



THE STAR REMEDICATION UPDATE

December 2024

1 Introduction and summary

The Star Entertainment Group (TSEG or The Star) welcomes millions of guests every year across its three properties – the recently opened The Star Brisbane; The Star Gold Coast, which is currently being expanded with the addition of two new world-class hotels; and The Star Sydney.

We employ just under 9000 team members across our three properties. In addition, our operations support considerable downstream employment and other opportunities in the communities in which we operate.

However, in recent history, leadership failings and gaps in controls and processes enabled unethical conduct and criminal activity to occur in our properties. While a remediation program to address the problems commenced late in 2023, after six months of delivery, TSEG recognised that the Remediation Plan (Plan) did not sufficiently facilitate delivery of effective outcomes to address the underlying issues.

A review was undertaken and a revised Plan has since been completed. The revised Plan acknowledges learnings and feedback to date, enabling a more robust approach to remediation. The revised Plan was approved by the Queensland Attorney-General and Minister for Justice and Minister for the Prevention of Domestic and Family Violence on 27 September 2024, with conditions including around ongoing reviews, reporting and monitoring.

This document provides background and rationale for the reset, the approach taken, a summary of changes made and the expected outcomes from successful implementation of the Plan.

2 The remediation journey so far

Between commencement of the original Plan in October 2023 and September 2024, work progressed on over 340 remediation activities.

Some areas where significant progress has been made include:

Cultural transformation

A comprehensive strategy has been developed to enable our people to understand and connect with our new purpose, values and principles (PVP) to guide their day-to-day decision making and behaviour. In parallel, our recently created Culture and Ethics Office established a detailed methodology to independently assess and report regular evidence-based progress of TSEG's culture reform, including the gap between baseline and target state behaviours, mindsets and systemic reinforcers.

Leadership and accountability

We have been making extensive changes to our organisational structure to increase accountability and direct supervision at our properties. Once completed, our properties will be empowered to own their strategic outcomes, determine their team structures and resourcing requirements, and drive delivery of their longer term business strategy.

Our bespoke Leadership Development Program, Cornerstone, has been developed and rolled out to almost 800 leaders. This first module is supporting leaders to set the right tone, expectations and behaviours for their teams. Future modules focus on delivering and managing change.

Safer Gambling

We have implemented time-play management and associated resources to enable our team to intervene at designated times or when harmful behaviours are identified in guests. To support team members, we have piloted predictive models on the Gold Coast which help to identify guests at elevated risk of gambling harm based on patterns of play rather than relying on subjective observations.

We have completed transitioning our safer gambling operations teams into their associated property teams. This has enabled the Property CEOs to exercise greater control over the day-to-day implementation of safer gambling policies and procedures within properties.

Financial crime prevention

Our financial crime frameworks, controls, and processes continue to evolve and improve. We continue to uplift our customer due diligence procedures to better identify our customers, understand the source of their funds, assess potential gaps, and escalate any associated risks. Additionally, our financial crime operations team has been bolstered with additional resources to support the revised Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Program.

Over the next six months, our focus will be on:

- Further enhancing the financial crime screening framework, including refining settings, automations, and controls to more effectively target emerging risks and ensure ongoing compliance with the AML/CTF Program.
- Continuing to strengthen our customer due diligence processes and completing comprehensive customer screening.

Uplift in risk management

Key improvements in our controls environment will now be supported by a dedicated Risk and Compliance team in each property led by the respective Property CEOs. Support will continue to be provided through our Group functions as part of a “three lines of accountability” model.

Uplift in governance

Board review - An independent 2024 Board Performance Review Report has been completed. The Board will leverage insights from this review to identify improvement opportunities.

Board renewal plan - The TSEG Board’s Nominations Committee has approved a Board Renewal and Succession Plan to ensure an orderly expansion and renewal, broadening the Board's skillset, increasing capacity for future workload (including Committee and subsidiary board appointments) and introducing new directors with fresh perspectives for the next phase.

Governance remediation –As part of ongoing corporate governance reforms, The Star is conducting a comprehensive review of its governance structure to identify and implement the optimal framework. Work is underway to update Board and Committee structure, reporting lines, composition (including independence requirements) and operational processes of all entities.

Enhanced operational process:

The implementation of revised Internal Control Manuals (ICMs) for both The Star Gold Coast and The Star Brisbane is complete.

We will leverage our learnings from the implementation of carded play and cash limits at The Star Sydney to the benefit of our Queensland casinos. Once completed, we will use technology to better understand our customers, set time-limited play, and reduce cash transactions – all key to making The Star as safe as possible for our guests.

We are conducting property-level risk assessments to better address control issues, with control ownership shifting to balance property-based and centralised accountability. Risk Appetite Statements are being integrated into decision-making. We are also reviewing our risk technology system while strengthening our management of obligations and risks to ensure regulatory compliance.

Our new operating model enhances control and supervision at each property, ensuring that the work under our amended Plan is fit for purpose, addresses feedback from various public inquiries including the Bell Two Inquiry and is effectively embedded at the property level.

3 Rationale for a reset

Through the initial period of implementation of the previous version of the Plan, it became clear that the Plan over-emphasised the delivery of activities rather than outcomes. Activities were not always appropriately sequenced, and a proportion of the milestones initially delivered under the Plan were not delivered on time or did not meet the expectations of the Special Manager's Team or KPMG as independent assurer.

A refinement of the Plan was required to address these issues.

In reviewing the Plan, The Star has also taken the opportunity to consider the findings from the Bell Two Inquiry. The Star has enhanced and uplifted the scope of the Plan to deliver better outcomes for the company, its team members, customers and the community.

Responding to the Bell Two Inquiry findings in the Plan reset

In resetting the Plan, we have considered the following:

Prioritisation: we have prioritised the items that focused on building leadership capability and operating effectiveness of the Board, Group Leadership Team (GLT - the most senior leaders in our business) and middle management noting their critical role in driving broader cultural change across the organisation. This will set an appropriate 'climate for change' and facilitate the effective implementation of subsequent uplift activities through the remainder of the two-year cultural change program;

Governance: Our plan to update the structure and composition of the Board and its subsidiaries (including the initiatives noted in Section 2) aims to improve the effectiveness of the boards and committees. This will also implement relevant findings and recommendations from several inquiries, including the Bell Two Inquiry;

Leadership: The refresh of the GLT is underway with permanent appointments to the current interim roles as well as vacancies being progressed. A new GLT charter will be put in place which will clearly set out the purpose of the GLT, formalising roles and responsibilities, and define accountabilities for key matters including those between GLT members with Group and Property responsibilities.

Work has commenced on a range of initiatives addressing the above to transform TSEG, refocus the remediation program and set The Star up for a safe and sustainable future. We will work with our regulators to agree any further changes to the Plan as may be required as we build out these initiatives and respond to any learnings.

4 The reset Remediation Plan

The reset Plan spans 14 workstreams spanning 101 initiatives containing a total of 587 milestones (or actions).

The workstreams of Organisational Readiness, People and Culture have been replaced by the Values & Ethics, Leadership and Capability workstreams in response to reflections on their key role in supporting meaningful cultural change. The Program Assurance workstream is no longer required as a separate workstream, given the KPMG assurance process that has been implemented since the original Plan was developed.

Current workstreams of the revised Plan are:

- Risk Management
- Compliance, Regulatory Engagement and Investigations
- Exclusions Management
- Financial Crime
- Safer Gambling
- Internal Audit and Assurance
- Technology and Data
- Premium Players
- Strategy and Legacy
- Values and Ethics
- Leadership
- Capability
- Controls
- Governance

While extensive changes have been made at the individual activity and milestone level, the following changes provide a high-level summary of key differences between Version 5 (previous) and Version 6 (current) of the Plan:

Key areas of change	October 2023 - PREVIOUS	September 2024 - CURRENT
People and culture initiatives	People and culture workstreams dispersed across multiple workstreams, leading to inconsistencies.	A more coordinated and strategic approach taken to: rationalise workstreams into Values & Ethics and Leadership & Capability, bringing together like disciplines; support better phasing of activities; provide more realistic timeframes and foundation for meaningful and sustainable change.
Governance	Content and approach of milestones was transactional and 'tick box' rather than focused on meaningful uplift in corporate governance practices. This limited success and did not deliver sustainable change.	Revised initiatives provide better platform to address root causes of the initial issues, in addition to providing flexibility to ensure regulatory requirements will be met. Initiatives are more strategic and will set stronger foundations. A new initiative targeting the role of the Board will also provide more focus on its accountabilities and purpose which was not clear in Version 5. Further significant enhancements have been planned in relation to Governance to ensure there is effective, close and direct

		supervision of each Casino Licensee with appropriate lines of accountability and reporting flows across the Group and the Properties. This will enable TSEG to more effectively address relevant findings and recommendations of the various inquiries, including the Bell Two report.
Technology and Data	Key technology and data initiatives were included at a high level, with some details needing to be further developed such as the work required to implement mandatory carded play and cash limits.	Scope has been expanded in response to learnings through implementation of carded play and cash limits in Sydney. Additional scope has been included, including in the areas of cyber security and data integrity, to underpin subsequent roll-out in The Star Brisbane and The Star Gold Coast.
Controls	Controls included within Risk Management workstream.	A new workstream has been created for Controls. This elevates the importance of the control environment and will bring the right focus and accountability at Property level.
Milestone content	In some cases, milestones lacked clear and consistent completion criteria. Phasing of milestones was not sufficiently defined resulting in cases of misalignment of what successful delivery of a complete and effective milestone required.	During the Plan reset, the content of the Milestones was updated to ensure previously identified issues were addressed and greater clarity was provided.
Sequencing and dates	Overall completion date of all milestones noted as June 2026.	Sequencing and dates of milestones across all workstreams was reviewed. This resulted in prioritisation of activities related to core suitability and foundational elements with more realistic timeframes set. Overall completion date moved to 2027. Core foundational activities due by June 2026.

Some additional changes include:

- Greater consideration has been given to organisation-wide programs, providing a single view of all changes to enable better planning, sequencing and prioritisation of change activities around peak periods and events.
- Time required to complete independent assurance by KPMG has been incorporated into the new due dates for milestones, including greater clarity about the milestone outcomes and how they benefit our operations to inform the assurance process.

5 Supporting our ongoing transformation

As part of the Plan review, we assessed our capability and capacity to deliver the Plan on time and to a high quality. The Transformation Office (TO) within TSEG comprises team members with experience in large scale transformation who will work across the business to deliver the Plan.

The TO will support the development of ongoing regular reporting for both internal and external purposes, leveraging real time access to project status data.

Several new executives with relevant industry experience have recently joined TSEG's Group Leadership Team. Under the leadership of our new Group CEO, Steve McCann, the team will oversee the successful delivery of the Plan and focus on strengthening capabilities in key areas in the coming months. Additionally, financial forecasting has been carried out to ensure we have the necessary resources to execute the Plan.

A clear strategy

We have embarked on the design of an organisational strategy that will serve as a clear framework for aligning our workforce with the strategic direction of the business, beyond remediation. Our Property CEOs will leverage this framework to refine and shape their respective property strategies.

Culture and Ethics

A clear baseline has been established from the recent culture survey, which highlighted key themes for improvement. Work has commenced to prioritise actions that will further strengthen our culture. The ongoing efforts reflect our commitment to continuous improvement. The survey will be re-administered in March 2025 to assess and track our progress in transforming our culture.

The Culture and Ethics Office, established in August 2024, will provide expert insight to the Board and supports the leadership team to drive culture reform in line with the expectations of key stakeholders, and to proactively mitigate cultural risks. A Culture Dashboard is being developed to provide leaders with transparency and visibility of the culture survey results.

Compliance

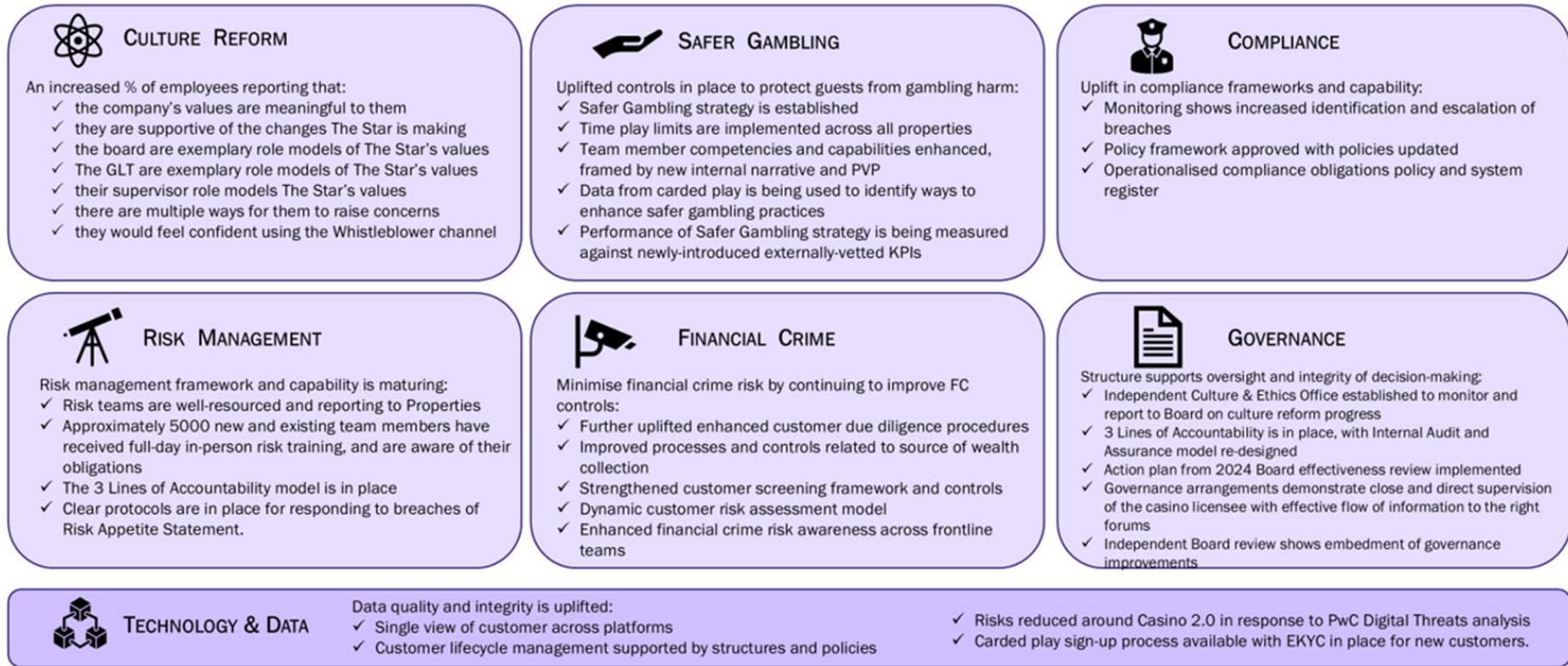
Improving our compliance framework, systems and processes has been a key focus for us over the last 18 months to help build a stronger and safer business. Delivering the policy review saw many policies consolidated or retired, and new ones were created. Over 200 documents were reviewed as part of this work, resulting in 68 group-wide policies now in place. This has strengthened our governance and clarified what we expect from our teams regarding behaviour, actions and processes. This will be supplemented with ongoing annual reviews and role specific training.

6 Looking forward

As work progresses on our remediation, we are committed to delivering meaningful change by March 2025, as outlined in **Figure 1** on following page.

Figure 1: A structured approach for the upcoming period

By March 2025 the Company is committed to demonstrating the following achievements:



7 Why the reset of the Remediation Plan matters

In presenting the reset Remediation Plan to our regulators in Queensland and New South Wales, we seek to demonstrate that we will hold ourselves to account, openly embrace feedback and remain committed to doing what's right, in the right ways, to transform the business for the long term.

The reset Remediation Plan is just the start of a new chapter of remediation for TSEG, where we will regularly review and report on our progress, including to the regulators, in a form and frequency as agreed. We will seek feedback and work closely with key stakeholders to ensure we deliver the best outcomes for the business, employees and the communities we are part of.

7.1 Expected Outcomes

While the remediation workstreams deliver a diverse number of activities over an array of functional areas, if delivered successfully, we anticipate that they will collectively contribute to three broad outcomes that carry positive benefits for the community:

A stronger, safer, sustainable business for the future

Building the business for the future, supported by the right structure, strategy, robust leadership and governance, will enable TSEG to strengthen its position and contribution to the local leisure and tourism economies and the communities it serves.

In Queensland, TSEG's commitment to Brisbane and the Gold Coast were key drivers behind its participation in multi-billion-dollar Joint Ventures delivering city-shaping developments in both cities with the collaborative support of local and state governments. The significant investment has, and will, create jobs for thousands of Queenslanders during construction and after delivery, as well as provide enduring world-class venues for locals and tourists into the future.

The world-class Queen's Wharf Brisbane precinct is expected to attract 1.39 million additional tourists to Brisbane each year, contributing substantially to the growth of Australia's tourism market and capturing a significantly larger share for Queensland.

TSEG is now one of Brisbane's largest employers, with an additional 1400 roles created so far, adding to the existing 1600 roles that recently transitioned across from The Treasury upon opening of The Star Brisbane.

In Sydney, The Star employs over 3500 people. It has been a landmark location for more than 20 years and is integral to the city's entertainment, leisure, dining, hospitality and event offering. Already providing one of the country's largest and most advanced event venues, The Star makes a critical contribution to Sydney's arts scene by attracting and hosting high profile productions at its Lyric Theatre – while also sponsoring local sporting, community and charitable pursuits.

As TSEG looks to the future, the remediation program will reset a foundation upon which to evolve as a business. In line with this, expectations of gaming revenue will be recalibrated, with exploration of further opportunities to expand and diversify the type of entertainment and leisure experiences offered to the community through all its properties.

A safer place for guests to visit

The successful delivery of our remediation program around safer gambling will mean that guests can feel confident to stay, play and be entertained in an environment that has been set up to ensure that criminal activity is not tolerated, with informed team members and robust processes and systems in place to detect, disrupt and deter financial crime.

We will remain focused on harm prevention, early intervention, information and support through evidence-based initiatives spread across four key pillars:

- Pillar 1: Enhancing a safer gambling culture – we take a public health approach to gambling harm, considering individuals and the community. All levels of the business are trained to identify potentially harmful gambling behaviours and are empowered to raise concerns and act.
- Pillar 2: Caring for our guests – we take good care of guests by ensuring they have access to adequate information, tools and abilities to set limits and manage play. Our recent introduction of carded play and cash limits are powerful initiatives to help track play, identify at-risk guests and prompt intervention to address harmful behaviours so that everyone can enjoy our leisure and entertainment facilities in healthy, sustainable ways.
- Pillar 3: Leveraging data insights – to help us know and understand our guests, we use loyalty data and guest activity in accordance with our Privacy Policy to proactively identify risk and problem gambling behaviours.
- Pillar 4: Engaging with our stakeholders – understanding that keeping individuals and the community safe from gambling harm requires a coordinated collective effort, we engage with leading experts and help professionals, industry peers and community representatives to collaborate in an open dialogue for continuous improvement.

Drawing on learnings from the implementation of carded play and cash limits in Sydney, the scope of the Technology & Data workstream of the Remediation Plan has been revised and expanded, with many benefits. We are actively embracing innovative technology and developing new measures and tools to inform and influence safer gambling attitudes and behaviours, while also keeping guests safe through a rigorous approach to cyber security and data integrity.

A proud culture for team members

The success of our remediation relies on our people. There has been extensive engagement, learning, capability uplift and support incorporated throughout, spanning areas including leadership, risk, compliance and financial crime, with ongoing focus on our Purpose, Values and Principles to support values-based behaviours and conduct. Our team members will feel proud to have played a role in transforming The Star into a stronger and more sustainable business.

8 Conclusion

Given the extensive scope and scale of the work required to transform TSEG for the future, the revised Plan offers a clearer, more comprehensive and structured approach, informed by past experiences and learnings to date, enhanced by the expertise of new executives with relevant industry backgrounds.

Together, our current Board and Group Leadership Team are focused on setting things right so TSEG can emerge as a new, safe, more sustainable, and stronger business for the future.