additional premium to do so. The results of the IDEAL modelling indicate that for the 2 options we have considered for this report:

- o With a Side A limit of [REDACTED] Crown would fall within a 99% (1 in 100 years) probability of adequacy
- o With a Side B limit of [REDACTED] Crown would fall within a 95% (1 in 20 years) probability of adequacy
- o With a Side C limit of [REDACTED] Crown would fall within a 50% (1 in 2 years) probability of adequacy

For both Side AB options Crown are above Marsh's client average Benchmark limit of 88%, however for option (i), with a Side C limit of [REDACTED], they fall below that average. It must be acknowledged however that market conditions, and not Crown's appetite dictate the amount of Side C coverage available

We will now proceed with negotiating firm market premiums for the respective structures and review these in conjunction with the findings in our report to assist Crown in making their decision on the program structure and limits purchased.

Overall Approach



Marsh Analytics Contact

Ben Qin Senior Vice President, Head of Analytics and Data Solutions, Marsh Advisory
[REDACTED]

Michelle Ng Vice President, Team Leader Analytics, Marsh Advisory
[REDACTED]

Crown D&O IDEAL Model



Appendix

D&O Insurance Cover

Liability protection against losses as a result of legal action brought for alleged wrongful acts in their capacity as directors and officers

Side A: D&O Liability

Protects directors & officers from claims when corporate indemnification is not available from their organisation

Side B: Corporate Reimbursement

Reimburses an organisation for the expenses it occurs when defending its directors & officers in accordance with its corporate indemnification obligations

Side C: Entity Securities Coverage

For publicly listed companies, to insure the companies liabilities arising out of securities class actions.

Covid-19 Considerations

Claims can arise from a number of sources; creditors, regulators, shareholders – business continuity plan (BCP) performance expected to be under scrutiny against pre-crisis tests

Disclosure obligations remain at a time when uncertainty has been introduced into many businesses' earnings projections

London insurers attempted to introduce Covid-19 exclusions in the early weeks of the pandemic

For companies in distress, insurers have attempted to introduce insolvency exclusions

Insurers are looking for engagement from a company's c-suite in differentiating their risk

Key areas of focus are; BCPs and their effectiveness, debt maturity profile, liquidity and cash flow, management of disclosures during the period, how management have responded to the crisis

Crown D&O IDEAL Model



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Appendix

Financial Metrics

See below for financial metric formulas assumed for this analysis.

1. $\text{Return on Equity} = \frac{\text{Net Profit After Tax}}{\text{Total Equity}}$
2. $\text{Return on Assets} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$
3. $\text{Net Profit Margin} = \frac{\text{Net Profit After Tax}}{\text{Revenue}}$
4. $\text{Operating Profit Margin} = \frac{\text{Earnings Before Interest and Tax}}{\text{Revenue}}$
5. $\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$
6. $\text{Interest Coverage} = \frac{\text{Earnings Before Interest and Tax}}{\text{Interest Expenses}}$
7. $\text{Gearing Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$
8. $\text{Earnings per Share} = \frac{\text{NPAT Attributable to Shareholders}}{\text{No. of Shares Outstanding}}$



AGENDA ITEM 12:
Other Business



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Mary Manos
Date: 16 October 2020
Subject: Register of Contracts

12.1

Dear Committee Members

There were no contracts entered into with a value of between \$5 million and \$10 million in the period 1 August to 30 September 2020.

The list of contracts provided to the Committee at its last meeting which were expected to be entered into in the reporting period have been delayed.

Kind regards

Mary Manos
General Counsel and Company Secretary



Risk Management Committee

Memorandum

To: Risk Management Committee
From: Mary Manos
Date: 16 October 2020
Subject: **Future Meetings**

12.2

Dear Committee Members

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

Date	Time (Melb time)
Thursday, 19 November	1.30pm

Kind regards

Mary Manos
General Counsel and Company Secretary



7 October 2020

Ms Antonia (Toni) Korsanos
Chair, Audit Committee
Crown Resorts Limited
8 Whiteman Street
Southbank Vic 3006

Dear Ms Korsanos

Independent Quality Assessment of the Internal Audit Department

Thank you for the opportunity for the Institute of Internal Auditors–Australia to assist Crown Resorts Limited (incorporating Crown Melbourne Limited and Burswood Nominees Limited (Crown Perth)) with an independent Quality Assessment of its Internal Audit Department.

We have pleasure in attaching the final report for your information.

I understand the independent assessment team leader Andrew Cox was very appreciative of the time you and Crown personnel made available to assist with the Quality Assessment.

If you have any further enquiries, Andrew is available for discussions and can be contacted on [REDACTED] or by e-mail at [REDACTED]

Yours sincerely



Attachment
IIA–Australia report

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Crown Resorts Limited

incorporating Crown Melbourne Limited and Burswood Nominees Limited (Crown Perth)



Independent Quality Assessment of the Internal Audit Department

The Institute of Internal Auditors–Australia performed an Independent Validation
of the Internal Self-Assessment conducted by the Internal Audit Department

Final report
September 2020

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Throughout this report, the following rating scale has been used:	
Rating Scale	Assessment
General conformance with standards and good practice	
Partial conformance with standards and good practice	
Does not conform with standards and good practice	

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Executive Summary

Introduction



Introduction

Crown Resorts Limited (Crown) is an ASX listed company incorporating Crown Melbourne Limited and Burswood Nominees Limited (Crown Perth). There is an established Internal Audit Department with the Chief Audit Executive being the Group General Manager Risk and Audit. Internal audit operations are managed by the Group Internal Audit Manager, with internal audit services provided by in-house internal auditors.

A risk-based 3-year Strategic Internal Audit Plan is built around an internal audit universe of 72 auditable areas at Crown Melbourne and 64 auditable areas at Crown Perth. There are around 20 Group-wide audits, 30 audits at Crown Melbourne and 22 audits at Crown Perth scheduled over the 3-year plan. The plan is periodically reviewed to assure it reflects Crown's current risk profile. Follow-up activities are performed to monitor improvement actions from audits are implemented by management.

Rationale for this Review

In accordance with requirements of the 'International Standards for the Professional Practice of Internal Auditing' (Internal Audit Standards), Crown requested an independent Quality Assessment of its Internal Audit Department. The Quality Assessment was performed by the Institute of Internal Auditors–Australia (IIA–Australia).

The Internal Audit Standards are contained in the 'International Professional Practices Framework' (IPPF) issued by the IIA internationally. The Internal Audit Standards require internal audit departments to develop and maintain a quality assurance and improvement program which includes an independent external assessment of the internal audit department at least once every 5 years.

We also assessed Crown's conformance with internal audit related requirements of the ASX Corporate Governance Council 'Corporate Governance Principles and Recommendations, 4th edition' (2019) , with an assessment included in this report.

Objectives and Scope



Objectives

1. Assess conformance of Internal Audit Department services with mandatory requirements of the 'International Professional Practice Framework' (IPPF) issued by the Institute of Internal Auditors (IIA), including the 'International Standards for the Professional Practice of Internal Auditing'.
2. Ascertain expectations of Internal Audit Department services expressed by the Audit Committee and Senior Management and whether these are being met.
3. Assess effectiveness of the Internal Audit Department as a 3rd line of assurance activity integrated into the strategic management and governance framework.
4. Review whether Internal Audit Department operations represent contemporary good practice.
5. Evaluate skills, knowledge and experience capability within the Internal Audit Department.
6. Review whether the Internal Audit Department adds value and contributes to improving business operations.

Scope

The scope of the Quality Assessment focused on the Internal Audit Department, its operations, and its relationships with key stakeholders including the Audit Committee and Senior Management.

Standards

The applicable standards are the 'International Standards for the Professional Practice of Internal Auditing' contained in the IPPF issued by the IIA.

Methodology

The methodology used for the Quality Assessment involved a Self-Assessment performed by the Crown Internal Audit Department, followed by independent validation by an assessment team from the IIA–Australia. This methodology is promoted by the IIA internationally.

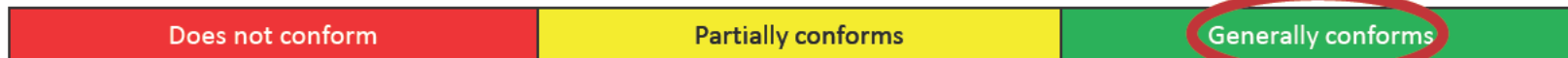
Chief Audit Executive

The term chief audit executive is the generic term used in the Internal Audit Standards to refer to the head of internal audit in an organisation. At Crown, this is the Group General Manager Risk and Audit.

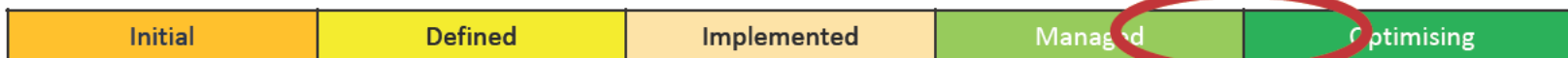
Conclusion



- There is general conformance with the Internal Audit Standards; this is the highest rating that can be achieved as shown below.



- The Internal Audit Department is operating professionally and provides effective internal audit coverage for Crown.
- The Internal Audit Department is well-managed and comprises experienced and competent professionals.
- Stakeholders interviewed for the Quality Assessment expressed satisfaction at the internal audit services provided to Crown. The Group General Manager Risk and Audit is seen as a good leader.
- Based on our substantial experience performing Quality Assessments of internal audit departments in organisations, we have suggested some opportunities to enhance Internal Audit Department operations, with details contained in this report.
- We assessed Crown Internal Audit Department maturity as 'Managed / Optimising' as shown below. This means the Internal Audit Department is operating effectively in accordance with the Internal Audit Standards, and continuously seeks to further enhance its operations and services to the company.



It should be noted 'optimised' means effective as possible while 'optimising' means continual enhancement is sought and implemented.

Conclusion:

- *Crown Internal Audit Department is operating professionally and generally conforms with the Internal Audit Standards; this is the highest rating that can be achieved.*
- *Internal audit services are valued by stakeholders.*

Current State Assessment



Internal Audit Foundations

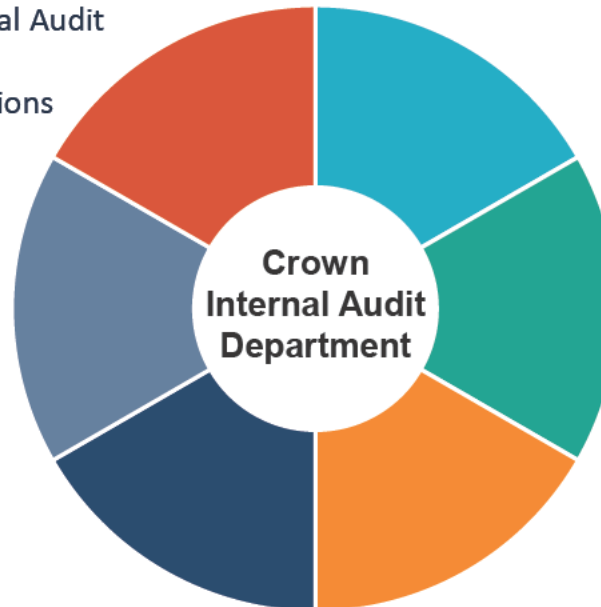
- ✓ Good practice internal audit reporting arrangements in place to maintain independence of the Internal Audit Department.
- ✓ Solid internal audit foundations in place.

Internal Audit Follow-up

- ✓ Sound monitoring and follow-up system.

Internal Audit Reporting

- ✓ Sound reporting to the Audit Committee and the two Executive Risk and Compliance Committees.



Managing Internal Audit

- ✓ Internal Audit Department effectively and professionally managed.
- ✓ Focus on incrementally improving internal audit services.

Internal Audit Annual Planning

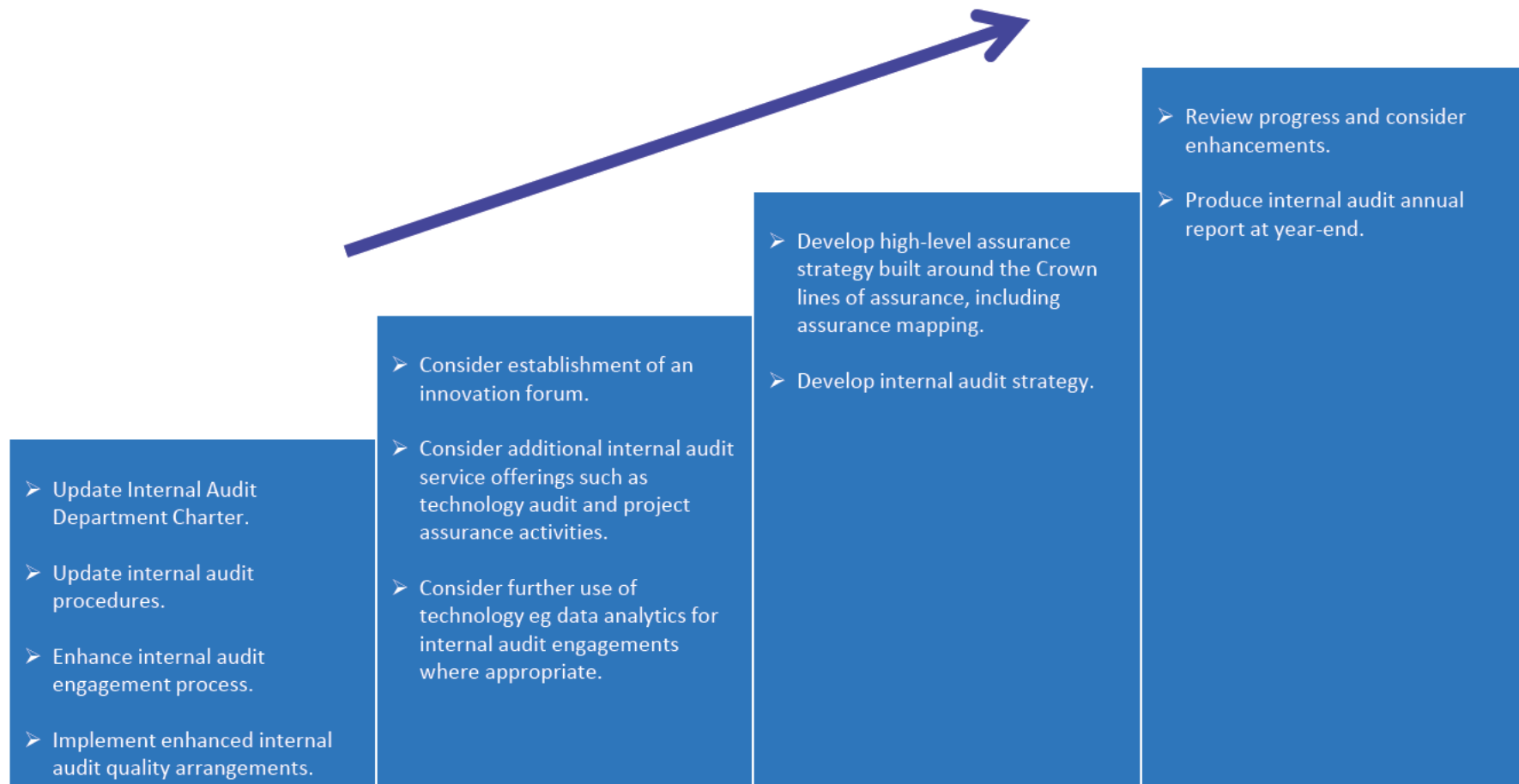
- ✓ Sound risk-based approach to internal audit planning.

Engagement Planning / Fieldwork

- ✓ Fit-for-purpose approach to performing and reporting internal audit engagements.

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Indicative Internal Audit Strategic Roadmap



Suggested timing 12–18 months

Independent Validation Statement



- The methodology used for the Quality Assessment involved a Self-Assessment performed by the Crown Internal Audit Department followed by Independent Validation by an assessment team from the IIA–Australia. This methodology is promoted by the IIA internationally.
- The independent assessment team was Andrew Cox and Tania Stegemann from the IIA–Australia. Their internal audit credentials are shown in biographies in the appendices to this report.
- The Independent Validation consisted of review and testing of the procedures and results of the Self-Assessment.
- The independent assessment team held discussions with the Audit Committee Chair and Senior Management to obtain their feedback on the quality of internal audit services provided to Crown.
- The independent assessment team conclusion agrees with the Self-Assessment.
- The IIA–Australia considers the Crown Internal Audit Department to be operating professionally and generally conforming with the ‘International Standards for the Professional Practice of Internal Auditing’; this is the highest rating that can be achieved.


Andrew Cox
Assessment Team Leader
IIA–Australia
September 2020


Tania Stegemann
Assessment Team Member
IIA–Australia
September 2020

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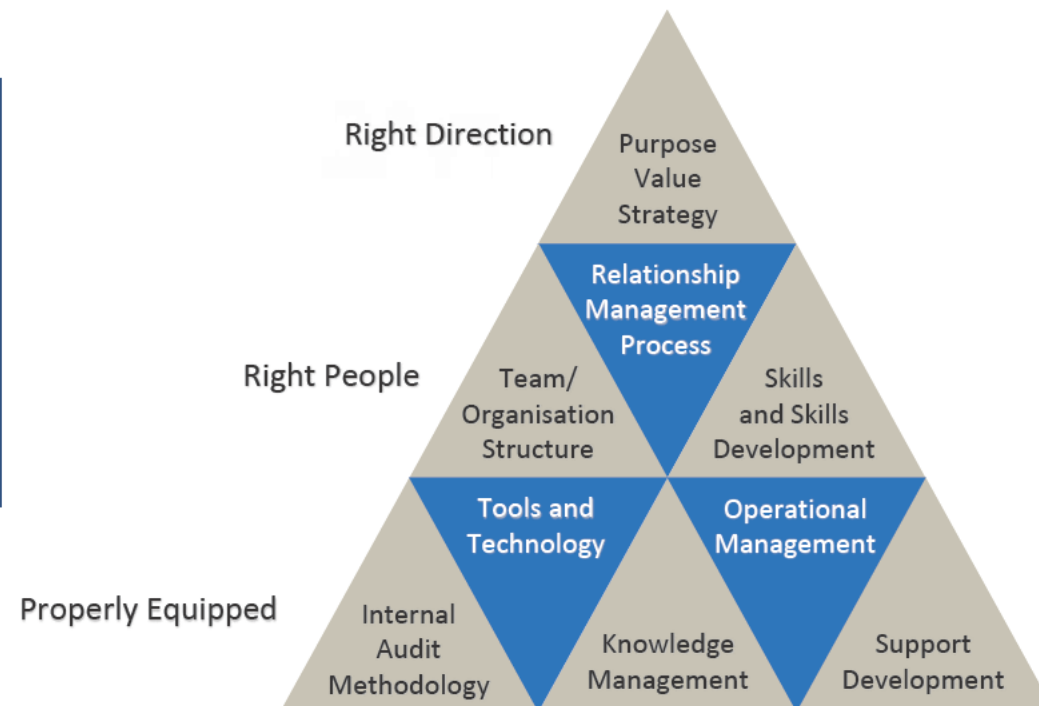


Examples of Internal Audit Good Practice at Crown

Components for Effective Internal Audit



Right Direction
➤ <i>Strategic direction and positioning.</i>
Right People
➤ <i>Resourcing and capability.</i>
Properly Equipped
➤ <i>Right methodology and approach.</i>



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Examples of Internal Audit Good Practice at Crown



Right Direction

Strategic direction and positioning



Conformance with the Internal Audit Standards

There is general conformance with the Internal Audit Standards; this is the highest rating that can be achieved.

Reporting Arrangements

Good practice internal audit reporting arrangements are in place, with the Group General Manager Risk and Audit reporting functionally for internal audit activities to the Audit Committee and administratively to the Chief Executive Officer.

Independence

Crown has Internal Audit Department independence structures built-in, with the Internal Audit Department recognised as independent of management.

Support

The Audit Committee and Senior Management demonstrate support for Internal Audit.

Private Meetings

Private meetings without management present are held between the Audit Committee and the Group General Manager Risk and Audit.

Scope of Internal Audit Activities

There are no 'off limit' areas for internal audit focus.

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Examples of Internal Audit Good Practice at Crown



Right People

Resourcing and capability



Professionalism

The Internal Audit Department has a professional approach to its work.

Internal Audit Department Management

The Internal Audit Department is well-managed.

Skills, Knowledge and Experience

The Internal Audit Department is comprised of experienced practitioners with the necessary skills, knowledge and experience for their work.

Objectivity

The Internal Audit Department team apply an objective approach to their work.

Improvement Focus

There is focus on how to make internal audit services more effective.

Chief Audit Executive

The Group General Manager Risk and Audit is seen as a good leader, with the Group Internal Audit Manager effectively managing internal audit operations.

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Examples of Internal Audit Good Practice at Crown



Properly Equipped

Right methodology and approach



Internal Audit Planning

There is a good practice, risk-based process for internal audit planning.

Internal Audit Policy and Procedures

There is a comprehensive internal audit manual.

Internal Audit Methodology

There has been focus on embedding a fit-for-purpose methodology for Internal Audit Department operations.

Project Management

There is a project management focus to internal audit work.

Audit Recommendation Tracking

There is a sound monitoring and follow-up system to monitor implementation of audit recommendations.

Internal Audit Annual Report

The Internal Audit Department prepares periodic report on its activities for the Audit Committee and the two Executive Risk and Compliance Committees.

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Maturity Assessment

Internal Audit Maturity Assessment

IIA–Australia
assessment
September 2020



	Standard 1000 Purpose, Authority, and Responsibility	Standards 1100 Independence and Objectivity	Standard 1200 Proficiency and Due Professional Care	Standard 1300 Quality Assurance and Improvement Program	Standard 2000 Managing the Internal Audit Activity	Standard 2100 Nature of Work
Optimising	Internal Audit Charter in place, reviewed and approved by Audit Committee on annual basis, clearly linked to corporate governance objectives, specifies good practice Internal Audit reporting arrangements	Internal Audit reporting arrangements defined in Internal Audit Charter, specifies good practice reporting arrangements, independence and objectivity requirements defined by Internal Audit policy including requirement for conflict of interest disclosure, annual attestation required by Internal Audit staff	Internal Audit resources are credentialed, specialist resources are available when required, annual Risk Assessment conducted, ongoing and periodic Quality Assurance process in place, training programs reinforce Internal Audit credentials and support execution of Internal Audit work	Documented ongoing and periodic Quality Assurance Program in place, Quality Assurance activities occur for internal audit engagements, Internal Assessment conducted annually, External Assessment conducted at least every 5 years	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives, effective Internal Audit reporting arrangements, audit client feedback sought, performance measures in place and used to drive continuous improvement	Internal Audit focuses on controls, risk and governance, Internal Audit plans are clearly linked to enterprise-wide view of risk and plans are periodically adjusted, Internal Audit uses recognised control frameworks in its work
Managed	Internal Audit Charter in place, reviewed and approved by Audit Committee on annual basis, clearly linked to corporate governance objectives	Internal Audit reporting arrangements defined in Internal Audit Charter, specifies good practice reporting arrangements, independence and objectivity requirements defined by Internal Audit policy including requirement for conflict of interest disclosure	Internal Audit resources are credentialed, some specialist resources are available, annual Risk Assessment conducted, ongoing and periodic Quality Assurance processes in place	Documented ongoing and periodic Quality Assurance Program in place, Quality Assurance activities occur for internal audit engagements, Internal Assessment conducted annually	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives, effective Internal Audit reporting arrangements, audit client feedback sought	Internal Audit focuses on controls, risk and governance, Internal Audit plans are clearly linked to enterprise-wide view of risk and plans are periodically adjusted
Implemented	Internal Audit Charter in place, reviewed and approved by Audit Committee on a periodic basis	Internal Audit reporting arrangements defined in Internal Audit Charter, specifies good practice reporting arrangements	Some Internal Audit resources are credentialed, some specialist resources are available, annual Risk Assessment conducted, ongoing Quality Assurance processes in place	Ongoing and periodic Quality Assurance Program elements in place, Quality Assurance activities occur for internal audit engagements	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives, effective Internal Audit reporting arrangement	Internal Audit focuses on controls, risk and governance
Defined	Internal Audit Charter in place and approved by Audit Committee	Internal Audit reporting arrangements defined in Internal Audit Charter, but not good practice reporting arrangements	Internal Audit resources are partially credentialed, specialist resources may be available, annual Risk Assessment conducted, some ongoing Quality Assurance processes in place	Some ongoing Quality Assurance Program elements in place, some Quality Assurance activities occur for internal audit engagements	Internal Audit policies and procedures in place, Internal Audit plans linked to corporate objectives	Internal Audit focuses on controls and risk
Initial	No Internal Audit Charter or in draft or not approved by Audit Committee	Internal Audit reporting arrangements not defined in Internal Audit Charter or reporting arrangements not in line with good practice	Internal Audit resources not credentialed, no specialist resources, no annual Risk Assessment, limited ongoing Quality Assurance processes in place	No formal Quality Assurance Program in place, some Quality Assurance activities may occur for internal audit engagements	No Internal Audit policies and procedures in place, Internal Audit plans not linked to corporate objectives	Internal Audit focuses on controls

Internal Audit Maturity Assessment

IIA–Australia
assessment
September 2020



	Standard 2200 Engagement Planning	Standard 2300 Performing the Engagement	Standard 2400 Communicating Results	Standard 2500 Monitoring Progress	Standard 2600 Communicating the Acceptance of Risks	Code Of Ethics
Optimising	Planning performed in collaboration with stakeholders, planning adjusted for differing circumstances, planning documented, consistent methodology applied to internal audit engagements, supervisory review and sign-off occurs	Internal Audit policies and procedures clearly define internal audit engagement process, Audit Work Plans are tailored for each engagement, supervisory review and sign-off occurs, automated audit working paper system in place, CAATs and other audit techniques actively used	Reporting protocol established for communicating results, reporting done consistently from content and format perspective, CAE reviews and signs-off audit reports before issue, management input to reporting is actively sought, reports contain management comments and agreed actions, Internal Audit prepares reports that show systemic issues found through its work	Follow-up protocol established, follow-up on implementation of audit recommendations performed consistently, reporting to Audit Committee on status of audit recommendations, automated system for receiving progress updates from management, high rate of audit recommendation clearance	Escalation protocol defined, process clearly understood by Internal Audit and management, collaborative approach to resolution, clear definition of level of risk that can be assumed by Management that precludes need for escalation protocol	Organisation Code of Conduct established, IIA Code of Ethics is embedded in Internal Audit policies, ethics training is conducted, Internal Audit staff complete annual Code of Ethics declaration
Managed	Planning performed in collaboration with stakeholders, planning documented, consistent methodology applied to internal audit engagements, supervisory review and sign-off occurs	Internal Audit policies and procedures clearly define internal audit engagement process, Audit Work Plans are tailored for each engagement, supervisory review and sign-off occurs, may have automated audit working paper system in place	Reporting protocol established for communicating results, reporting done consistently from content and format perspective, CAE reviews and signs-off audit reports before issue, reports contain management comments and actions to implement recommendations	Follow-up protocol established, follow-up on implementation of audit recommendations performed consistently, reporting to Audit Committee on status of audit recommendations	Escalation protocol defined, process clearly understood by Internal Audit and Management, collaborative approach to resolution	Organisation Code of Conduct established, IIA Code of Ethics is embedded in Internal Audit policies, ethics training is conducted
Implemented	Planning performed and documented, consistent methodology applied to internal audit engagements, supervisory review and sign-off occurs	Internal Audit policies and procedures clearly define internal audit engagement process, Audit Work Plans are tailored for each engagement, supervisory review and sign-off occurs	Reporting protocol established for communicating results, reporting done consistently from content and format perspective, CAE reviews and signs-off audit reports before issue	Follow-up protocol established, follow-up on implementation of audit recommendations performed consistently	Escalation protocol defined, process clearly understood by Internal Audit and Management	Organisation Code of Conduct established, IIA Code of Ethics is embedded in Internal Audit policies
Defined	Planning performed and documented, consistent methodology applied to internal audit engagements	Some elements of Internal audit engagement process defined, standard Audit Work Plans used	Reporting protocol established for communicating results, reporting done inconsistently from content and format perspective	Follow-up protocol established, follow-up on implementation of audit recommendations occurs but not performed consistently	No escalation protocol established, Management may assume inappropriate level of risk	Organisation Code of Conduct established, IIA Code of Ethics receives some attention
Initial	Planning not performed or documented, no consistent methodology applied to internal audit engagements	Internal audit engagement process not clearly defined or Audit Work Plans not prepared for internal audit engagements	Reporting protocol not established for communicating results, reporting is ad hoc	No follow-up protocol established, follow-up on implementation of audit recommendations not performed consistently or not performed	No escalation protocol established	Organisation Code of Conduct not established, IIA Code of Ethics does not receive formal attention

Maturity Definitions



Internal Audit Maturity Assessment	
<p><i>Internal audit learns from inside and outside the organisation, with a constant focus on continuous improvement:</i></p> <ul style="list-style-type: none"> ➤ <i>Innovates good practices.</i> ➤ <i>Strategic business partner.</i> ➤ <i>Leader in the internal audit profession.</i> 	Optimising
<p><i>Internal audit integrates information from across the organisation to improve risk management, control and governance:</i></p> <ul style="list-style-type: none"> ➤ <i>Emphasises good practice.</i> ➤ <i>Anticipates change.</i> ➤ <i>Expands roles in response to business needs.</i> 	Managed
<p><i>Internal audit management and professional practices uniformly applied:</i></p> <ul style="list-style-type: none"> ➤ <i>Generally conforming with the internal audit practice standards.</i> 	Implemented
<p><i>Sustainable and repeatable practices:</i></p> <ul style="list-style-type: none"> ➤ <i>Partially conforming with the internal audit practice standards.</i> 	Defined
<p><i>Few sustainable and repeatable practices:</i></p> <ul style="list-style-type: none"> ➤ <i>Not conforming with the internal audit practice standards.</i> 	Initial

Crown Internal Audit
Department
September 2020

It should be noted 'optimised' means effective as possible while 'optimising' means continual enhancement is sought and implemented.

Roadmap to Maturity Optimisation



Standard		Current Maturity Rating	Optimising Actions – refer Improvement Opportunities shown later in this report	Future Maturity Rating
1000	Purpose, Authority, Responsibility	Optimising	1. Internal audit charter	Optimising
1100	Independence and Objectivity	Optimising	1. Internal audit charter	Optimising
1200	Proficiency and Due Professional Care	Optimising	2. Proficiency and due professional care	Optimising
1300	Quality Assurance and Improvement Program	Managed	3. Quality assurance and improvement program	Optimising
2000	Managing the Internal Audit Activity	Optimising	4. Specialist internal audit resources	Optimising
2100	Nature of Work	Optimising	4. Specialist internal audit resources	Optimising
2200	Engagement Planning	Optimising	5. Internal audit engagement process	Optimising
2300	Performing the Engagement	Optimising		Optimising
2400	Communicating Results	Optimising	5. Internal audit engagement process	Optimising
2500	Monitoring Progress	Managed	1. Internal audit charter	Optimising
2600	Communicating the Acceptance of Risks	Managed	1. Internal audit charter	Optimising
Code of Ethics		Managed	3. Quality assurance and improvement program	Optimising

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Conformance with Standards and Good Practice



Assessment against the Quality Assessment Objectives – Summary



Objectives		Assessment
1	<p><u>Internal Audit Standards</u> Assess conformance of Internal Audit Department services with mandatory requirements of the 'International Professional Practice Framework' (IPPF) issued by the Institute of Internal Auditors (IIA), including the 'International Standards for the Professional Practice of Internal Auditing'.</p>	
2	<p><u>Stakeholder expectations</u> Ascertain expectations of Internal Audit Department services expressed by the Audit Committee and Senior Management and whether these are being met.</p>	
3	<p><u>Internal audit effectiveness</u> Assess effectiveness of the Internal Audit Department as a 3rd line of assurance activity integrated into the strategic management and governance framework.</p>	
4	<p><u>Internal Audit operations</u> Review whether Internal Audit Department operations represent contemporary good practice.</p>	
5	<p><u>Internal audit capability</u> Evaluate skills, knowledge and experience capability within the Internal Audit Department.</p>	
6	<p><u>Internal audit value-add</u> Review whether the Internal Audit Department adds value and contributes to improving business operations.</p>	

Does not conform

Partially conforms

Generally conforms

Objective 1 – Conformance to the IPPF – Summary



International Professional Practices Framework	Assessment
Core Principles for the Professional Practice of Internal Auditing	Generally conforms
Code of Ethics	Generally conforms
Definition of Internal Auditing	Generally conforms
International Standards for the Professional Practice of Internal Auditing	Generally conforms

Does not conform

Partially conforms

Generally conforms

Objective 1 – Conformance to the IPPF – Core Principles, Code of Ethics, Definition



Core Principles		Assessment
1	Demonstrates integrity	
2	Demonstrates competence and due professional care	
3	Is objective and free from undue influence (independent)	
4	Aligns with the strategies, objectives, and risks of the organisation	
5	Is appropriately positioned and adequately resourced	
6	Demonstrates quality and continuous improvement	
7	Communicates effectively	
8	Provides risk-based assurance	
9	Is insightful, proactive, and future-focused	
10	Promotes organisational improvement	
Code of Ethics		
Code of Ethics		
Definition of Internal Auditing		
Definition of Internal Auditing		

Does not conform

Partially conforms

Generally conforms

Objective 1 – Conformance to the IPPF – Internal Audit Standards



Overall, we found the Crown Internal Audit Department **Generally Conforms** to the Internal Audit Standards; this is the highest rating that can be achieved. The overarching Internal Audit Standards are:

Does not conform		Partially conforms		Generally conforms	
0	0%	2	4%	50	96%

Generally Conforms

Means an Internal Audit Department has a charter, policies, and processes that are judged to be in accordance with the Internal Audit Standards. There may be some potential opportunities for improvement.

Partially Conforms

Means deficiencies in practice are noted that are judged to deviate from the Internal Audit Standards, but these deficiencies did not preclude the Internal Audit Department from performing its responsibilities in an acceptable manner.

Does Not Conform

Means deficiencies in practice are judged to be so significant as to seriously impair or preclude the Internal Audit Department from performing adequately in all or in significant areas of its responsibilities.

Standard 1000	Purpose, Authority, Responsibility	
Standard 1100	Independence and Objectivity	
Standard 1200	Proficiency and Due Professional Care	
Standard 1300	Quality Assurance and Improvement Program	
Standard 2000	Managing the Internal Audit Activity	
Standard 2100	Nature of Work	
Standard 2200	Engagement Planning	
Standard 2300	Performing the Engagement	
Standard 2400	Communicating Results	
Standard 2500	Monitoring Progress	
Standard 2600	Communicating the Acceptance of Risks	

Does not conform	Partially conforms	Generally conforms
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Objective 1 – Conformance to the IPPF – Internal Audit Standards



Attribute Standards	Generally Conforms	Partially Conforms	Does Not Conform
1000 – Purpose, Authority, and Responsibility (Internal Audit Charter)			
1010 – Recognising Mandatory Guidance in the Internal Audit Charter			
1100 – Independence and Objectivity			
1110 – Organisational Independence			
1111 – Direct interaction with the Board			
1112 – Chief Audit Executive Roles beyond Internal Auditing			
1120 – Individual Objectivity			
1130 – Impairment to Independence and Objectivity	None observed		
1200 – Proficiency and Due Professional Care			
1210 – Proficiency			
1220 – Due Professional Care			
1230 – Continuing Professional Development			
1300 – Quality Assurance and Improvement Program			
1310 – Requirements of the Quality Assurance and Improvement Program			
1311 – Internal Assessments			
1312 – External Assessments	This Quality Assessment makes it conforming		
1320 – Reporting on the Quality Assurance and Improvement Program			
1321 – Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”	Not used		
1322 – Disclosure of Non-conformance	None observed		

Objective 1 – Conformance to the IPPF – Internal Audit Standards



Performance Standards	Generally Conforms	Partially Conforms	Does Not Conform
2000 – Managing the Internal Audit Activity			
2010 – Planning			
2020 – Communication and Approval			
2030 – Resource Management			
2040 – Policies and Procedures			
2050 – Coordination and Reliance			
2060 – Reporting to the Senior Management and the Board			
2070 – External Service Provider and Organisational Responsibility for Internal Auditing	Not applicable		
2100 – Nature of Work			
2110 – Governance			
2120 – Risk Management			
2130 – Control			
2200 – Engagement Planning			
2201 – Planning Considerations			
2210 – Engagement Objectives			
2220 – Engagement Scope			
2230 – Engagement Resource Allocation			
2240 – Engagement Work Program			

Does not conform

Partially conforms

Generally conforms

Objective 1 – Conformance to the IPPF – Internal Audit Standards



Performance Standards	Generally Conforms	Partially Conforms	Does Not Conform
2300 – Performing the Engagement			
2310 – Identifying Information			
2320 – Analysis and Evaluation			
2330 – Documenting Information			
2340 – Engagement Supervision			
2400 – Communicating Results			
2410 – Criteria for Communicating			
2420 – Quality of Communications			
2421 – Errors and Omissions	None identified		
2430 – Use of “Conducted in conformance with the International Standards for the Professional Practice of Internal Auditing”	Not used		
2431 – Engagement Disclosure of Non-conformance	None identified		
2440 – Disseminating Results			
2450 – Overall Opinions			
2500 – Monitoring Progress			
2600 – Communicating the Acceptance of Risks			

Does not conform

Partially conforms

Generally conforms

Commentary on Objectives 2–6



Objectives and commentary	Assessment
Objective 2 – Expectations of Internal Audit Department services expressed by the Audit Committee and Senior Management and whether these are being met.	
<ul style="list-style-type: none"> ➤ Stakeholders interviewed for the Quality Assessment expressed satisfaction at the internal audit services provided to Crown. 	
Objective 3 – Effectiveness of the Internal Audit Department as a 3rd line of assurance activity integrated into the strategic management and governance framework.	
<ul style="list-style-type: none"> ➤ Internal Audit is operating effectively in its 3rd line of assurance role. ➤ There is consideration of other assurance activities when the Internal Audit Department prepares its risk-based plan. ➤ The extent and effectiveness of all assurance activity across Crown is not clearly articulated. 	
Objective 4 – Whether Internal Audit Department operations represent contemporary good practice.	
<ul style="list-style-type: none"> ➤ The Internal Audit Department is built upon solid foundations and is operating professionally. 	
Objective 5 – Skills, knowledge and experience capability within the Internal Audit Department.	
<ul style="list-style-type: none"> ➤ The Internal Audit Department is staffed by competent and well-qualified professionals. ➤ Specialists could be procured where technical skills may not be available in-house within the Internal Audit Department such as for technology audit. 	
Objective 6 – Whether the Internal Audit Department adds value and contributes to improving business operations.	
<ul style="list-style-type: none"> ➤ Stakeholders were positive about the value provided from internal audit services. 	

Does not conform

Partially conforms

Generally conforms

Conformance with ASX Corporate Governance Council



As a listed entity, Crown should conform with the Corporate Governance Principles and Recommendations, 4th edition' (2019) issued by the ASX Corporate Governance Council. The primary role of the Council is to develop and issue principles-based recommendations on the corporate governance practices to be adopted by ASX listed entities. The recommendations are intended to promote investor confidence and to assist listed entities to meet stakeholder expectations in relation to their governance. Under Listing Rule 4.10.3, ASX listed entities are required to benchmark their corporate governance practices against the Council's recommendations and, where they do not conform, to disclose that fact and the reasons why. Shown below are the principles relating to internal audit.

Corporate Governance Principles and Recommendations, 4 th edition' (2019)		Assessment
Recommendation 7 – Recognise and manage risk		
A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
7.3	A listed entity should disclose:	
7.3 (a)	If it has an internal audit function, how the function is structured and what role it performs; or (b)	
7.3 (b)	If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	

Does not conform

Partially conforms

Generally conforms

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Stakeholder Feedback

Key Stakeholder Discussions



Stakeholders *refer comments on following slides*

Audit Committee

Ms Antonia (Toni) Korsanos	Board of Directors Member / Audit Committee Chair
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Executive Management and Senior Management

Mr Alan McGregor	Chief Financial Officer
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Mr Nic Emery	Chief Marketing Officer
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Mr Tim Barnett	Executive General Manager, Table Games (Melbourne)
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Mr David Brown	General Manager, Cage and Count (Perth)
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Mr Stephen Hancock	General Manager, Cage and Count (Melbourne)
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Internal Audit

Ms Anne Siegers	Group General Manager, Risk and Audit / Chief Audit Executive / Chief Risk Officer
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Mr Scott Ridout	Group Internal Audit Manager
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Stakeholder Feedback – Key Stakeholder Discussions



Stakeholder Comments

Strategic Focus

- There is clear alignment between internal audit work and Crown's strategic objectives and risks.
- Internal audit is a good team from planning through to performing audit work.
- There has been good work to bring the Crown Melbourne and Crown Perth internal audit teams together.
- Internal audit should have an important role when Crown restarts post-coronavirus to make sure checks and balances are in place.
- Get a lot of internal audit value from their 'fresh eyes' examining processes.
- Audits are generally compliance focused and that is valued.
- Would actually like to see more audits but understand internal audit resources need to be applied to areas of greatest risk across Crown.
- Wonder if there are enough internal audit resources to get everything done post-coronavirus.

Stakeholder Feedback – Key Stakeholder Discussions



Stakeholder Comments

Internal Audit Management and Operations

- Internal audit is very impressive, and it is good to have a solid internal audit process.
- A recent audit was thorough, and it was good to get 'fresh eyes' to look at it.
- Like that internal audit asks for General Manager comments which was not done before and is a good improvement to open-up communication channels.
- The Group General Manager Risk and Audit is excellent – has made good changes and gives a lot of confidence.
- The internal auditors are competent and professional.
- The internal auditors have good base knowledge even though they are not experts at what all Crown work areas do.
- Internal auditors cannot be experts at all areas, but the internal auditors have the right skills and do a good job.
- Internal auditors who audited recently didn't have a huge understanding of the area, but overall the internal audit process works well.
- Discussions with the Group Internal Audit Manager could perhaps be a bit more frequent.
- The 3 lines of assurance concept could be better explained.
- There is opportunity to request ad hoc internal audit services and the Internal Audit Department is responsive.

Stakeholder Feedback – Key Stakeholder Discussions



Stakeholder Comments

Internal Audit Reporting and Follow-up

- Internal audit reports are good documents.
- Internal audit reports are thorough and offer insights.
- Internal audit reports give voice and structure to risk which gets a tick.
- In many cases internal audit reports say what we already know, but it is good to get improvement suggestions.
- The internal auditors are collaborative and there can be negotiation about what will be the best remediation approach where something may need to be improved.
- Internal audit reports are now better, though it is sometimes necessary to discuss proposed internal audit recommendations to make sure they are practical and the best recommendation.
- One thing internal audit could do a bit better is provide more detail in reporting to the Audit Committee. At present a very brief summary of outcomes is provided – would like to see a focused executive summary for each audit with full reports available on request or through a link.
- There is a well-structured audit follow-up process and audit actions for implementation are followed-up well.
- The audit monitoring and follow-up process operates effectively.
- Implementation of audit action is generally timely, though there can be lags because of operational pressures.

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Benchmarking

Internal Audit Benchmarking



The Institute of
Internal Auditors
Australia

Crown Internal Audit
Department
September 2020

Internal Audit Evolution		<i>This table shows how the Internal Audit profession and its services have evolved over time.</i>				
Features	Checking Up to 1960s	Compliance 1960s – 1980s	System-based 1980s – 1990s	Risk-based 1990s – 2010s	Partnership 2010s –	Value-based Emerging
Independence	Independent of activities audited	Independent of activities audited	Independent of activities audited	Independent of activities audited	Independent of activities audited	Independent of activities audited
Serving	Finance	Finance	Finance / organisation departments	Organisation departments	Organisation	Organisation
Reporting to	Generally CFO	Generally CFO	Generally CFO	Emerged to CEO and then Audit Committee reporting	Audit Committee for operations; CEO for administration	Audit Committee for operations; CEO for administration
Objective	Assurance	Assurance	Assurance	Assurance	Assurance and advisory; value-adding	Assurance and advisory; value-adding; proactive; key agent of change
Focus	Historical	Historical	Historical	Historical	Forward-looking	Forward-looking; insights
Coverage	Controls	Controls	Controls	Controls	Governance, risk management, controls	Governance, risk management, controls
Outcome	Detect mistakes	Detect mistakes	Improve controls	Improve organisation department controls	Improve organisation departments	Improve organisation; actively seek innovation
Fraud focus	Detect fraud	Detect fraud	Detect fraud	Detect fraud	Prevent fraud	Prevent fraud
Reports go to	Management	Management	Management	Management; emerged to Audit Committee	Management and Audit Committee	Management and Audit Committee
Standards	No	Standards in 1978	Internal Audit Standards	Internal Audit Standards	Internal Audit Standards	Internal Audit Standards
Resourcing	In-house	In-house	In-house	In-house; emerged to co-sourced	Co-sourced; subject matter experts, guest auditors	Co-sourced; subject matter experts; guest auditors
Staff qualifications	Financial	Financial	Financial	Financial	Some non-financial disciplines	Many disciplines
Planning	Cyclical annual plan	Cyclical annual plan	Cyclical 5-year plan	Risk-based 3-year plan	Risk-based 3-year or annual plan	Risk-based rolling plan
Audit types	Compliance	Compliance	System	Operational	Integrated	Service catalogue
Management requested services	No	No	No	Some	Yes	Yes; many

Internal Audit Benchmarking



Conformance with the Internal Audit Standards

Benchmark	Benchmark Result	Crown Internal Audit Comparison
Internal audit departments that fully conform with the Internal Audit Standards.	<i>Less than 60% of internal audit departments fully conform with the Internal Audit Standards.</i>	The Crown Internal Audit Department conforms to the Internal Audit Standards: <ul style="list-style-type: none"> ➤ General conformance – 50/52 = 96%. ➤ Partial conformance – 2/52 = 4%. ➤ Non-conformance – 0/52 = 0%.

Internal Audit Benchmarking



How much to spend on Internal Audit?

In considering the extent of Internal Audit coverage, we benchmarked the Crown 'spend' on internal audit against data from the IIA. This was done in order to ascertain what could be considered through benchmarking to be a reasonable organisation 'spend' on internal audit compared to other organisations.

Benchmarking should only be considered as a guide and one factor to be considered when assessing an organisation's overall assurance coverage. For example, if 2nd line of assurance activities are strong, less may be spent on internal audit. Likewise, if 2nd line of assurance activities are weak, it may be necessary to spend more on internal audit.

We used a benchmark based on Crown 'revenue', which is set out in the table below.

Crown revenue	Crown Internal Audit budget	Source	Benchmarked spend on Internal Audit
		The Institute of Internal Auditors Audit Intelligence Suite (formerly Global Audit Information Network – GAIN)	

Internal Audit Benchmarking



Cost of Internal Audit Services

The cost of Internal Audit services delivered can be examined against prevailing rates charged by service providers for internal audit services.

This indicates Internal Audit is providing cost-effective internal audit services to Crown.

Crown spend on Internal Audit	Productive audit days delivered	Cost per audit day delivered in-house	Benchmarked cost per audit day delivered based on indicative service provider cost
	Group = 355 days Melbourne = 340 days Perth = 401 days Outsourced = 0 days Total = 1,096 days		

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Improvement Opportunities

The following slides contain improvement opportunities to assist the Internal Audit Department further develop and move upward in the internal audit maturity continuum.

Improvement Opportunities



Standards 1000, 1010, 1100

1. Internal Audit Department Charter

The Internal Audit Department Charter should reference all mandatory IPPF requirements.

There are four mandatory requirements of the 'International Professional Practices Framework' (IPPF) issued by the Institute of Internal Auditors (IIA). The Crown Internal Audit Department Charter references the Definition of Internal Auditing and the Internal Audit Standards, but not the Core Principles for the Professional Practice of Internal Auditing or the Code of Ethics.

The Internal Audit Department Charter should therefore be updated to reflect IPPF Standard 1010:

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognised in the internal audit charter.

Suggested wording for inclusion in the Internal Audit Department Charter could be:

Internal Audit will govern itself by adherence to the Institute of Internal Auditors' mandatory guidance which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing, and the principles against which to evaluate the effectiveness of Internal Audit performance.

A conflict of interest section could be considered for inclusion in the Internal Audit Department Charter.

A conflict of interest can impair an internal auditor's ability to perform their duties and responsibilities objectively. The Internal Audit Department Charter is silent on conflict of interest. It is suggested a conflict of interest section be included in the Internal Audit Department Charter that includes information on (a) conflict of interest (b) reporting conflict of interest (c) who makes the decision whether a conflict of interest exists (d) how this applies to service providers who may be procured to provide internal audit services. **Connect > Support > Advance**

Improvement Opportunities



Standards 1000, 1010, 1100

1. Internal Audit Department Charter continued

Appointment and termination of the Group General Manager Risk and Audit should be included in the Internal Audit Department Charter.

At present the Internal Audit Department Charter is silent on appointment, termination and performance assessment of the Chief Audit Executive (Group General Manager Risk and Audit). Neither is there commentary on this in the Audit Committee Charter. To ensure ongoing independence, the Internal Audit Department Charter should be specific about who appoints and terminates the Chief Audit Executive which should be the Audit Committee. Primary responsibility for assessing performance of the Chief Audit Executive should also rest with the Audit Committee and include input from the Chief Executive Officer.

Mutual obligations of internal audit and management could be included in the Internal Audit Department Charter or an Internal Audit Protocol.

At present the Internal Audit Department Charter is silent on internal audit and management mutual obligations, except to say the Internal Audit Department is 'authorised full, free, and unrestricted access to any and all of Crown's records, personnel and physical properties'. Clear mutual obligations could be specified, for example (a) internal audit obligation to consult with management (b) requirement for management to provide responses to internal audit reports within a specified number of working days. Alternatively, an internal audit protocol could be prepared for approval by the Audit Committee.

Improvement Opportunities



Standards 1000, 1100, 1112

1. Internal Audit Department Charter continued

A further safeguard should be put in place where the Chief Audit Executive may also be responsible for a non-audit role.

At Crown the Group General Manager Risk and Audit has risk management responsibilities as Chief Risk Officer (2nd line of assurance) and also internal audit responsibilities as Chief Audit Executive (3rd line of assurance) Where the chief audit executive in an organisation may be responsible for internal audit and also another corporate function, the internal audit charter should contain wording to reflect safeguards in place where there is chief audit executive responsibility for a non-audit activity. At present the Crown Internal Audit Department Charter is silent on safeguards for non-audit roles.

Safeguard wording should be included in the Internal Audit Department Charter, for example:

Where the person occupying the role of Chief Audit Executive may be responsible for a non-audit activity, there are independence safeguards in place:

- *When responsible for a non-audit activity, the Chief Audit Executive is not performing audit duties when managing or performing that activity; and*
- *Review of a non-audit activity must be managed and performed independently of the Chief Audit Executive and reported direct to the Audit Committee.*

The Internal Audit Department Charter could be publicly available on the Crown website.

Charters for the Audit Committee and the Risk Management Committee are publicly available on the Crown website which demonstrates transparency around governance. Internal audit is an important component of the governance structure and consideration could be given to making the Internal Audit Department Charter also publicly available on the Crown website.

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Improvement Opportunities



2. Proficiency and Due Professional Care

Standards 1200, 1210, 1220, 1230

Specialist training could be provided to enhance internal audit operations..

There seems limited opportunity for Internal Audit Department staff to have access to professional development activities with direct correlation to enhanced internal audit operations. Examples may be (a) fraud investigation techniques (b) IT general controls (c) project assurance (d) data analytic techniques.

For example, in relation to fraud investigation techniques – internal auditors are required to have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud. In many organisations, internal audit departments are allocated fraud investigations because there is no other area of the organisation to perform the role. Management generally assumes that internal auditors are qualified to perform fraud investigations. However, internal auditors often do not possess the necessary knowledge and skill for successful fraud investigations and risk compromising investigations by being unaware of fraud investigation protocols. It may be beneficial for Internal Audit Department staff to receive training at a high-level by experts in investigation techniques to further recognise ‘red flags of fraud’ and to assure evidence may not be inadvertently compromised should an alleged fraud be discovered during an audit.

Improvement Opportunities



Standards 1300, 1311, 1320

3. Quality Assurance and Improvement Program

A more comprehensive quality assurance and improvement program should be established.

The Internal Audit Department has many quality elements in its work, but to bring it all together, a quality assurance and improvement program document should be established that incorporates all internal audit quality elements. This could include:

- A single quality assurance and improvement program document containing all internal audit quality elements – ongoing internal assessments, periodic internal assessments, external assessments.
- Reporting on internal audit performance measures (KPIs) designed to demonstrate internal audit performance.
- An annual independence statement – this already occurs.
- An annual assertion on conformance to the Internal Audit Standards.
- Annual conflict of interest declaration.
- Communication of quality assurance and improvement program results to the audit committee and senior management required by Internal Audit Standard 1320. It is recommended this be done annually.

The Group Internal Audit Manager has now developed a formal quality assurance and improvement program.

Further Internal Audit Department performance measures could be considered.

The main Internal Audit Department performance measure (KPI) seems to be completion of the Strategic Internal Audit Plan each year. This is an important KPI, though others could potentially be considered such as:

- Audit Committee feedback.
- Audit client feedback after audits.
- Effective use of internal audit budget and resources, including resource utilisation.
- Use of data analytics in audits.
- Internal audit quality.

A balanced scorecard approach to Internal Audit Department performance reporting could be considered.

Improvement Opportunities



4. Specialist Internal Audit Resources

Standards 2000, 2010, 2030

Internal audit should be provided with appropriate resources to supplement its in-house resources with technical experts where necessary.

As with many organisations, the small in-house Internal Audit Department at Crown would be unlikely to have the capability to audit specialist technical areas such as technology, specialist risk areas and other technical topics. These are often higher-risk topics where assurance is necessary for the board, audit committee and executive management.

For example, It is unclear how the Internal Audit Department could perform technology audit activities with no in-house technology audit capability and no allocated budget for technology audit outsourcing. We understand there is an IT Assurance section under the Chief Information Officer and modern assurance philosophy suggests duplication of assurance activities should be carefully considered and even avoided where possible. However, there should at least be periodic internal audit review of IT assurance activities from an independent perspective to provide a view on extent and effectiveness of the coverage.

Improvement Opportunities



5. Internal Audit Engagement Process

Standards 2200, 2300, 2400

The internal audit engagement process could potentially be enhanced.

Enhancements could be considered to the internal audit engagement process.

Refer following slides.

Internal Audit Engagement Process



Process steps	Issue identified	Suggested enhancements
Planning		
<p>Audit planning meeting – Conducted in-house within the Internal Audit Department.</p>	<ul style="list-style-type: none"> ➤ A more holistic engagement planning process with documented evidence could be considered. There should be further evidence of a structured, documented planning process or brainstorming workshop. ➤ For each audit there could be more documented analysis in the planning process of risks. ➤ Audit procedures review compliance with corporate procedures for the topic audited. There does not seem to be consideration of control frameworks such as COSO to obtain a broader view and analysis of the control environment. 	<ul style="list-style-type: none"> ➤ Consider use of a planning document or questionnaire for the audit team to consider macro factors and other elements in the audit planning process such as changes in the external environment, changes in technology, training, staff competency etc. to assure a holistic planning approach is undertaken. ➤ Consider brainstorming workshops at commencement of audits where it may be appropriate. ➤ Consider using a fraud risk identification questionnaire for each audit. ➤ Consider using a data analytics (CAATs) checklist for each audit. ➤ Consider including the five COSO elements in the audit planning process to ensure a holistic view of the control environment is considered and assessed.

Internal Audit Engagement Process



Process steps	Issue identified	Suggested enhancements
Planning		
<p>Scope document – Document describing objectives, scope and risks to be reviewed by the audit.</p>	<ul style="list-style-type: none"> ➤ The scope document could detail business risks to be examined as part of the audit. Management does not seem to have input into the risks to be examined. ➤ Scope documents for gaming audits do not change. While this may satisfy regulatory requirements, it may miss potential value-adding areas for example efficiency of operations which could potentially be included in the audit. ➤ Documented acknowledgement or sign-off by management of the scope document should be considered. 	<ul style="list-style-type: none"> ➤ Discuss preliminary risks identified for the audit with management to identify ‘what keeps them awake at night’ and include this in the audit scope. Consider a separate piece of expanded audit work to satisfy what is required by the regulator for gaming audits. ➤ Consider an operational audit approach for certain audits – these audits could be built around the 4 E’s of efficiency, effectiveness, economy and ethics. ➤ Include in the scope document the business risks to be reviewed by the audit. ➤ Consider obtaining scope document sign-off or at least document management’s acceptance of scope at the opening meeting.
<p>Opening meeting – Initial meeting with audit sponsor to discuss audit objectives and scope.</p>	<ul style="list-style-type: none"> ➤ The opening meeting should be documented. 	<ul style="list-style-type: none"> ➤ Prepare agenda for opening meeting. ➤ Ensure planning notes are kept from the opening meeting at which the scope is formally agreed, including any specific areas of management concern to be included in the audit.

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Internal Audit Engagement Process



Process steps	Issue identified	Suggested enhancements
Reporting		
<p>Internal audit report – Final results of audit communicated to the audit sponsor.</p>	<ul style="list-style-type: none"> ➤ Strengths and good practices noted during the audit could be acknowledged in the report – this is supported in the Internal Audit Standards. ➤ Some audits reviewed took up to five months to complete and we were advised there can be delay obtaining management comments in a timely way. ➤ The report format is clear and easy to read. Findings are based on a 4 C's approach of criteria, condition, consequence and corrective action which is good practice. However, the 5th C – cause, which relates to root cause analysis is not well articulated in reports. 	<ul style="list-style-type: none"> ➤ Include strengths and good practices in audit reports. ➤ Consider alternative strategies for obtaining management comments such as organising a specific meeting or workshop where the audit team documents management comments and then inserts the proposed actions into the draft report for management review – this is offered by the Internal Audit Department where necessary. ➤ Apply formal and robust root cause analysis for audit observations and include in audit reports. ➤ Where reports go to the regulator, there should be a disclaimer on the report, unless the audit was conducted solely for a regulator for their specific use or reliance.
<p>Audit feedback questionnaire – Issued to audit sponsor and line manager after each audit to obtain management feedback on audit quality.</p>	<ul style="list-style-type: none"> ➤ Audit feedback questionnaires not returned could be followed-up. 	<ul style="list-style-type: none"> ➤ Consider sending audit feedback questionnaires to multiple people who were recipients of the audit. Where the questionnaire is not returned, consider other strategies such as a separate meeting with audit clients to obtain verbal feedback.

Internal Audit Engagement Process



Process steps	Issue identified	Suggested enhancements
Quality Review		
<p>Internal audit engagement quality review – Review process throughout engagement to assure quality of internal audit work.</p>	<p>➤ There is quality review applied across each phase of internal audit engagements and it is acknowledged the size of the Internal Audit Department enables quality review to be performed in an agile and adaptive way based on the nature of each engagement. However, formal documentation of sign-off to evidence completion of quality reviews at relevant engagement checkpoints, together with areas for improvements assigned to internal auditors, could be more consistently documented.</p>	<p>➤ Quality reviews completed on internal audit engagements could be more formally documented.</p>

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Good Practice Suggestions

- The IIA–Australia has performed hundreds of Quality Assessments of internal audit departments in corporate and public sector organisations.
- The following slides contain good practice suggestions that could be considered for possible implementation at Crown.

Good Practice Suggestions



A. Internal Audit Reporting

Formal Internal Audit Department reporting arrangements to the Crown Perth Board could be considered.

At present the Internal Audit Department reports to the Crown Melbourne Board and also provides reports to the Crown Melbourne Executive Risk and Compliance Committee. With respect to Crown Perth, Internal Audit Department reporting is limited to the Crown Perth Executive Risk and Compliance Committee as there is no board audit committee.

Internal audit should be structured in such a way that it is independent of management and reports functionally for its operations to the audit committee. In the absence of an audit committee, internal audit should ideally make reports to the board of directors to ensure its independence is maintained and messages are delivered unfiltered.

The Internal Audit Department could make regular reports to the Crown Perth Board on specific Crown Perth internal audit activities, and also on Group internal audit activities which cover both Melbourne and Perth sites.

Good Practice Suggestions



B. Stakeholder Engagement Strategy

A more formal communication approach could be considered to further engage with stakeholders, further develop a partnership with management, and make the work of the Internal Audit Department more visible to the wider Crown.

The Internal Audit Department is already implementing improvements to its stakeholder communication approach, and this could be brought together into a formal stakeholder partnership model document which could include:

- An aspirational vision that is clearly defined to Crown.
- A strategy to make the wider Crown more aware of the internal audit services offered.
- Further exploring opportunities to align with Audit Committee and Senior Management expectations.
- Preparing an induction briefing and information pack for senior management and new Audit Committee members.
- Further developing the stakeholder engagement model.
- Gathering further information to provide clarity around the Crown 3 lines of assurance.
- Offering a wider range of services, perhaps through an internal audit service catalogue.
- Sharing systemic issues and 'lessons learned' found through internal audit work with the wider Crown, perhaps through thematic reporting.

Good Practice Suggestions



C. Innovation Forum

The Chief Audit Executive could consider facilitating an Innovation Forum to provide a focus on identifying governance and assurance innovation, improvements and good practices for possible implementation within Crown.

An Innovation Forum would be a multi-classification group with membership from across the wider Crown and in particular governance and assurance activities. The concept would be to capture ideas from bottom-up rather than top-down which could then be passed to management for consideration.

It would meet periodically with a primary focus to identify, assess, promote, communicate and implement innovation, improvements and good practices to improve the governance and assurance environment. Its focus would be on fresh ideas, rather than routine tweaking of what is already in place which would continue to be covered by existing processes.

An Innovation Forum could potentially address a range of matters relevant to Crown which may include, but not be limited to:

- Reducing assurance duplication and cost.
- Initiatives to enhance risk management, compliance and other assurance activities.
- Enhancing stakeholder interactions.
- Innovative governance and assurance practices.
- Policies, procedures, processes, work practices, methodology and supporting templates.
- Knowledge management, tools and techniques.
- Good practice, benchmarking and periodic review of performance measures.
- Professional standards and associated quality assurance practices.
- Initiatives to enhance strategic and annual planning.

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Good Practice Suggestions



D. Internal Audit Annual Report

Internal audit annual reporting could be enhanced.

The Internal Audit Department prepares reports on its activities, though we believe this could potentially be enhanced. An internal audit annual report draws together internal audit work and achievements for the year and demonstrates value delivered. It showcases the Internal Audit Department contribution over the previous year and features the capability of personnel. It shows trends, analysis, and commentary on themes. It reports where systemic issues were identified and highlighted. By doing so, it helps to enhance Internal Audit Department credibility by drawing the 'whole story' together.

Further inclusions in the internal audit annual report could include:

- Balanced scorecard reporting.
- Risk and challenges facing the Internal Audit Department and how they intend to deal with them.
- Attestation statement about conformance to the Internal Audit Standards.
- Statement of assurance from the Chief Audit Executive.
- Internal Audit Department initiatives going forward shown in a work plan for the coming year – this is not the strategic internal audit plan but actions the Internal Audit Department will take to improve its services and processes.

Good Practice Suggestions



E. Crown-wide Assurance Strategy

Development of an assurance strategy to make use of all assurance sources could be considered.

Internal audit is only one assurance mechanism in a suite of assurance mechanisms. These are often identified as the 3 lines of assurance, plus external assurance mechanisms. Ideally, all assurance activities and their effectiveness should be visible to the Audit Committee and Senior Management.

The purpose of an assurance strategy is to:

- Assess assurance coverage and effectiveness against key organisation strategies, risks and assurance requirements.
- Ensure there is a comprehensive risk and assurance process.
- Minimise duplication of effort.
- Identify assurance gaps.
- Minimise assurance cost.
- Provide comfort to stakeholders about the level of assurance.
- Help to understand where overall risk and assurance roles and accountabilities reside.
- Identify skills required to deliver assurance, as a guide to resourcing.

Assurance maps are generally the first step in this process and provide comfort that key organisation risks are adequately covered by assurance activities. An assurance strategy would go further than an assurance map, identifying strengths and improvements for all 3 lines of assurance, not just topics for the internal audit plan. The scope should include all Crown activities including projects and business initiatives to be delivered over a period of time.

It should be noted responsibility for preparing an assurance strategy would need to be determined by the organisation.

Good Practice Suggestions



F. Crown-wide Integrated Assurance Schedule

A formal integrated assurance schedule could be developed to more effectively plan and co-ordinate the overall assurance approach across Crown.

Internal audit at Crown is one assurance activity. There are others including compliance activities, quality activities and external audit. There are also regulator assurance activities. At present, there does not seem a co-ordinated approach for the various assurance activities and it may be a useful exercise to:

- Identify the various assurance activities across Crown – this would occur as an integral part of assurance strategy development (refer earlier slide).
- Ascertain their effectiveness.
- Determine areas of potential duplication and possible cost saving.
- Review whether consistent approaches and methodologies could be considered, including for assurance training.

A formal integrated assurance approach could then be developed to:

- More effectively plan and co-ordinate the overall assurance approach.
- Leverage work of the various assurance activities.
- Reduce possibility of duplication.
- Better inform management of the audits and assurance activities they can expect, and the timings.
- Collate themes from the results of the various assurance activities to better inform process improvement across Crown.

It should be noted responsibility for preparing an integrated assurance schedule would need to be determined by the organisation.

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An aerial photograph of a group of business professionals in a modern office setting. Two men in suits are shaking hands in the center, while others are walking or standing around them. The floor is made of large, light-colored stone tiles.

Consideration of Risk Management and Internal Audit

Consideration of Risk Management and Internal Audit



At Crown there is a joint Risk Management and Internal Audit Department led by the Group General Manager, Risk and Audit. There is no reason risk management cannot be co-located with internal audit provided there are adequate independence safeguards in place which are generally stipulated in the internal audit charter. The following table suggests advantages and disadvantages of risk management and internal audit integration.

Advantages	Disadvantages
➤ Seen to be synergistic.	➤ Mixes 2 nd line of assurance and 3 rd line of assurance.
➤ Risk management and internal audit collaboration shares risk knowledge.	➤ Internal audit may be seen as part of the line management structure.
➤ Both provide an assurance, guidance and facilitation role.	➤ Internal audit independence may be questioned.
➤ Overlap in professional objectives.	➤ Roles may blur.
➤ Both are systems of internal control.	➤ Regulators may feel greater comfort when they are separate functions, with risk management seen as providing solid undiluted risk management services without distraction.

Given the Group Internal Audit Manager is responsible for managing the Crown Internal Audit Department, it may be useful for him to attend Audit Committee meetings to speak to the internal audit section of the meetings.

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Appendices

5 Pillars of 'Best in Class' Internal Audit



Audit Breadth

- *IT assurance including cyber risks.*
- *Fraud management, including conflicts of interest.*
- *Frameworks including governance, risk and compliance.*
- *Financial stewardship.*
- *Strategic risk assurance.*
- *Operational audit.*

Audit Planning

- *Risk assessment, prioritisation and integration.*
- *Assurance mapping.*
- *Consultation, analysis and research.*
- *Audit workforce and competency.*
- *Adaptive planning.*
- *Continuous monitoring.*

Client Excellence

- *Partnership with Audit Committee.*
- *Business alignment.*
- *Client reporting.*
- *Internal audit branding.*
- *Co-ordination with external auditors.*

Focus on Internal Audit Strategy

- *Vision for Internal Audit.*
- *Core values.*
- *Quality and continuous improvement.*
- *Audit process enhancement.*
- *Organisation structure.*
- *Co-sourcing.*

Maximising Impact of Internal Audit Resources

- *Recruitment, motivation and retention of Internal Audit staff.*
- *Capability framework.*
- *Employee skill-sets.*
- *Professional development program, including training needs.*
- *Resourcing flexibility.*
- *Staff engagement model.*

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Conformance Definitions



<p>Generally Conforms</p>	<p>Means that the assessor or assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standards or elements of the Code of Ethics, and at least partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the Standards or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.</p>	
<p>Partially Conforms</p>	<p>Means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section and major category, but falls short of achieving some major objectives. This will usually represent some significant opportunities for improvement in effectively applying the standards or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the Board of the organisation.</p>	
<p>Does Not Conform</p>	<p>Means that the assessor or assessment team has concluded that the activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significant negative effect on the internal audit activity's effectiveness and its potential to add value to the organisation. They may also represent opportunities for improvement, including actions by senior management or the Board.</p>	

Glossary



Term	Definition
Assurance	Assurance is a positive declaration intended to give confidence designed to improve the quality of information to aid informed decision-making.
ASX	Australian Stock Exchange.
Audit Client	The senior manager who will receive the final internal audit report and be responsible for implementing the recommendations.
Burswood Nominees Limited	Crown Perth.
CAATs	Computer-Assisted Audit Techniques.
CBOK	Common Body of Knowledge.
Chief Audit Executive	The term used in the Internal Audit Standards to refer to the person responsible for Internal Audit in an organisation.
CIA	Certified Internal Auditor.
Control	Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.
COSO	Committee of Sponsoring Organisations which designed the COSO internal control framework.
Crown	Crown Resorts Limited including Crown Melbourne Limited and Burswood Nominees Limited (Crown Perth).

Glossary



Term	Definition
Data Analytics	Used to test controls and validate that business risks are managed. This would generally occur at a point-in-time when an assurance activity is scheduled. Rather than test a number of transactions, the entire population of transactions can be reviewed for greater coverage.
Engagement	A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.
Fraud	Any illegal act characterised by deceit, concealment or violation of trust.
Governance	The combination of processes and structures implemented by the board to inform, direct, manage and monitor the activities of the organisation toward achievement of its objectives.
IIA	Institute of Internal Auditors.
Independence	The freedom from conditions that threaten the ability of the Internal Audit activity to carry out internal audit responsibilities in an unbiased manner.
Internal Auditing	An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Internal Audit Standards	International Standards for the Professional Practice of Internal Auditing.

Glossary



Term	Definition
IPPF	International Professional Practices Framework – the conceptual framework that organises the authoritative guidance promulgated by the IIA.
IT	Information Technology.
MSA	Multi-stage audit.
Risk	Risk occurs when we try to achieve objectives in an uncertain environment. It is usually measured in terms of likelihood and consequence.
Risk Management	A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation’s objectives.
Value-Add	Internal audit adds value to the organisation and its stakeholders when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

About the Institute of Internal Auditors



The Institute of Internal Auditors (IIA) is the global professional association for Internal Auditors, with global headquarters in the USA and affiliated Institutes and Chapters throughout the world including Australia.

As the chief advocate of the Internal Audit profession, the IIA serves as the profession's international standard-setter, sole provider of globally accepted internal auditing certifications, and principal researcher and educator.

The IIA sets the bar for Internal Audit integrity and professionalism around the world with its 'International Professional Practices Framework' (IPPF), a collection of guidance that includes the 'International Standards for the Professional Practice of Internal Auditing' and the 'Code of Ethics'.

The IIA–Australia ensures its members and the profession as a whole are well-represented with decision-makers and influencers and is extensively represented on a number of global committees and prominent working groups in Australia and abroad.

The IIA was established in 1941 and now has more than 200,000 members from 190 countries with hundreds of local area Chapters. Generally, members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security.

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Reviewer Biographies



Andrew Cox

MBA, MEC, GradDipSc, GradCertPA, DipBusAdmin, DipPubAdmin, AssDipAcctg, CertSQM, PFIIA, CIA, CISA, CFE, CGAP, CSQA, MACS Snr, MRMIA

Andrew Cox is a corporate governance professional with extensive experience in governance, audit and risk management. He has managed Internal Audit Departments over his career including Senior Executive roles as National Manager of Internal Audit at Centrelink and Director of Risk Management Services for the Northern Territory Government.

He previously worked with the federal government of the United Arab Emirates, where he was Chief Operating and Project Director for a major capacity building project to develop external audit, implement performance audit, and put in place fraud control programs. He was responsible for the first performance audit in the United Arab Emirates (UAE) – ‘Preventing and managing diabetes’.

He is considered a subject matter expert at ‘auditing auditors’ and has performed more than 250 Quality Assessments of Internal Audit Departments in corporate and public sector organisations in Australia and internationally.

He has worked in Australia, Afghanistan, Bahrain, Bangladesh, Brunei, Fiji, France, Ghana, Indonesia, Iraq, Kuwait, Malaysia, Netherlands, New Zealand, Papua New Guinea, Qatar, Saudi Arabia, Uganda, UAE, UK and USA.

Internationally he has worked for the Asian Development Bank, Commonwealth Secretariat, Department of Foreign Affairs and Trade Australian Aid Program, Irish Aid, UK Department for International Development, World Bank, Institute of Internal Auditors, and the federal government of the UAE.

His clients have included Abu Dhabi Investment Authority, ActewAGL, ANZ Bank, Austrade, Australian Broadcasting Corporation, Australian National University, Australian Taxation Office, BHP Billiton, Department of Defence, Department of Human Services (Centrelink, Medicare), Department of Immigration, Dubai Investments, Energex, Hamad Medical Corporation, Hewlett Packard, Hydro Tasmania, Lockheed Martin, Lotterywest, Mobily, National Blood Authority, National Shipping Company of Saudi Arabia, NCB Capital, Rio Tinto, Saudi Public Investment Fund, Saudi Telecom, Sidra Medical and Research Centre, Suncorp, Western Power and Woodside Energy.

He has made presentations on internal auditing in forums in Australia and internationally and has taught internal auditing in Australia and other countries. He was formerly unit co-ordinator for postgraduate risk management at Murdoch University in Western Australia. He authored the IIA–Australia publication ‘Internal Audit in Australia’ and co-authored ‘Audit Committees – A Guide to Good Practice, 3rd edition’ issued by AICD / AUASB / IIA–Australia. He has authored white papers and fact sheets for the IIA–Australia.

He is independent chair of audit committees at the Department of Mines Industry Regulation and Safety in WA, MyLeave in WA, and the Queanbeyan–Palerang Regional Council in NSW. He is an independent member of audit committees at the Australian Institute of Aboriginal and Torres Strait Islander Studies, ACT Government Justice and Community Safety Directorate and City of Ryde in NSW. He was formerly a member of the assessment committee to evaluate applications for the NSW Government audit and risk committee prequalification scheme. He previously served on audit committees at the Department of the Prime Minister and Cabinet, the Department of Social Services and the Australian Public Service Commission. - 68 -

Reviewer Biographies



Tania Stegemann

MComm, GradDipAdvAcc, FCA, PFIIA, CIA, CRMA

Tania is a seasoned risk and assurance practitioner with over 25 years specialising in audit and risk. She has a strong focus on commerciality and achieving productive and practical outcomes through the risk, assurance and governance process. She has specific expertise in the development of risk and control frameworks in diverse, geographically dispersed and complex organisations and has worked extensively in emerging markets such as Asia and Africa.

Tania commenced her career in public practice, spending 10 years with KPMG and Ernst & Young in both the internal audit and external audit practices. She then moved into the corporate sector and has held senior roles with a number of Australian ASX Top 200' companies including Leighton Group, Rio Tinto, Suncorp, BHP and Tabcorp Holdings.

Tania was previously the Audit Manager Casinos Division for Tabcorp with sole responsibility for developing, conducting and delivering the internal audit plan for Tabcorp's (then) four casinos. During her time at Tabcorp Tania also worked extensively with the risk management function and was project manager for development of the Tabcorp Anti Money Laundering (ALM) framework.

Tania then moved into the mining and construction industries working as Global Practice Leader Internal Audit and Director Assurance Planning for Rio Tinto, and then Executive Audit Manager for the Leighton Group. During her time with Rio Tinto Tania was responsible for all aspects of internal audit methodology, internal audit delivery and quality assurance including establishment of an internal audit function at the company operations in Mongolia and assessment of the internal audit function of newly acquired subsidiaries in South Africa. At Leighton Tania was responsible for delivering the internal audit plan and managing the internal audit teams for two key businesses – Leighton Contractors (now CPB Contractors) and John Holland.

Tania is currently on special assignment as Director of Compliance for Catholic Professional Standards, an independent entity established by the Australian Catholic Church, where she is responsible for development of an audit, risk and compliance framework in response to recommendations arising from the Royal Commission into Child Sexual Abuse.

Tania is a strong and proficient communicator and presents regularly to the wider audit and risk community. She is passionate about education and training and has been a member of many advisory groups on risk and audit both nationally and globally, including IIA–Australia representative on the Standards Australia Risk Management Committee responsible for Australian adoption of the ISO 31000 risk management standard. She is also an IIA–Australia Board Director, Chair of the IIA–Global Research and Education Committee and past Chair of the IIA–Victoria Chapter.

Statement of Limitation



The Institute of Internal Auditors–Australia

This report has been prepared at the request of Crown Resorts Limited (Crown) in connection with our engagement to perform an independent external assessment of the Internal Audit Department at Crown.

All information included in this report is proprietary and confidential and is intended for internal use by Crown.

Other than our responsibility to Crown, neither the Institute of Internal Auditors–Australia nor the persons undertaking the external assessment take responsibility arising in any way from reliance placed by a third party on this report.

We believe the statements made in this report are accurate, but no warranty of accuracy or reliability is given in relation to information and documentation provided by Crown.

Considerable professional judgment is involved in performing an external assessment and developing this report. Accordingly, it should be recognised that others could evaluate the results differently and may draw different conclusions.