

# Corporate Governance Statement

The Crown Resorts Limited Board is committed to the implementation and maintenance of good corporate governance practices. This Statement sets out the extent to which Crown Resorts Limited (Crown) has followed the best practice recommendations set by the ASX Corporate Governance Council (the Principles and Recommendations) during the twelve month period ending 30 June 2014. The disclosures in this Statement respond to the ASX Corporate Governance Council's second edition of its Corporate Governance Principles and Recommendations. Crown will make disclosures in response to the third edition in its 2015 Annual Report.

## Principle 1 Lay Solid Foundations for Management and Oversight

### Functions reserved for the Board

The Board is responsible for guiding and monitoring Crown on behalf of its shareholders. In addition, the Board (in conjunction with management) 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.

Board appointments are made pursuant to formal terms of appointment.

### Functions delegated to Senior Executives

Crown's senior executives have 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. An evaluation of senior executives took place following the end of the financial year and in accordance with the processes described in the Remuneration Report.

### Induction process for new executives

Crown executives are required to undertake formal induction training through either the Crown Melbourne on-site accredited training facility – Crown College, or Crown Perth's on-site training program.

The program involves training about:

- the history and development of the Crown brand and businesses;
- the main legal and regulatory obligations affecting the Crown businesses;
- Crown's responsible gaming policies and procedures;
- Crown's responsible service of alcohol policies; and
- the rights and obligations of Crown employees.

As part of the induction program, 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 at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

## Principle 2 Structure the Board to add value

### Composition of the Board

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

- James D Packer  
**Chairman**
- John H Alexander BA  
**Executive Deputy Chairman**
- Benjamin A Brazil BCom LLB  
**Independent, Non-Executive Director**
- Helen A Coonan BA, LLB  
**Independent, Non-Executive Director**
- Rowen B Craigie BEd (Hons)  
**Chief Executive Officer and Managing Director**
- Rowena Danziger AM, BA, TC, MACE  
**Independent, Non-Executive Director**
- Geoffrey J Dixon  
**Independent, Non-Executive Director**
- Professor John S Horvath AO, MB, BS (Syd), FRACP  
**Independent, Non-Executive Director**
- Ashok Jacob MBA  
**Non-independent, Non-Executive Director**

- Michael R Johnston BEc, CA  
**Non-independent, Non-Executive Director**
- Harold C Mitchell AC  
**Independent, Non-Executive Director**

Mr Christopher D Corrigan resigned as a director of the Company during the financial year. Information about each current Director's qualifications, experience and period in office is set out in the Directors' Statutory Report. Since year end, the Board approved the appointment of Mr Andrew Demetriou as a director, subject to receipt of all necessary regulatory approvals. Mr Demetriou's appointment will only become effective once the necessary approvals have been received.

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

### Relationships affecting independence

The Crown Board is currently comprised of eleven Directors, six of whom are independent Directors. A majority of Directors are therefore independent.

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 2.2:** The Principles and Recommendations 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 is sanctioned by shareholders and who will 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

Where a new Director appointment is required, Crown adheres to procedures (Selection Procedure) 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 are considered;
- upon identifying a potential appointee, specific consideration is 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.

The duties, responsibilities and powers of Crown's Nomination and Remuneration Committee extend to reviewing the Selection Procedure and making appropriate recommendations to the Board in relation to the Selection Procedure. The Committee is responsible for implementing the Selection Procedure and developing succession plans in order for the Board to maintain appropriate experience, expertise and diversity.

The re-appointment procedures for incumbent Directors are as outlined in Crown's Constitution. In summary, subject to the specific matters described in the Constitution, an election of Directors must take place each year at which one third of Directors must retire. Any Director who has been in office for three or more years and for three or more annual general meetings must also retire. Directors who retire are generally eligible for re-election.

### Process for evaluating performance of the Board, its Committees and its Directors

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 Director.

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 Director, with questionnaire responses to be provided to the Chairman of the Nomination and Remuneration Committee for his consideration and provision of a report to the Board.

Crown's Nomination and Remuneration Committee also has delegated responsibility for reviewing Crown's procedure for the evaluation of the performance of the Board, its Committees and its Directors.

An evaluation of the Board and its Committees took place following the end of the financial year and in accordance with the processes described above.

### 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 Chairman of the nature of the advice sought prior to obtaining that advice, so that the Chairman can take steps to

ensure that the party from whom advice is sought has no material conflict of interest with Crown. The Chairman is also responsible for approving payment of invoices in relation to the external advice.

In addition, each 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 during FY 2014
Audit & Corporate Governance	Benjamin Brazil (Chair) Rowena Danziger Michael Johnston	4
Corporate Social Responsibility	Helen Coonan (Chair) Rowen Craigie John Horvath Harold Mitchell	3
Finance <sup>1</sup>	Geoffrey Dixon (Chair) Benjamin Brazil Michael Johnston	0
Investment <sup>2</sup>	James Packer (Chair) John Alexander Rowen Craigie Ashok Jacob	0
Nomination and Remuneration	Geoffrey Dixon (Chair) John Horvath Harold Mitchell	1
Occupational Health & Safety	Rowena Danziger (Chair) Rowen Craigie John Horvath Michael Johnston	4
Responsible Gaming	John Horvath (Chair) Rowen Craigie Rowena Danziger	6
Risk Management	Geoffrey Dixon (Chair) Rowen Craigie Rowena Danziger	2

1. The Finance Committee did not meet this financial year.

2. The Investment Committee did not meet this financial year, however there were four written resolutions assented to by the Committee during financial year 2014.

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



#### More information

A full copy of each of the Crown Committee Charters is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) 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.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance.

## Principle 3 Promote Ethical and Responsible Decision-Making

### 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;
- legal obligations of employees and the reasonable expectations of their stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

### Policy concerning diversity

Crown has established a policy concerning diversity and disclosed its policy on its website. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

In accordance with the policy, Crown has established the measurable objectives for achieving gender diversity set out below. Except where specifically noted, these objectives have been set in relation to employees of Crown Resorts Limited, Crown Melbourne and Crown Perth groups.

An assessment of Crown's progress in achieving those objectives has also been included.

Objective	Crown's Progress
<ul style="list-style-type: none"> <li>• To require that at least one female candidate is presented on candidate short lists for all Senior Management and Senior Executive positions within the group for which a recruitment process is undertaken.</li> </ul>	<p><i>Crown Resorts – operating across both Crown Melbourne and Crown Perth</i></p> <p>Four senior positions operating across both properties were filled during FY14. Of those four positions, three were filled by females. The one role not filled by a female had no female shortlisted as no suitable female candidate was available.</p> <p>In addition, there were three senior management and senior executive positions that were filled via internal movements only. One of the three was a female appointed into the role. For the other two roles where males were appointed, no other candidates were shortlisted.</p> <p><i>Crown Melbourne</i></p> <p>Four recruitment processes for senior managers and senior executive positions were undertaken. At least one female was on each shortlist for two of the roles and one female was successful in gaining the role. There were no suitable female candidates for the two roles where no female was shortlisted.</p>
<ul style="list-style-type: none"> <li>• To increase the number of female participants in leadership and development programs across the group so that by 2015 females represent at least 45% of all participants.</li> </ul>	<p>During the year, 37% of participants in leadership and development programs across the group were female. This represents a decrease on the percentage participation in 2013 of 40%.</p> <p>Crown Melbourne and Crown Perth will continue to monitor female enrolments, both targeting and encouraging female participation in FY15.</p>
<ul style="list-style-type: none"> <li>• To incorporate a targeted mentoring program for women into existing group leadership and development programs.</li> </ul>	<p>During FY14, Crown commenced a project to scope a number of targeted programs through meeting with several external providers to best source programs that meet the business needs and gender objectives.</p> <p>These providers have presented a number of options, such as one-on-one coaching for mid to senior level employees, and more tailored programs with a broader reach across different levels.</p> <p>Crown will review these providers' recommendations to source options throughout FY15.</p>

Objective	Crown's Progress
<ul style="list-style-type: none"> <li>To conduct a review on an annual basis of the remuneration for key roles within the group to ascertain the existence of any gender pay gaps and to implement action plans to address any such gaps.</li> </ul>	<p>Crown has conducted an annual review of the remuneration of the Business Operations Teams within Crown's major operating subsidiaries, Crown Melbourne and Crown Perth. The average total male remuneration at Crown Melbourne was \$255,220 and the average total female remuneration was \$232,897. The average total male remuneration at Crown Perth was \$210,560 and the average total female remuneration was \$152,330.</p> <p>This suggested there may have been a gender based pay gap at senior levels. However, analysis was conducted to break down the data to see whether this gap exists within the same "pay grade", as the Business Operations Teams encompass several "pay grades".</p> <p>Crown Melbourne examined the grade levels within the Business Operations Team, of which there are three, comparing male and female remuneration, number of employees, and length of service within each grade level. The analysis indicated that females actually earned more than their male counterparts for two of the grade levels. In the one grade level where males on average had a higher TPV, the average length of service for the males was more than double that of the females in this group. This indicates there is no significant difference in the gender pay gap.</p> <p>The Crown Perth grade system also has three pay grades covering employees on the Business Operations Team. An analysis was conducted comparing TPVs within each grade that revealed a substantially smaller gap between male and female salaries in one of the grade levels, and females actually higher than males in another grade level. For the one grade level whereby males were being paid a higher TPV, the presence of an outlier has been identified as impacting the results.</p> <p>Crown Resorts is currently undertaking a comprehensive review of its remuneration framework to be applied across both Crown Melbourne and Crown Perth. The objective of this review is to ensure our remuneration practices continue to be applied in a consistent and fair manner, most notably in relation to the issue of gender pay equity.</p>

The proportion of women employees in the group, women in senior executive positions and women on the Board as at 30 June 2014 is as follows:

Measure	Result
<ul style="list-style-type: none"> <li>Proportion of women employees in the group:</li> </ul>	There were 5,097 women in the group. This represents 43% of the total workforce of 11,772 employees.
<ul style="list-style-type: none"> <li>Proportion of women in senior executive positions in the group:</li> </ul>	There were 29 women in senior executive positions in the group. This represents 28% of senior positions in the group.
<ul style="list-style-type: none"> <li>Proportion of women on the Board:</li> </ul>	Two women out of eleven directors, or 18%.

Crown's Audit & Corporate Governance Committee has been delegated responsibility for developing and monitoring the application of Crown's Diversity Policy.

### Policy concerning trading in company securities

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

The Securities Trading Policy:

- includes a requirement that employees do not buy and sell Crown shares within a 12 month period (i.e. that they do not short trade);
- establishes formal "trading windows" during which Crown employees can and cannot trade in Crown shares;
- includes restrictions and clearance procedures as to when trading can and cannot occur;
- 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 2001 and the consequences of contravention thereof.

A copy of the Securities Trading Policy has been given to Australian Securities Exchange and released to the market.

### Policy concerning political donations

Crown has adopted a formal Political Donations Policy which details Crown's policy regarding donations to political parties.

The policy imposes annual monetary limits on political donations and sets up a framework to ensure Crown is able to comply with relevant State based and Commonwealth reporting requirements.

In summary, the policy provides that Crown may make political donations, provided that:

- the contributions support public policy which is aligned to the best interests of Crown's shareholders, customers, staff and the broader community;
- no particular political party is unduly favoured; and
- contributions are approved, made and recorded in compliance with the requirements of the policy and any other legislative requirements.

### Policy concerning anti-corruption and bribery

Crown has adopted a formal Anti-bribery and Corruption Policy which details Crown's policy concerning acts of bribery and corruption.

Crown takes a zero tolerance approach to acts of bribery and corruption by any officers, employees, third-party representatives or business partners.

Crown's Anti-bribery and Corruption Policy requires that Crown not, either directly or indirectly, solicit, encourage or accept any form of bribe from anyone, including a business partner, a supplier, a customer or fellow employees as an inducement for business, information or any other purpose.

The Crown Board is fully committed to the implementation of a zero tolerance Anti-bribery and Corruption Policy. The Board and senior management team must continue to foster a culture within Crown in which bribery or corruption is not acceptable.

Employees who are required to deal with external suppliers of goods and services to Crown must avoid placing themselves in situations of a potential conflict of interest.

It is a fundamental principle of Crown that all of its business affairs be conducted legally, ethically and with strict observance of the highest standards of integrity and professionalism.

### Corporate Social Responsibility

Crown's Corporate Social Responsibility Committee assists the Board in setting Crown's corporate social responsibility policies and programs and assessing Crown's corporate social responsibility performance.

Among other things, the Committee's mandate extends to continuing Crown's efforts in establishing appropriate corporate social responsibility policies and programs, monitoring and reviewing the effectiveness of those policies and programs and promoting and supporting continuous improvement in Crown's corporate social responsibility performance.



#### More information

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

A full copy of Crown's Diversity Policy is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

A full copy of Crown's Securities Trading Policy is available at:

[www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

A full copy of Crown's Anti-Bribery and Corruption Policy is available at:

[www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

A full copy of Crown's Corporate Social Responsibility Charter is available at:

[www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.

## Principle 4 Safeguard Integrity in Financial Reporting

### Crown Audit & Corporate Governance 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 current members of the Audit & Corporate Governance Committee are Ben Brazil (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 Ben Brazil is an independent Director who has extensive financial qualifications and experience. He holds a Bachelor of Commerce degree and holds a senior role at Macquarie Bank in the Corporate and Asset Finance Group.

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

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.

## Principle 5 Make Timely and Balanced Disclosure

### 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 at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Policies.

## Principle 6 Respect the Rights of Shareholders

### Promotion of effective communication with shareholders

Crown has 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 Annual Report;
- disclosures made to the 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.

Advance notification of results announcements is made via Crown's website.



#### More information

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

## Principle 7 Recognise and Manage Risk

### 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

As required by the Board, Crown's management have devised and implemented risk management systems appropriate to Crown.

Management are charged with monitoring the effectiveness of risk management systems and are required to report to the Board via the Risk Management Committee. The Board convened Risk Management Committee administers 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. A formal Risk Management Plan has been developed using the model outlined in AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

The Plan identifies specific Head Office risks in light of major risks identified at an operational level and provides the framework for the reporting and monitoring of material risks across the Crown group.

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 2001 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.



#### More information

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

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

## Principle 8 Remunerate Fairly and Responsibly

### Remuneration of Board members and Senior Executives

Crown has established a formal Nomination and Remuneration Committee. The role of the Nomination and Remuneration Committee includes:

- the review and recommendation of appropriate Directors' fees to be paid to Non-Executive Directors; and
- consideration of remuneration policies to be applied to executives, including any equity-based remuneration plan that may be considered, subject to shareholder approval (where required).

Following the end of the financial year, the Committee has reviewed and approved:

- the remuneration for senior executives which will apply during the financial year ending 30 June 2015; and
- the short term bonus payments made to senior executives referable to the financial year ending 30 June 2014.

The current members of the Nomination and Remuneration Committee are Geoffrey Dixon (Chair), John Horvath and Harold Mitchell who are each independent, Non-Executive Directors. Information about each Committee member's qualifications and experience is set out in the Directors' Statutory Report.

The Nomination and 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. 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.

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

The rules of the 2010 Crown Long Term Incentive Plan and the 2014 Crown Long Term Incentive Plan specifically provide that a participant must not grant or enter into any Security Interest in or over any Crown shares that may be acquired under the Plan (Participant Shares) or otherwise deal with any Participant Shares or interest in them until the relevant Participant Shares are transferred from the Trustee to the participant in accordance with the Plan rules. Security Interests are defined to extend to any mortgage, charge, pledge or lien or other encumbrance of any nature, and includes any derivative relating to or involving a Participant Share. Any Security Interest, disposal or dealing made by a participant in contravention of the Plan rules will not be recognised by Crown.



#### More information

A full copy of Crown's Nomination and Remuneration Committee Charter is available at: [www.crownresorts.com.au](http://www.crownresorts.com.au) under the heading Corporate Governance – Charters.