

# Corporate Governance Statement

The Crown Limited Board is committed to the implementation and maintenance of good corporate governance practices.

Crown was admitted to the official list of the ASX on 3 December 2007 (**Listing**) and has been subject to the ASX Listing Rules since that time.

As a newly listed entity, Crown has taken the opportunity to establish structured corporate governance practices appropriate to Crown and the industry in which it operates.

This Statement sets out the extent to which Crown Limited (**Crown**) has followed the best practice recommendations set by the ASX Corporate Governance Council during the period commencing from its Listing to 30 June 2008.

Crown has elected to report against the Corporate Governance Principles and Recommendations (**Revised Principles**) released by the Council on 2 August 2007.

## Principle 1

### Lay solid foundations for management and oversight

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#### *Functions reserved for the Board*

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

The Board has adopted a formal Board Charter which sets out a list of specific functions which are reserved for the Board.

#### *Functions delegated to Senior Management*

Management has responsibility for matters which are not specifically reserved for the Board (such as the day-to-day management of the operations and administration of Crown).

#### *Process for evaluating performance of senior executives*

Crown has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

Detailed information regarding Crown's remuneration practices is provided in the Remuneration Report, commencing at page 33.

#### *Induction process for new senior executives*

Crown senior executives are required to undertake formal induction training through Crown's on-site accredited training facility – Crown College.

The program involves training about:

- the history and development of the Crown brand and business;
- the main legal and regulatory obligations affecting the Crown business; and
- the rights and obligations of Crown employees.

As part of the induction program, senior executives are required to successfully complete a series of online training modules and to pass the associated assessment.



### *More information*

A full copy of the Crown **Board Charter** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Charters.

## **Principle 2**

### **Structure the board to add value**

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#### *Composition of the Board*

As at the date of this Statement, the Board comprises the following eleven directors:

- James D Packer  
**Executive Chairman**
- John H Alexander BA  
**Executive Deputy Chairman**
- Christopher J Anderson BEc  
**Non-independent, non-executive Director**
- Christopher D Corrigan  
**Independent, non-executive Director**
- Rowen B Craigie BEc (Hons)  
**Chief Executive Officer and Managing Director**
- Rowena Danziger BA, TC, MACE  
**Independent, non-executive Director**
- Geoffrey J Dixon  
**Independent, non-executive Director**
- Ashok P Jacob MBA  
**Non-independent, non-executive Director**
- Michael R Johnston BEc, CA  
**Non-independent, non-executive Director**
- David H Lowy AM, BCom  
**Independent, non-executive Director**
- Richard W Turner AM, BEc, FCA  
**Independent, non-executive Director**

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Information about each director's qualifications, experience and period in office is set out in the Directors' Statutory Report, commencing at page 56.

The roles of Chair and Chief Executive Officer are exercised by separate persons. James Packer acts as Executive Chairman and Rowen Craigie as Chief Executive Officer and Managing Director.

*Relationships affecting independence*

Of Crown's eleven directors, five are independent directors. The independence of directors is assessed against a list of criteria and materiality thresholds. Those criteria have been formally enshrined in the Crown Board Charter. Each director who is listed as an independent director complies with the relevant criteria for independence set out in the Crown Board Charter.

**Departure from Recommendation 2.1:** The Revised Principles recommend that a majority of the Board should be independent directors. Crown does not comply with this recommendation. The Board, however, considers that its shareholders are best served by ensuring that directors have appropriate skills and experience to manage the business of Crown, notwithstanding that they may not be characterised as independent. Almost half of Crown's directors are, however, independent. In addition, all directors have access to independent advice to assist in the discharge of their duties (see further below).

**Departure from Recommendation 2.2:** The Revised Principles recommend that the chair of the Board should be an independent director. Crown's Chairman is not an independent director. The Board believes that the interests of shareholders are best served by a Chairman who would be sanctioned by shareholders and who would act in the best interests of shareholders as a whole. As the Chairman has a significant relevant interest in Crown, he is well placed to act on behalf of shareholders and in their best interests.

*Procedure for selection and appointment of new directors*

In the event that a new director appointment is required, the Board will adhere to procedures including the following:

- the experience and skills appropriate for an appointee, having regard to those of the existing Board members and likely changes to the Board will be considered;
- upon identifying a potential appointee, specific consideration will be given to that candidate's:
  - competencies and qualifications;
  - independence;
  - other directorships and time availability; and
  - the effect that their appointment would have on the overall balance and composition of the Board; and
- finally, all existing Board members must consent to the proposed appointment.

**Departure from Recommendation 2.4:** The Revised Principles recommend that the Board should establish a Nomination Committee. The Board has not established a Nomination Committee as it does not consider that the process for determining potential directors would be made more efficient by doing so. The appointment of new directors is a matter specifically reserved to the Board. In appropriate circumstances, the Board may delegate some or all of this process to a relevant Committee.

*Process for evaluating performance of the Board, its Committees and its members*

A performance evaluation of the Board and of its Committees is undertaken annually, following completion of each financial year, by way of a questionnaire sent to each Board and Committee member.

The questionnaire covers the role, composition, procedure and practices of the Board and its Committees. The individual responses to the questionnaire are confidential to each Board/Committee member, with questionnaire responses to be provided to the Chairman of the Audit & Corporate Governance Committee for his consideration and provision to the Executive Chairman of the Board.

### *Procedures for taking independent advice*

To enable Crown's Board to fulfil its role, each director may obtain independent advice on relevant matters at Crown's expense. In these circumstances, the director must notify the Executive Chairman of the nature of the advice sought prior to obtaining that advice, so that the Executive Chairman can take steps to ensure that the party from whom advice is sought has no material conflict of interest with Crown. The Executive Chairman is also responsible for approving payment of invoices in relation to the external advice.

In addition, each Board Committee has the full authority of the Board to:

- communicate and consult with external and internal persons and organisations concerning matters delegated to the Committee; and
- appoint independent experts to provide advice on matters delegated to the Committee.

### *Crown Board Committees*

To assist in carrying out its responsibilities, the Crown Board has established the following Committees:

Committees	Current Members	Meetings held since Listing	Attended by
<b>Audit &amp; Corporate Governance</b>	Richard Turner (Chair) Michael Johnston Rowena Danziger	19 February 2008 20 May 2008	All members
<b>Finance*</b>	Geoffrey Dixon (Chair) Michael Johnston Richard Turner		
<b>Investment*</b>	James Packer (Chair) John Alexander Ashok Jacob Rowen Craigie		
<b>Occupational Health &amp; Safety</b>	Rowena Danziger (Chair) Michael Johnston Rowen Craigie	13 March 2008 20 May 2008	All members
<b>Remuneration**</b>	James Packer (Chair) John Alexander Geoffrey Dixon		
<b>Risk Management</b>	Geoffrey Dixon (Chair) Rowena Danziger Rowen Craigie	13 June 2008	All members

\* The Investment Committee and the Finance Committee have not met since Listing.

\*\* The primary role of the Remuneration Committee is to review non-executive director remuneration. The Committee meets once a year to review performance for the previous year. Accordingly, the Committee has not met since Listing.

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Each Committee has adopted a formal Charter that outlines its duties and responsibilities.



### *More information*

A full copy of each of Crown's **Committee Charters** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Charters.

A description of the procedure for selection, appointment and re-election of directors is available on the Crown website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Policies.

### Principle 3 Promote ethical and responsible decision-making

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#### *Codes of conduct*

Crown has established separate Codes of Conduct that outline the standard of ethical behaviour that is expected of its Directors and of its employees at all times.

The Code of Conduct for Employees is a detailed statement of the:

- practices required by employees to maintain confidence in Crown's integrity;
- the legal obligations of employees and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

#### *Policy concerning trading in company securities*

Crown has adopted a formal Securities Trading Policy which details Crown's policy concerning trading in company securities by directors, senior executives and employees.

The Securities Trading Policy:

- includes a requirement that employees do not buy and sell Crown shares and securities within a 12 month period (ie that they do not short trade);
- establishes formal "trading windows" during which Crown employees can and cannot trade in Crown shares and securities;
- sets out Crown's policy on entering into transactions in associated products which limit economic risk; and
- summarises the application of the insider trading provisions of the Corporations Act and the consequences of contravention thereof.



#### *More information*

Full copies of Crown's **Code of Conduct for Directors** and **Code of Conduct for Employees** are available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Codes.

A full copy of Crown's **Securities Trading Policy** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Policies.

## Principle 4 Safeguard integrity in financial reporting

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### *Crown Audit Committee and Charter*

As indicated above, Crown has established a formal Audit & Corporate Governance Committee to review the integrity of Crown's financial reporting and to oversee the independence of Crown's external auditors.

The members of the Audit & Corporate Governance Committee are Richard Turner (Chair), Rowena Danziger and Michael Johnston. All members of the Committee are non-executive directors and a majority of those Committee members are independent directors.

The Chairman of the Audit & Corporate Governance Committee, Mr Richard Turner is an independent director who has extensive financial qualifications and experience, having been an audit partner at Ernst & Young and having held the position of Chief Executive Officer of Ernst & Young prior to his retirement in 1994.

Further information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report, commencing at page 56.

The Audit & Corporate Governance Committee has adopted a formal Charter that outlines its duties and responsibilities.

The Charter includes information on the procedures for selection and appointment of the external auditor of Crown and for the rotation of external audit engagement partners.

### *More information*

A full copy of Crown's **Audit & Corporate Governance Committee Charter** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Charters.

## Principle 5 Make timely and balanced disclosure

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### *Policy to ensure compliance with ASX Listing Rule disclosure requirements*

Crown has a formal Continuous Disclosure Policy in place which is designed to ensure compliance with ASX Listing Rule requirements. The Policy details processes for:

- ensuring material information is communicated to Crown's Chief Executive Officer, its General Counsel and Company Secretary or a member of the Audit & Corporate Governance Committee;
- the assessment of information and for the disclosure of Material Information to the market; and
- the broader publication of Material Information to Crown's shareholders and the media.

### *More information*

A full copy of Crown's **Continuous Disclosure Policy** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Policies.

## Principle 6 Respect the rights of shareholders

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### *Promotion of effective communication with shareholders*

Crown has designed a Communications Policy which seeks to promote effective communication with its shareholders. The Policy explains how information concerning Crown will be communicated to shareholders. The communication channels include:

- Crown's Full Financial Annual Report;
- disclosures made to ASX; and
- notices of meeting and other explanatory memoranda.

Crown has a dedicated corporate website which includes copies of all communications and other company information.

### *More information*

A full copy of Crown's **Communication Policy** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Policies.

## Principle 7 Recognise and manage risk

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### *Policy for the oversight and management of material business risks*

Crown has established policies for the oversight and management of material business risks and has adopted a formal Risk Management Policy. Risk management is an integral part of the industry in which Crown operates.

### *Design and implementation of risk management and internal control systems*

The Board requires Crown's management to devise and implement risk management systems and to monitor the effectiveness of those systems. The Board convened Risk Management Committee is charged with administering Crown's Risk Management Policy.

The Policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of Crown's controlled businesses and requires that the results of those procedures are reported to the Crown Board.

The Board has received, and will continue to receive, periodic reports through the Risk Management Committee, summarising the results of risk management initiatives at Crown.

### *Chief Executive Officer and Chief Financial Officer assurances*

The Crown Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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### *More information*

A full copy of Crown's **Risk Management Committee Charter** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Charters.

A full copy of Crown's **Risk Management Policy** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Policies.

## Principle 8 Remunerate fairly and responsibly

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### *Remuneration of Board members and Senior Executives*

As indicated earlier, Crown has established a formal Remuneration Committee. The role of the Remuneration Committee is to review and recommend appropriate Directors' Fees to be paid to non-executive Directors. At the discretion of the Crown Board, the role of this Committee may be extended to the remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

The current members of the Remuneration Committee are James Packer (Chair), John Alexander and Geoffrey Dixon.

Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report, commencing at page 56.

The Remuneration Committee has adopted a formal Charter that outlines its duties and responsibilities.

A summary of current remuneration arrangements is set out more fully in the Remuneration Report, commencing at page 33.

The objective of Crown's remuneration policy is to ensure that:

- senior executives are motivated to pursue the long-term growth and success of Crown; and
- there is a clear relationship between senior executives' performance and remuneration.

**Departure from Recommendation 8.1:** The Revised Principles recommend that the Remuneration Committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least three members.

Whilst the composition and responsibilities of the Committee are not consistent with the recommendations in the Revised Principles, the Committee provides an effective and efficient mechanism for consideration of appropriate remuneration policy for Crown, responsibility for which ultimately lies with the Crown Board.

### *Policy on entering into transactions in associated products which limit economic risk*

Crown's policy on directors and employees entering into transactions in associated products which limit economic risk is referred to in its Securities Trading Policy.

The Policy provides that in accordance with the Rules of the Executive Share Plan (**ESP**) operated by Crown those "Directors and employees of the Crown Group" who hold Crown shares under the ESP must not, without the prior consent in writing of Crown, sell, create a security interest in, or otherwise dispose or deal with their Crown shares or any of their interests in any of those Crown shares.

### *More information*

A full copy of Crown's **Remuneration Committee Charter** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Charters.

A full copy of Crown's **Remuneration Policy** is available on its website at: [www.crownlimited.com](http://www.crownlimited.com) under the heading Corporate Governance – Policies.