



THE STAR REMEDICATION UPDATE

12 July 2024

1. OVERVIEW AND OUR COMMITMENT

The Star welcomes millions of guests every year across its three properties in Brisbane, the Gold Coast and Sydney. We employ approximately 8000 team members while also supporting downstream employment and are proud to support the communities in which we operate.

In recent years, as evidenced in the various public inquiries, there have been numerous systemic and leadership failings at The Star Entertainment Group that created a culture where criminal activity could thrive. We did not take sufficient action to address gambling harm, nor did The Star work constructively and respectfully with our regulators.

Our Board and Group Leadership Team unreservedly acknowledge past wrongdoing, apologise for letting the public and our own team members down, and commit to setting things right so we can emerge as a new, safe, sustainable and stronger business for the future.

We fully appreciate the responsibilities involved in holding casino licences in Queensland and New South Wales and are absolutely committed to rebuilding The Star as a transparent, accountable organisation, founded on a strong ethical framework and supported by robust leadership and governance so we may once again have the trust of all of our stakeholders including our guests, regulators, the Manager/Special Manager, shareholders, suppliers, partners, the community and our dedicated team members.

Our team members today care deeply about doing what is right and are strongly committed to values-driven behaviours. The Star is committed to doing what is required to retain and regain our licences to operate our casinos in Queensland and New South Wales respectively.

As part of our work to transform our organisation and return to suitability, we remain committed to delivering a range of improved outcomes for our teams, guests and the communities of Queensland and New South Wales:

A clear strategy

We will have a clearly defined corporate strategy which is aligned with our purpose, values and principles and gives appropriate context to the significant remediation work underway to restore trust, rebuild credibility, regain suitability to hold our casino licences, and transform our organisation into a sustainable business for the long term.

Leadership and accountability

We will have senior leaders in place who set the right tone for our organisation. Team members will be supported to speak up and stand up for what is right.

Culture reform

We will create an environment for our people that continuously reinforces ethical decision making in line with our purpose, values and principles.

Safer gambling

We are committed to minimising gambling harm. We will design, implement and embed best practice safer gambling policies and practices that are informed by community engagement and academic and public health research to provide a safe place for our guests to play.

Financial crime prevention

We will have a clearly defined and comprehensive financial crime policy framework and operating model, where all teams across the organisation understand their financial crime obligations, accountabilities and how to identify and report financial crime risks.

Uplift in governance

We will continue to improve the Board and senior management's ability to effectively oversee and control casino operations in each property by strengthening transparency, being open to feedback and self-correcting where needed.

Enhanced operational processes

We will have the appropriate risk management framework, compliance and regulatory engagement practices and strengthened controls in each property to provide a safe and sustainable platform to operate and grow our business into the future.

Continuous improvement and quality assurance

We will have robust mechanisms to identify and self-correct as required to ensure the mistakes of the past are not repeated, including a strong internal audit and assurance capability with direct accountability to the Board.

Based on the current timelines, we anticipate that the most material uplifts will be delivered progressively within the next 12-18 months.

In August 2024, **The Star Brisbane** will open in the heart of the multi-billion dollar Queen's Wharf precinct, offering world-class hotels, restaurants, bars and event spaces. The opening of the new casino is subject to the approval of the government. The Remediation Plan, including the proposed amendments, will enable The Star Brisbane to operate in accordance with enhanced Internal Controls and Operating Procedures to provide a safe environment for our guests and will benefit from all of our initiatives.

To date, some key highlights of work completed or in progress include:

Transforming our culture

We have appointed a new General Manager of Culture and Organisational Development, and developed a comprehensive strategy for reinforcing our new purpose, values and principles into the day-to-day decision making and behaviour of our people, including a consequence management program. We have created a specific strategy for supporting our people to feel safe in raising and escalating any concerns they have. We have also developed a culture measurement strategy to underpin regular self-assessment of our cultural progress.

Leadership and accountability

We have made several significant leadership appointments to enable the remediation and transformation of our organisation. These include Steve McCann as our Group CEO (subject to regulatory approvals), Jeannie Mok as Group Chief Operating Officer (subject to regulatory approvals), Daniel Finch as CEO of The Star Brisbane, Janelle Campbell as CEO of The Star Sydney, Neale O'Connell as Interim Group Chief Financial Officer as well as Rowena Craze as Group Chief Audit Officer (subject to regulatory approvals). The Star is currently making organisational updates to increase the accountability and direct supervision at each property and we expect this change to be substantially complete by the end of 2024.

Safer gambling

We have completed a baseline assessment of our safer gambling culture at all levels of our organisation. This will inform our ongoing policy and operating process improvements to provide a safer place for our guests to play. We have proactively engaged with key stakeholders via the establishment of the Safer Gambling Advisory Panel and the Australasian Gambling Industry Forum. These two initiatives facilitate the flow of useful information between The Star and other stakeholders, with harm minimisation being the core focus. Internally, The Star has uplifted resourcing and capability and implemented additional new controls around time-play management. We have also launched a pilot of predictive models to identify patrons at elevated risk of gambling harm, based on patterns of play and not just observable characteristics.

Financial Crime Prevention

We continue to work to improve our customer due diligence processes across the areas of transaction monitoring, customer and product risk assessment. We have enhanced our capability and capacity through the onboarding of additional subject matter experts to support our financial crime operations and have developed and implemented a new Anti-Money Laundering / Counter Terrorism Financing Program.

Uplift in governance

Anne Ward has been appointed as Chair of the Board. As part of the focus on the individual properties, The Star has implemented property level risk committees to improve oversight and focus on issues specific to each property. The Board has appointed Elizabeth Arzadon as an advisor to the Board relating to culture and leadership transformation.

Enhanced operational processes

We have invested in the design and implementation of controls at both a Group and property level. This has included the implementation of revised regulator Internal Control Manuals (ICMs) in New South Wales in July 2023 and the current implementation of the Queensland ICMs to support the opening of The Star Brisbane and uplift for The Star Gold Coast. This work has improved the control environment and is a key step in The Star being better able to manage its operations. Additionally, we have conducted a review, leading to 57 policies and frameworks being uplifted, including our Code of Conduct, Complaints Management, Conflicts of Interest, Responsible Service of Alcohol and Whistleblower Protection policies. These uplifts are intended to provide clarity to all employees of The Star about how they work, what is expected of them in their roles, and what is acceptable conduct.

2. THE CASE FOR CHANGE

Reviews throughout 2021-2023 established that poor leadership, profit over compliance and a lack of transparency, governance, oversight and risk management had enabled financial and other crimes to flourish throughout The Star's properties.

While these reports and recommendations uncovered inappropriate practices and conduct, they were rich in insights and provided direction about where to best direct efforts for remediating The Star, for example: transforming our culture, increasing risk and compliance capability, financial crime prevention, harm minimisation and technology investment.

The team embraced the findings and acknowledged the failings that, unless addressed, would continue to prevent The Star from evolving into the safe, sustainable and values-driven organisation to which the Board and refreshed Group Leadership Team aspired.

A Remediation Plan was developed, outlining 638 actions to respond to the recommendations. After extensive review and input from key stakeholders including Queensland and New South Wales regulators and the Manager/Special Manager, implementation of the plan commenced in October 2023.

3. REMEDIATING THE STAR

Since October 2023, The Star has completed work on 332 activities, or over 50% of the Remediation Plan. Of those activities, 167 have been reviewed and accepted as complete by independent assurance provider KPMG, and another 43 are acknowledged as substantially complete with minor updates required.

4. THE NEED FOR A RESET

The amended Remediation Plan is intended to drive a truly *transformed* organisation, one that prioritises guest and community well-being and better delivers on The Star's commitment to earn back the trust of the people of Queensland and New South Wales.

Since early 2024, it has become clear that the original Remediation Plan over-emphasised delivery of activities rather than outcomes and we have not made significant progress with our remediation efforts in areas such as governance, regulatory engagement, safer gambling and financial crime. Further, as The Star acknowledged in the 2024 Bell Inquiry ("second Bell Inquiry"), the implementation of the Remediation Plan has involved challenges. Considering these lessons learnt, the Remediation Plan needed to be updated and refined to clarify the intended objectives and outcomes, standards of work, and be sequenced so that The Star could better deliver long-lasting behavioural change across The Star's properties.

The review of the Remediation Plan has focused on the needs of each of our properties, examining how activities across focus areas are grouped, sequenced, connected and embedded as well as how change is managed. Additional initiatives relating to strategy, values & ethics and controls have also been added to give greater context and enable a culture of continuous improvement to ensure the changes will successfully embed. The review has identified the need to invest further in the cultural transformation of our business.

The Star is in the process of finalising the amended Remediation Plan and engaging with our Regulators and Manager/Special Manager to obtain feedback. The amended Remediation Plan will be subject to the approval of the Regulator and Government in Queensland and the endorsement of the Manager/Special Manager. In the meantime, we are continuing with our remediation work to deliver the improved outcomes as outlined earlier.

What will not change through the review:

- The plan's focus on addressing past failings, improving The Star's culture and repositioning The Star with a focus on harm minimisation;
- Key deliverables and the prioritisation of important integrity-related milestones;

- The focus on driving sustainable change across properties; and
- Work delivered as part of the Remediation Plan will continue to be independently reviewed by KPMG to ensure it meets required standards.

What will change through the review:

- A greater strategic lens has been applied to activities, resulting in some milestones being linked, streamlined and consolidated, thereby removing duplication;
- Stronger prominence given to values & ethics, leadership and capability;
- Prioritisation of a Group business strategy to support and align the strategies of the properties and provide longer term context for the current remediation work to team members;
- Greater focus on outcomes for each of the properties;
- Better sequencing and understanding of the impacts of technology initiatives;
- Greater consideration of organisation-wide programs, providing a single view of all the changes has been developed. This will enable better planning, sequencing and prioritisation of change activities around peak periods and events such as The Star Brisbane opening and the move to mandatory carded play and daily cash transactions limits; and
- A capability and capacity review is being undertaken to ensure The Star is able to carry out the work in the amended Remediation Plan to the required quality and timelines. This review will also ensure The Star allows sufficient funding and resources to deliver the amended Remediation Plan.

In the next six months, we look forward to delivering on the following:

A clear strategy

Under our new Group CEO, Steve McCann, The Star will deliver both a corporate strategy and a strategy for each property, focussing on their individual needs to meet suitability and to develop our integrated resorts offering. This will include a customer rewards plan that is fit for purpose in the context of a safer gambling environment. The strategies will be aligned with the move to facilitating greater accountability and control at a property level.

Leadership and accountability

We will support our Group Leadership Team to inspire new ways of working across the business by communicating a compelling case for change, and role modelling the behaviours we expect from all team members. To enable these outcomes, we will leverage world-class expertise to coach and develop our leadership team, both individually and collectively. We also understand that change requires leadership at all levels, especially at the middle management level. We are investing more than \$4 million in bespoke training for leaders and team members at all levels of our organisation, to build the knowledge and skill required to role model our values, desired culture, and deliver better safer gambling, financial crime, and risk and compliance outcomes. In the next six months, we expect 1300 leaders will have participated in these training programs.

Transforming our culture

We are focused on ensuring that team members understand how their decisions and behaviour help to deliver safer gambling, financial crime control, risk and compliance outcomes. Over the next six months, we will be embarking on a strategic campaign to engage and inspire team members on new ways of working. We will implement a strategy to improve how well our leaders listen and respond to the concerns of our team members. We will also further review our Code of Conduct, to ensure it is designed in a way that is practical, relevant and useful for guiding every-day decision making and behaviour. Towards the end of this period, we will be conducting a comprehensive assessment of our progress, with a focus on measuring the outcomes from our efforts, using evidence and feedback from both team members and external stakeholders. This process will enable us to course-correct if needed, and continuously improve our culture reform program to ensure our actions are delivering genuine change.

Safer gambling

We are focused on improving safer gambling education for all employees in order to uplift capacity and capability of customer-facing teams, and to improve the effectiveness of our customer interactions. A dedicated assurance capability will be delivered over safer gambling activities and controls across The Star. We have also commenced transitioning our safer gambling operations teams who reported into a centralised team at Group level, to now report into their property leadership. We expect this will enable the Property CEOs to exercise greater control over the day to day implementation of safer gambling policies and procedures within properties, while the Group Safer Gambling Risk team continues to provide Group-wide independent oversight to ensure all properties operate to a common set of standards. We also expect predictive modelling to be fully operationalised and implemented as an on-going capability.

The progressive implementation of carded play and associated technology will support our management of time limits and therefore offer greater protections for our customers.

Financial crime prevention

We will continue to implement uplift activities to support financial crime prevention, including an updated customer due diligence process, additional transaction monitoring rules, better understanding of data and data quality supporting financial crime activities, digitised access of customer data, uplifted procedures and improved training and awareness of financial crime risks across the Group. As we learn and continuously improve, we will review methodologies and ensure they are fit for purpose. We will also deploy an updated approach to third party risk assessments.

Uplift in governance

We will be updating the Star's governance structure including clarifying the roles, accountabilities and interactions between Board, subsidiary Boards, the Group Leadership Team and management Committees. We will also undertake a professional education program for directors of our subsidiary boards and Compliance Committees, and conduct Board skills reviews to identify areas where further development may be required.

Enhanced operational process:

- We are working with our regulators to implement carded play and cash limits in all our casinos. This will enable us to utilise technology to better know our customers, impose time limited play and significantly reduce cash transactions in all our casinos. Since February 2024, we have been running a trial of new technology at The Star Sydney to prepare for the implementation of carded play and cash limits and are applying lessons learnt during the trial to facilitate customer adoption.
- We will complete the implementation of revised ICMs for both The Star Gold Coast and The Star Brisbane.
- We will improve our facial recognition technology at The Star Gold Coast to manage our customer exclusions in alignment with processes in place for The Star Brisbane for day 1 opening. This implementation will incorporate the lessons learnt and Internal Audit findings from the New South Wales ICM Implementation as we look to continuously improve the control environment in all our casinos.
- We will begin controls based risk assessments at a property level to better manage specific control issues. Controls ownership will progressively transition to a better balance between property-based and centralised accountability. Risk Appetite Statements will be further embedded and integrated into decision making in the organisation. We will also begin the review of our current risk technology system to ensure it is fit for purpose while continuing to uplift our management of obligations and risks at a Group and property level to ensure we are meeting all regulatory requirements.
- We have identified a need to replace our case management solution to manage employee record keeping and align it with the consequences for our employees. We expect to complete a product selection process in the next six months.
- Our proposed new operating model which facilitates greater control and supervision at each property will also ensure the work being delivered under our amended Remediation Plan will be fit for purpose and effectively embedded for each property.

Items in the Remediation Plan will be adjusted to address any specific findings from the second Bell Inquiry in New South Wales and to achieve better outcomes arising from stakeholder feedback.

To ensure The Star is properly set up to deliver the necessary changes to return to suitability and remain suitable for the long term, we are also progressing the following initiatives alongside our remediation program:

Demonstrate healthy relationships

We will reset the relationship between The Star and key stakeholders in Queensland and New South Wales as one of collaboration, mutual respect and common focus on the future suitability and sustainability of the business. The Chair of the Board has recently restated this commitment, and the example she has set is being reflected throughout our organisation, with teams actively engaging with the Manager/ Special Manager's team and regulators to demonstrate the value of walking side by side on the transformation journey. We have also had teams attend 'Meet the Regulator' and information sessions, all aimed at encouraging connection and facilitating cooperative working relationships.

Build belief in leaders

The Board and Group Leadership Team will be cooperative, humble leaders who acknowledge the wrongs of the past but are pulling together, acting with integrity, communicating transparently and drawing on all available support to 'set things right'. The Board has been interacting directly with teams, hosting reflection sessions where they share their experience of similar transformations and communicate transparently in open forums, providing a sense of hope for the way forward and rebuilding trust in leadership. Approximately 80 senior leaders are also brought together fortnightly, with Group news shared transparently by the Chair and the Group Leadership Team members. As noted above, further work is underway to uplift the capability at Board level with a range of initiatives being planned over the next six months to enable the Board to provide more effective governance and oversight of The Star's operations.

Reframe the case for change

We will focus on what needs to be done to regain suitability but also reflect intrinsic reasons why we need to transform: to build a better, stronger business for the future; keep our people and guests safe; and importantly - to do what is right. While 'suitability' was previously cited as the motivator behind many requests of the team, we are committed to reframing the drivers to be more focused on outcomes linked to guest safety and experience, the community, the sustainability of the business and the future.

Acknowledge and reassure team

We will acknowledge the hard work and commitment shown by team members, reassuring them that their efforts are recognised and appreciated. During the second Bell Inquiry, we heard that team members felt let down. They felt they were doing what they were asked to do as part of the transformation efforts, but they also expected leaders to do what was required.

Create context

We will build knowledge to support understanding of how the business moves forward and creates solutions that work for The Star while responding as good corporate citizens to the changing environment. Team members are worried about what the future looks like and the impacts that initiatives such as cashless and carded play could have. We are inviting experts into our business and sharing the latest studies from around the world, so our teams have the context and understanding to rationalise the changes ahead and recognise that there are benefits and opportunities that come from any change.

5. MEASURING OUR PROGRESS

As we progress on our remediation journey, we will move to a more outcome focused approach to measuring our progress. We are building out metrics to measure the effectiveness of our cultural transformation as well as enhancements across key areas of operation.

This will allow The Star to move to a more data-driven approach to measuring progress and success, and seeing how our changes are being embedded into our ways of working going forward.

We will work with our regulators to agree a form of regular reporting that achieves this intent. As part of this uplift in reporting, we are committed to the public release of reporting on our progress to the broader community.

Some examples of how we will measure our progress include:

- Cultural dashboard for visibility of outcomes related to progression of cultural, leadership and capability uplift. The culture dashboard will take inputs from Safer Gambling and Financial Crime;
- First report on culture reform progress will be delivered by 31 December 2024 and then on a six monthly basis;
- We will set up a Culture & Ethics Office with the primary purpose to monitor ongoing outcome delivery;
- Our Safer Gambling Measurement and Evolution Framework will use metrics to review transaction monitoring data and reporting and Safer Gambling behavioural messaging for our customers.

6. LOOKING TO THE FUTURE

The current leadership and Board of The Star fully acknowledge and recognise the critical need to transform our business to make it a safe, stable and sustainable business for the future.

As well as it being the right thing to do, resetting our business will close the door on the past and position us for the future - because we have much to look forward to. The delivery of our remediation program of work and ongoing transformation of our business will ensure we are able to achieve our purpose of creating fun at trusted destinations and be a leader in our industry.

We fully appreciate the privilege and responsibility involved in holding licences in Queensland and New South Wales and are absolutely committed to rebuilding The Star as a transparent, accountable organisation, founded on a strong ethical framework and supported by robust governance so we may once again have the trust of all of our stakeholders including our guests, regulators, shareholders, suppliers, partners, the community and our dedicated team members.

It will take time, commitment and collaboration at all levels and The Star is working with our regulators, special manager, and key stakeholders to set things right.

