

**SkyCity Entertainment Group Limited**

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17 May 2024

Client Market Services  
NZX Limited  
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11 Cable Street  
**WELLINGTON**

Copy to:

ASX Market Announcements  
Australian Stock Exchange  
Exchange Centre  
Level 6  
20 Bridge Street  
Sydney NSW 2000  
**AUSTRALIA**

Dear Sir/Madam

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)  
SKYCITY ADELAIDE AND AUSTRAC REACH AGREEMENT ON AML/CTF  
PROCEEDINGS**

Please find **attached** a market release which provides an update on the civil penalty proceedings commenced by the Australian Transaction Reports and Analysis Centre in December 2022 against SkyCity Adelaide Pty Limited.

Authorised by:



Jo Wong  
Company Secretary  
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**MARKET RELEASE**

**SkyCity Entertainment Group Limited  
(SKC.NZX/SKC.ASX)**

17 May 2024

**SKYCITY ADELAIDE AND AUSTRAC REACH AGREEMENT ON  
AML/CTF PROCEEDINGS**

SkyCity Entertainment Group Limited (**SkyCity**) advises that SkyCity Adelaide Pty Limited (**SkyCity Adelaide**), the operator of the SkyCity Adelaide casino, has reached an agreement with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) to resolve the civil penalty proceedings commenced in December 2022 relating to historical non-compliance by SkyCity Adelaide with the Australian anti-money laundering and counter-terrorism financing (**AML/CTF**) laws.

The agreement is subject to Federal Court approval. The Federal Court has listed the proceedings for a penalty hearing on 7 June 2024.

Under the agreement, SkyCity Adelaide and AUSTRAC have today:

- filed a Statement of Agreed Facts and Admissions and joint submissions with the Federal Court; and
- proposed to the Federal Court that SkyCity Adelaide pay a penalty of A\$67 million in relation to admitted historical contraventions of the Australian AML/CTF Act and Rules during the period from 7 December 2016 to 14 December 2022.

SkyCity Executive Chair, Julian Cook, said “We are pleased to have reached agreement with AUSTRAC, noting that the agreement remains subject to consideration and approval by the Federal Court. This is a significant step in resolving the proceedings.

“We acknowledge that, as a casino operator, we play a key role in combatting money laundering and terrorism financing and safeguarding the community against these risks. While we take this responsibility seriously, we accept we have failed to live up to the standard required of us and for this, on behalf of the SkyCity and SkyCity Adelaide Boards and management teams, I apologise.

“We know we need to do better to meet the expectations of our regulators, customers and our shareholders, and this is a process that is already underway.”

There has been significant focus on, and investment in, the continuous improvement of the SkyCity Adelaide business in the past years, including since AUSTRAC first raised its concerns in mid-2021, including:

- appointment of an independent expert in July 2021 to conduct a comprehensive review of SkyCity Adelaide’s AML/CTF Programme and broader AML/CTF function to identify areas where SkyCity Adelaide could enhance and improve its systems and processes;

- development and rollout of a comprehensive AML Enhancement Programme for SkyCity Adelaide from November 2021, which took into account the findings and recommendations from the independent expert's review, and SkyCity Adelaide's own internal review, of the SkyCity Adelaide AML/CTF Programme and wider AML/CTF function;
- SkyCity Adelaide has made a number of governance changes to support its focus on compliance systems and processes, including completing a refresh of the SkyCity Adelaide Board;
- significant enhancement and investment in SkyCity Adelaide's internal AML/CTF resourcing and capability, processes and systems, including transactional monitoring capabilities and approach to ongoing customer due diligence;
- expanded the SkyCity Adelaide Financial Crime and Legal and Compliance teams to 24 full time employees;
- renewed focus on SkyCity Adelaide's relationships with law enforcement agencies;
- introduction of an enhanced approach to the identification of money laundering and terrorism financing (**ML/TF**) risk, including a written ML/TF risk assessment methodology, new business unit specific AML/CTF risk assessments, a new enterprise-wide AML/CTF risk assessment, and new standards and standard operating procedures to support the ML/TF risk assessment process; and
- adoption of a revised Standard Part A AML/CTF Programme for SkyCity Adelaide in October 2021 and November 2022 and a revised Standard Part B AML/CTF Programme for SkyCity Adelaide in June 2023.

“Our enhancement activities remain ongoing and we have further important work to do in New Zealand and Australia which will take time to complete. We have commenced a comprehensive multi-year transformation programme to strengthen how we manage risk across the SkyCity Group.

“We are determined to continually lift our AML/CTF practices, comply with our obligations and uphold our customer, community and regulatory expectations. We remain committed to ensuring that we provide safe and responsible experiences and environments for our people and customers, and will continue to engage cooperatively and constructively with our regulators,” said Mr Cook.

SkyCity continues to work towards resolving its other regulatory matters expeditiously and seeking early resolution where possible, including (as previously announced):

- the civil penalty proceedings commenced by the Department of Internal Affairs (**Department**) in February 2024 against SkyCity Casino Management Limited (**SCML**) relating to historical non-compliance by SCML with the New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
- the Department's application to temporarily suspend SCML's casino operator's licence in New Zealand; and
- Consumer and Business Services' (**CBS**) independent review of SkyCity Adelaide, (which commenced in July 2022 but was put on hold in February 2023 pending resolution of AUSTRAC's civil penalty proceedings against SkyCity Adelaide) and the appointment of Kroll Australia Pty Limited (**Kroll**) as an independent expert by

SkyCity Adelaide pursuant to a direction notice issued by CBS under section 10 of the Gambling Administration Act 2019 (SA). SkyCity Adelaide continues to work closely with CBS and Kroll in relation to its enhancement activities.

SkyCity will provide further updates on these matters as new material information becomes available.

**ENDS**

**For more information, please contact:**

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